

DEPARTMENT OF THE NAVY
FISCAL YEAR (FY) 2002
AMENDED BUDGET SUBMISSION



JUSTIFICATION OF ESTIMATES
JUNE 2001

NATIONAL DEFENSE SEALIFT FUND

NATIONAL DEFENSE SEALIFT FUND

Summary Narrative:

The request of \$624.9 million in FY 2002 funds the operations and maintenance and the related Research and Development of sealift assets utilized for prepositioning, surge and Ready Reserve Force (RRF) requirements established by the DoD Mobility Requirements Study (MRS) and the MRS Bottom Up Review Update (BURU). The importance of substantial enhancements to our strategic mobility was first identified in the 1991 MRS and was validated in the FY 1995 MRS BURU. Based upon ship configurations, a total of 19 prepositioning/surge ships will be required to satisfy the MRS BURU requirements. The final LMSR ship was funded in FY1999. Construction is also underway on the last of three planned Maritime Prepositioning Force Enhancement (MPF(E)) Ships for the Marine Corps. A 20th LMSR was funded in FY2000 to replace one LMSR taken up as MPF(E) number 3.

The NDSF budget request includes \$9.7 million in FY 2002 for the continuation of research and development efforts for the Strategic Sealift Technology Development Program. Furthermore, \$227.5 million is budgeted in FY 2002 for costs associated with maintenance of the National Defense Reserve Fleet, which includes the Ready Reserve Force. In addition, \$387.7 million is budgeted for costs associated with the maintenance and alterations of Department of Defense (DoD) Mobilization Assets, such as Fast Sealift Ships (FSS), Large Medium Speed Roll-on/Roll-off (LMSR) vessels, Fleet Hospital ships (T-AH). Included as part of Mobilization assets in "Blueprint" adjustments to the PB02 budget are funds for the Maritime Security Program (MSP) as transferring from MARAD..

The NDSF funds the operation, maintenance, and support (O&S) of current strategic sealift assets. These operations, other than RRF vessels, are funded on a reimbursable basis to the NDSF Appropriation. The individual Defense components order these services from the NDSF via a funded Economy Act order. The NDSF purchases these O&S services by issuing reimbursable orders to the Navy Working Capital Fund (NWCF).

NATIONAL DEFENSE SEALIFT FUND

Supplemental Exhibits Index

<u>NDSF Budget Activity/Programs</u>		<u>Pages</u>
	BA 1	
Strategic Sealift Acquisition [LMSR New Construction/Conversion program, Maritime Academy training ship]		4-14
	BA 2	
DoD Mobilization Assets [FSS Maint, LMSR Maint , Mobilization Alterations ,T-AH Maint]		15-18
	BA 4	
Research and Development [National Defense Sealift Research and Development]		19-23
	BA 5	
Ready Reserve Force [Operations and Maintenance of the NDRF to include the RRF]		24-26

NDSF SUMMARY FINANCIAL DATA

FY 2002 President's Budget

June-01

The following exhibits provide summary financial management information and supporting data.

(QTY / TOA \$ Millions)

NDSF Budget Activity											Total
- Programs:	Qty	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY2006	FY2007	Qty	Program
Strategic Ship Acquisition : (NDSF BA 1)	2.0	358.8	12.5	0.0						2.0	371.3
- LMSR	1	346.3	0.0	0.0						1	346.3
- Maritime Academy	1	12.5	12.5	0.0						1	25.0
DoD Mobilization Assets (NDSF BA 2)		94.1	121.8	269.2							485.1
Nat'l Def Sealift vessels (3/4)		0.0	0.0	107.9							107.9
- FSS Maint		46.3	46.8	59.8							152.8
- LMSR Maint		27.2	56.3	83.0							166.5
- DOD Mob. Alts		0.2	3.3	3.6							7.1
- T-AH Maint		20.4	15.4	14.9							50.7
Sealift R&D: (NDSF BA 4)		3.8	7.0	9.7							20.5
NDRF / RRF O&M (NDSF BA 5)		256.9	258.4	227.5							742.8
Users O&M:(1)											
Total (2)		713.5	399.8	506.4							1,619.7

- (1) Funded on a reimbursable basis. Customer funding is appropriated in user Service O&M accounts
- (2) Totals are rounded figures which (though accurately reflecting rounded individual program amounts) may not add here exactly as displayed due to rounding of thousands into millions.
- (3) Includes 99 Million for Maritime Security Program in FY 02 and out transferring from MARAD as directed in PBD 830.
- (4) Includes 8.9 million in FY 02 and 9.9 million in FY 03 for USTRANSCOM MSC Cash surcharge as directed in PBD 410.

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EXHIBIT P-27
 FY 2002 President's Budget
 June 2001

NATIONAL DEFENSE SEALIFT FUND (NDSF)
 SHIP PRODUCTION SCHEDULE

<u>Ship Type</u>	<u>Shipbuilder</u>	<u>Fiscal Yr Authorized</u>	<u>Contract Award</u>		<u>Start of Construction</u>	<u>Current Estimated Delivery Date</u>
TAKR 295	NASSCO	FY93	Jul-93	*	Jun-94	May-96
TAKR 296	Newport News	FY93	Jul-93	*	Oct-93	Aug-96
TAKR 297	NASSCO	FY93	Jul-93		May-95	Feb-97
TAKR 298	Newport News	FY93	Jul-93		Oct-93	May-97
TAKR 299	NASSCO	FY93	Jul-93		Oct-95	Nov-97
TAKR 300	Avondale	FY93	Sep-93	*	Jan-95	Nov-98
TAKR 301	Avondale	FY94	Sep-94		Oct-95	Aug-99
TAKR 302	Avondale	FY94	Sep-94		Sep-96	Mar-00
TAKR 303	Avondale	FY96	Dec-95		May-97	Jan-01
TAKR 304	Avondale	FY97	Nov-96		Nov-97	Jul-01
TAKR 305	Avondale	FY98	Nov-97	*	Aug-98	Jan-02
TAKR 306	Avondale	FY99	Dec-98		Jun-99	Aug-02
TAKR 310	NASSCO	FY93	Sep-93	*	Mar-96	Jun-98
TAKR 311	NASSCO	FY95	Oct-94		Jan-97	Dec-98
TAKR 312	NASSCO	FY95	Oct-94		Aug-97	Jul-99
TAKR 313	NASSCO	FY96	Jan-96		Mar-98	Jan-00
TAKR 314	NASSCO	FY97	Nov-96		Sep-98	May-00
TAKR 315	NASSCO	FY 97	May-97		Apr-99	Mar-01
TAKR 316	NASSCO	FY98	Nov-97	*	Nov-99	Aug-01
TAKR 317	NASSCO	FY00	Feb-00	*	Jul-00	Sep-02

* These were new contracts; all other ships were options to the basic contracts.

Note: Dates in **bold** are actuals.

June-01
P-5

**NATIONAL DEFENSE SEALIFT FUND
FY 2002 President's Budget
NDSF BA 1 P-5 Exhibit
Conversion/ Ship Buy**

Contract Award Year (\$ THOUSANDS)	FY93			FY93		FY93		
	NASSCO LEAD	NASSCO FOLLOW	NASSCO FOLLOW	NEWPORT LEAD	NEWPORT FOLLOW	TOTAL LEAD	TOTAL FOLLOW	GRAND TOTAL
1. PLANS								
2. BASIC	295,461	246,953	247,047	313,428	248,423	608,889	742,423	1,351,312
3. CHANGE ORDERS	32,513	18,804	18,310	25,726	22,748	58,239	59,862	118,101
4. ELECTRONICS	0	0	0	0	0	0	0	0
5. PROPULSION	0	0	0	0	0	0	0	0
6. HM&E	10,048	2,168	1,862	11,239	1,626	21,287	5,656	26,943
7. OTHER	2,566	2,565	2,547	2,724	2,556	5,291	7,668	12,959
8. ORDNANCE	0	0	0	0	0	0	0	0
9. ESCALATION	0	0	0	0	0	0	0	0
SUBTOTAL WEAPON SYSTEM END COST	340,588	270,490	269,766	353,117	275,353	693,705	815,609	1,509,315
10. POST DELIVERY	3,674	2,281	2,231	2,783	600	6,457	5,111	11,568
TOTAL WEAPON SYSTEM END COST	344,262	272,771	271,997	355,900	275,953	700,162	820,721	1,520,883

NOTE: Program year of ship does not equate to the fiscal year (FY) funding.

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FY 2002 President's Budget
June-01
NDSF BA 1 P-8A Exhibit

NATIONAL DEFENSE SEALIFT FUND
Analysis of Ship Cost Estimates - Major Equipment
(Dollars in Thousands)

Ship Type: Soderman Conversion to MPFE

FY00
Total Cost

HM&E

A. HM&E Test & Instrumentation	133
B. HM&E Engineering Services	224
C. SUPSHIP Material/Services	<u>343</u>
Total HM&E	700

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FY 2002 President's Budget
June-01
NDSF BA 1 P-8A Exhibit

NATIONAL DEFENSE SEALIFT FUND
Analysis of Ship Cost Estimates - Major Equipment
(Dollars in Thousands)

Ship Type: Strategic Sealift Conversion Program		FY93 & Prior Total Cost
HM&E		
	A. HM&E Test & Instrumentation	4,086
	B. HM&E Engineering Services	19,330
	C. SUPSHIP Material/Services	<u>3,527</u>
	Total HM&E	26,943

CLASSIFICATION:
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P-5 EXHIBIT
FY 2002 President's Budget
June 2001

PROGRAM COST BREAKDOWN

APPROPRIATION: NATIONAL DEFENSE SEALIFT FUND

BUDGET ACTIVITY: BA-1
STRATEGIC SEALIFT-NEW CONSTRUCTION PROGRAM

P-1 ITEM NOMENCLATURE: NEW CONSTRUCTION PROGRAM

Contract Award Year	FY93 & Prior	FY94	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	TOTAL PROGRAM
QUANTITY	2	2	2	2	3	2	1	1			15
(\$ THOUSANDS)											
1. PLANS											
2. BASIC	624,413	502,532	462,531	452,455	705,382	456,261	260,548	275,882			3,740,003
3. CHANGE ORDERS	40,737	22,752	29,238	31,237	45,172	33,700	24,141	3,893			230,870
4. ELECTRONICS											
5. PROPULSION											
6. HM&E	31,833	10,600	14,324	9,355	15,600	10,400	4,700	5,200			102,012
7. OTHER	14,949	9,699	11,570	6,720	11,514	8,026	5,000	3,860			71,339
8. ORDNANCE											
9. ESCALATION	63,451	47,321	52,445	47,469	67,604	61,135	5,213	14,556			359,194
SUBTOTAL	775,383	592,905	570,107	547,236	845,273	569,522	299,602	303,391			4,503,418
10. POST DELIVERY	11,830	7,558	7,000	7,000	10,500	7,000	3,156	3,500			57,544
Apr 2001 NDSF New Construction Allocation	787,213	600,463	577,107	554,236	855,773	576,522	302,758	306,891			4,560,962
FY98 funds for FY97 & FY99 hulls					0	0	0				0
Total	787,213	600,463	577,107	554,236	855,773	576,522	302,758	306,891			4,560,962

NOTE: Program year of ships does not equate to the fiscal year (FY) funding.

\$70M Advanced Procurement provided by Congress allocated as \$35M Advanced Procurement for FY99 ship and \$35M Compensation for DON FY97 Reprogramming.

CLASSIFICATION:
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P-5 EXHIBIT
FY 2002 President's Budget
June 2001

PROGRAM COST BREAKDOWN

APPROPRIATION: NATIONAL DEFENSE SEALIFT FUND

BUDGET ACTIVITY: BA-1

P-1 ITEM NOMENCLATURE: NEW CONSTRUCTION PROGRAM

STRATEGIC SEALIFT-NEW CONSTRUCTION PROGRAM

Contract Award Year	FY93 & Prior	FY94	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	TOTAL PROGRAM
AVONDALE SHIP QUANTITY	1	2	0	1	1	1	1				7
(\$ THOUSANDS)											
1. PLANS											
2. BASIC	310,954	502,532		234,455	238,153	237,761	260,548				1,784,401
3. CHANGE ORDERS	20,347	22,752		18,130	18,791	19,790	24,141				123,952
4. ELECTRONICS											
5. PROPULSION											
6. HM&E	16,314	10,600		4,155	5,200	5,200	4,700				46,169
7. OTHER	11,449	9,699		2,396	3,180	3,900	5,000				35,624
8. ORDNANCE											
9. ESCALATION	30,021	47,321		22,385	22,901	22,572	5,213				150,413
SUBTOTAL	389,084	592,905		281,521	288,225	289,223	299,602				2,140,559
10. POST DELIVERY	4,790	7,558		3,500	3,500	3,500	3,156				26,004
Sep 2000 NDSF New Construction Allocation	393,874	600,463		285,021	291,725	292,723	302,758				2,166,563
FY98 funds for FY97 & FY99 hulls						35,000	(35,000)				
Total	393,874	600,463		285,021	291,725	327,723	267,758				2,166,563

NOTE: Program year of ship does not equate to the fiscal year (FY) funding.

FY2002 President's Budget Estimates

Soderman Conversion to MPFE

Contract Award Year FY00

(\$ THOUSANDS)

1. PLANS	
2. BASIC	25,000
3. CHANGE ORDERS	1,400
4. ELECTRONICS	
5. PROPULSION	
6. HM&E	700
7. OTHER	700
8. ORDNANCE	
9. ESCALATION	
SUBTOTAL WEAPON SYSTEM END COST	<u>27,800</u>
10. POST DELIVERY	2,200
TOTAL WEAPON SYSTEM END COST	<u>30,000</u>

NOTE: Program year of ship does not equate to the fiscal year (FY) funding.

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 June-01
 NDSF BA1 P-5 NASSCO New Construction
 PROGRAM COST BREAKDOWN

FY 2002 President's Budget
 NATIONAL DEFENSE SEALIFT FUND (NDSF)
 NEW CONSTRUCTION PROGRAM NASSCO

APPROPRIATION: NATIONAL DEFENSE SEALIFT FUND

BUDGET ACTIVITY: BA-1
 STRATEGIC SEALIFT-NEW CONSTRUCTION PROGRAM

P-1 ITEM NOMENCLATURE: NEW CONSTRUCTION PROGRAM

Contract Award Year	FY93 & Prior	FY94	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	TOTAL PROGRAM
NASSCO SHIP QUANTITY	1	0	2	1	2	1					7
(\$ THOUSANDS)											
1. PLANS											
2. BASIC	313,459		462,531	218,000	467,230	218,500					1,679,720
3. CHANGE ORDERS	20,390		29,238	13,107	26,381	13,910					103,026
4. ELECTRONICS											
5. PROPULSION											
6. HM&E	15,519		14,324	5,200	10,400	5,200					50,643
7. OTHER	3,501		11,570	4,324	8,334	4,126					31,855
8. ORDNANCE											
9. ESCALATION	33,430		52,445	25,084	44,703	38,563					194,225
SUBTOTAL	386,298		570,107	265,715	557,048	280,299					2,059,468
10. POST DELIVERY	7,040		7,000	3,500	7,000	3,500					28,040
Sep 2000 NDSF New Construction Allocation	393,338		577,107	269,215	564,048	283,799					2,087,508
FY98 funds for FY97 & FY99 hulls (Compensation for DON FY97 Reprogramming)					(35,000)	35,000					
Total	393,338		577,107	269,215	529,048	318,799					2,087,508

NOTE: Program year of ship does not equate to the fiscal year (FY) funding.

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 June-01
 NDSF BA1 P-5 Estimated New Construction

FY 2002 President's Budget
 NATIONAL DEFENSE SEALIFT FUND (NDSF)
 NEW CONSTRUCTION PROGRAM *Estimated*
 EXHIBIT P-5

NDSF BA-1
 STRATEGIC SEALIFT- NEW CONSTRUCTION PROGRAM

P-1 ITEM NOMENCLATURE: NEW CONSTRUCTION PROGRAM

Naval Sea Systems Command (NAVSEA) *Estimated* Program Strategic Sealift Construction Program Display

Contract Award Year	FY93 & Prior	FY94	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	TOTAL PROGRAM
ESTIMATED SHIP QUANTITY	0	0	0	0	0	0	0	1	0	0	1
(\$ THOUSANDS)											
1. PLANS	0	0	0	0	0	0	0	0	0	0	0
2. BASIC	0	0	0	0	0	0	0	275,882	0	0	275,882
3. CHANGE ORDERS	0	0	0	0	0	0	0	3,893	0	0	3,893
4. ELECTRONICS	0	0	0	0	0	0	0	0	0	0	0
5. PROPULSION	0	0	0	0	0	0	0	0	0	0	0
6. HM&E	0	0	0	0	0	0	0	5,200	0	0	5,200
7. OTHER	0	0	0	0	0	0	0	3,860	0	0	3,860
8. ORDNANCE	0	0	0	0	0	0	0	0	0	0	0
9. ESCALATION	0	0	0	0	0	0	0	14,556	0	0	14,556
SUBTOTAL	0	0	0	0	0	0	0	303,391	0	0	303,391
10. POST DELIVERY	0	0	0	0	0	0	0	3,500	0	0	3,500
April 2001 NDSF New Construction Allocation	0	0	0	0	0	0	0	306,891	0	0	306,891

NOTE: Program year of ships does not equate to the fiscal year (FY) funding.

* The numbers displayed in this table are also incorporated into the the sums shown on the consolidated table which precedes.

UNCLASSIFIED
June-01
NDSF BA 1 P8A Equipment

FY 2002 President's Budget
 NATIONAL DEFENSE SEALIFT FUND (NDSF)
 Analysis of Ship Cost Estimates - Major Equipment

EXHIBIT P-8A

P-1 ITEM NOMENCLATURE: NEW CONSTRUCTION PROGRAM

(Dollars in Thousands)

Ship Type: Strategic Sealift New Construction Program	FY93	FY94	FY95	FY96	FY97	FY98	FY99	FY00	Total
	& Prior Total Cost	Total Cost	Total Cost	Total Cost	Total Cost	Total Cost	Total Cost	Total Cost	All Years
HM&E									
A. HM&E Test & Instrumentation	702	3,830	875	2,382	5,616	3,740	1,376	1,870	20,392
B. HM&E Engineering Services	28,698	5,331	8,147	5,508	7,723	5,065	2,658	2,670	65,800
C. SUPSHIP Material/Services	2,433	1,439	5,301	1,465	2,261	1,595	666	660	15,820
Total HM&E	31,833	10,600	14,324	9,355	15,600	10,400	4,700	5,200	102,012

**NATIONAL DEFENSE SEALIFT FUND
Exhibit P-40
FY 2002 President's Budget**

NDSF
June-01
BA-1
BLI 66818

**RRF Troop Ship / Maritime Academy School Ship
(\$Millions)**

<u>RRF</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
RRF Troop Ship / Maritime Academy School Ship	12.50	12.47	0.00	
 Total, Maritime Academy	<hr/> <hr/> 12.50	<hr/> <hr/> 12.47	<hr/> <hr/> 0.00	
 Outyear Costs	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>

Justification:

\$24,973,000 to convert an RRF sealift vessel into a training ship for the Massachusetts Maritime Academy. These funds are being used to convert an existing vessel in the Department of Defense Ready Reserve Force into a training ship for Academy's maritime cadet during peacetime which also serves as a Ready Reserve Force troop ship for use during national emergencies.

**NATIONAL DEFENSE SEALIFT FUND
Exhibit P-40
FY 2002 President's Budget**

NDSF
June-01

BLI #0210

**Fast Sealift Ships (FSS)
(\$Millions)**

<u>FSS</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Total FSS	46.28	46.77	59.80	
	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Outyear Costs				

Justification:

Eight FSS are maintained in a 4-day Reduced Operating Status (ROS-4) as recommended by the OSD published Mobility Requirements Study (MRS) and the MRS Bottom-Up Review Update (MRS BURU). These ships provide the initial surge sealift capacity required to transport the lead combat forces from CONUS to a given area of operations and satisfy time critical warfighting requirements. The criteria for each readiness status was also specified in the MRS (i.e. Outporting, Sea/Dock Trials, Maintenance). ROS-4 ships have a cadre crew assigned, are outported at a layberth, and undergo annual sea trials, periodic dock trials, and required periodic regulatory drydockings/inspections.

The NDSF direct funded costs reflected here provide only for ROS maintenance and berthing costs. Whenever activated to Full Operating Status (FOS) at the request of a user customer (e.g., LANT/PAC Fleet), then the user pays for the additional expenses, such as fuel and additional crew, on a reimbursable basis.

**NATIONAL DEFENSE SEALIFT FUND
Exhibit P-40
FY 2002 President's Budget**

NDSF
June-01
BA-2
BLI #0220

**Large Medium Speed RO/RO (LMSR)
(\$Millions)**

<u>LMSR</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Total, LMSR	27.19	56.34	82.98	
	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Outyear Costs				

Justification:

Eleven LMSRs will be maintained in a 4-day Reduced Operating Status (ROS-4) as recommended by the OSD published Mobility Requirements Study (MRS) and the MRS Bottom-Up Review Update (MRS BURU). These ships provide the initial surge sealift capacity required to transport the lead combat forces from CONUS to a given area of operations and satisfy time critical warfighting requirements. The criteria for each readiness status was also specified in the MRS (i.e. Outporting, Sea/Dock Trials, Maintenance). ROS-4 ships have a cadre crew assigned, outported at a layberth, and undergo annual sea trials, periodic dock trials, and required periodic regulatory drydockings/inspections. Cost data incrementally increases as ships are delivered to the fleet and undergo an initial post delivery crew familiarization/warranty maintenance period. All 11 surge LMSRs will be delivered by 28 February 2002.

NATIONAL DEFENSE SEALIFT FUND
Exhibit P-40
FY 2002 President's Budget

NDSF
June-01
 BA-2
 BLI #0230

DOD Strategic Vessel Modernization
(\$Millions)

<u>Modernization</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Hospital Ship (T-AH)	0.0	0.8	0.9	
Maritime Prepositioning Ship (MPS)	0.0	1.7	1.8	
Offshore Petroleum Discharge	0.2	0.8	0.9	
Total, Modernization	0.2	3.3	3.6	
	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Outyear Costs				

Justification:

Fleet modernization is required to replace obsolete equipment and respond to emergent fleet requirements. Requirements are prioritized annually and fiscal resources are allocated to complete most important safety and operational requirements as soon as resources become available. OPDS upgrades are being performed on two ships to make them self sufficient, correct safety deficiencies in FYs 00 & 03. Modernization efforts are planned for hospital ships and prepositioned ships in FY 03.

**NATIONAL DEFENSE SEALIFT FUND
Exhibit P-40
FY 2002 President's Budget**

NDSF
June-01
BA-2
BLI #0250

**Hospital Ships (T-AH)
(\$Millions)**

<u>T-AH</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Crew Costs	3.80	3.94	4.11	
Maintenance & Repair	10.15	4.84	5.10	
Layberth	2.90	2.96	3.10	
Other	3.57	3.65	2.61	
Total T-AH	20.42	15.39	14.92	
	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Outyear Costs				

Justification:

Two T-AHs are maintained in a 5-day Reduced Operating Status (ROS-5) as required by Defense Planning Guidance and CINC OPLANS. These ships provide the critical initial surge field hospital capability to support warfighting, humanitarian, and Operations Other Than War. T-AH ships have a cadre crew assigned, are outported at a layberth, and undergo annual sea trials, periodic dock trials, and required periodic regulatory drydockings/inspections.

Notes:

Crew costs include wages & salaries.

Maintenance & Repair costs include daily maintenance and regulatory inspections, drydockings, and overhauls.

Layberth Costs include berth lease, utilities, tugs, pilots, and inport fuel.

Other costs include ADP support, supplies, subsistence, spare parts, consumables, and DBOF profit/loss.

NATIONAL DEFENSE SEALIFT FUND
Exhibit R-2 Budget Item Justification
FY 2002 President's Budget

NDSF BA 4 (R&D)
June-01

COST (\$ in Millions)	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY2006	FY2007	Cost to Complete	Total Cost
Total P.E. Cost										
NDSF Research & Development Strategic Sealift, No. 090000	3.784	7.037	9.717							20.538
Quantity of RDT&E Articles & cost										
<p>A. Mission Description and Budget Item Justification: Strategic Sealift is the capability to rapidly mobilize and deploy combat forces and sustainment to the theatre of operations. The Strategic Sealift Research and Development Program is a continuation of the Fast Sealift Technology Development Program established by Congress in FY 1990 and the Merchant Ship Naval Augmentation Program (MSNAP). The program goal is to develop new concepts and technologies which can be applied to future strategic sealift ships, seabasing systems, other strategic sealift systems and merchant ship systems to enhance their operational capability and efficiency and reduce total life cycle cost (acquisition and operation).</p> <p>The focus of the total program is the development and demonstration of Strategic Sealift and Seabasing systems. The technologies include ship configuration concepts, equipment to increase cargo loading and unloading rates (including merchant ship systems), improved man/machine interfaces, improved structural configurations and materials, and Logistics-Over-the-Shore (LOTS) equipment and system improvements to enable Joint Service LOTS (JLOTS) operations to satisfy CINC sea state and operational requirements. This program develops prototype systems from service approved and commercially available technologies and components. This program heavily involves U.S. industry, shipyards, shipbuilding and cargo equipment regulatory bodies, the USCG and MARAD to assure that the potential benefits of these technologies are realized.</p> <p>Prior program efforts produced: Sea State 3/JLOTS options study and related integrated R&D master plan, initial composite causeway concepts, shipboard crane operator assist systems, Auxiliary Crane Ship (T-ACS), Seashed Systems, Modular Cargo (MCDS) and Fuel (MFDS) Delivery Systems, Vertical Replenishment (VERTREP) deck, and several other Sealift Enhancement Features. Many Ready Reserve Force (RRF) ships have been improved by the program.</p>										

**Exhibit R-2 Budget Item Justification
FY 2002 President's Budget
COST (\$ in Millions)**

**NDSF BA 4 (R&D)
June-01**

PROGRAM ACCOMPLISHMENTS AND PLANS:		
NDSF Research & Development Strategic Sealift, No. 090000		
1. FY 2000 ACCOMPLISHMENTS:		
	<u>(\$ Millions)</u>	
-	0.475	Continue to develop sealift ship and system concepts for future sealift missions including AAN and Fast Sealift.
-	0.303	Continue MPF (F)/Seabasing concepts development.
-	0.100	Continue development/maintenance of Sea State 3 JLOTS system equipment baselines.
-	0.155	Continue testing/evaluation and modification of advanced lighter simulator.
-	0.394	Testing and demonstration of ship/lighter and ship/ship motion control, mooring and platform interface systems.
-	0.100	Develop JLOTS Planning Systems.
-	0.190	Continue development of systems for MERSHIP support of advanced operational concepts.
-	0.867	Continue shipboard crane systems Sea State 3 capability development/testing/demonstration.
-	0.550	Continue development of shipboard cargo systems (including SS3 ramp/platform interface).
-	0.650	Continue to support integrated advanced concept technology demonstration program for the Joint Modular Lighter System (JMLS).
	<u>3.784</u>	Total, FY 00 (No. 09000) NDSF Research and Development
2. FY 2001 PLAN:		
	<u>(\$ Millions)</u>	
-	1.060	Continue to develop sealift ship and system concepts for future sealift missions including AAN and Fast Sealift.
-	0.540	Continue MPF (F)/Seabasing concepts development.
-	0.050	Continue development/maintenance of Sea State 3 JLOTS system equipment baselines.
-	0.220	Continue testing/evaluation and modification of advanced lighter simulator.
-	0.300	Testing and demonstration of ship/lighter and ship/ship motion control, mooring and platform interface systems.
-	0.260	Develop JLOTS Planning Systems.
-	1.390	Continue development of systems for MERSHIP support of advanced operational concepts.
-	0.667	Continue shipboard crane systems Sea State 3 capability development/testing/demonstration.
-	1.406	Continue development of shipboard cargo systems (including SS3 ramp/platform interface).
-	0.800	JMLS
-	0.344	Pending SCN Reprogramming , Not on APF
	<u>7.037</u>	Total, FY 01 (No. 09000) NDSF Research and Development

**Exhibit R-2 Budget Item Justification
 FY 2002 President's Budget
 COST (\$ in Millions)**

**NDSF BA 4 (R&D)
 June-01**

PROGRAM ACCOMPLISHMENTS AND PLANS:		
NDSF Research & Development Strategic Sealift, No. 090000		
3.	FY 2002 PLAN	
	<u>(\$ Millions)</u>	
-	0.750	Continue to develop sealift ship and system concepts for future sealift missions including AAN and Fast Sealift.
-	7.200	Continue MPF(F)/Seabasing concepts development, including MPF(F) AOA.
-	0.566	Testing and demonstration of ship/lighter and ship/ship motion control, mooring and platform interface systems.
-	1.000	Continue development of systems for MERSHIP support of advanced operational concepts.
-	0.100	Continue shipboard crane systems Sea State 3 capability development/testing/demonstration.
-	0.101	Continue development of shipboard cargo systems (including SS3 ramp/platform interface).
	<u>9.717</u>	Total, FY 02 (No. 09000) NDSF Research and Development

Exhibit R-2 Budget Item Justification (Continued)
FY 2002 President's Budget
COST (\$ in Millions)

NDSF BA 4 (R&D)
June-01

B. Program Change Summary:										
	<u>FY 2000</u>		<u>FY 2001</u>		<u>FY 2002</u>					
FY 2001 President's Budget:	3,784		7,053		7,178					
Appropriated Value	3,784		7,037		TBD					
Adjustments to FY 2000/2001 Appropriated Value/ FY 2001 President's Budget:	0		-16		2,539					
 FY 2002 President's Budget Submit:	 3,784		 7,037		 9,717					
 Funding: Not applicable.										
 Schedule: Not applicable.										
 Technical: Not applicable.										
C. Other Program Funding Summary:										
Not applicable.									To	Total
	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>Complete</u>	<u>Cost</u>
Total, (No. 09000) NDSF R&D	3.784	7.037	9.717						TBD	20.538
D. Acquisition Strategy:										
Not applicable.										
E. Schedule Profile:										
See Program Schedule on next page.										
This program is a combination of many tasks some of which are ongoing and some yet to be initiated. These tasks focus on sealift ship design concepts, high speed sealift; seabasing concepts; and sea state 3 capable shipboard cranes, cargo handling systems and LOTS equipment interfaces including advanced materials applications. Funding distribution may be adjusted as tasks progress. The program is reported at the Program level. (The individual tasks are grouped into Technology areas the sum of which may exceed \$1 Million (See R2 bullets) but do not require individual R2a or R3.)										

Exhibit R-2 Budget Item Justification (Continued)
FY 2002 President's Budget
STRATEGIC SEALIFT R & D PROGRAM
(\$ Millions)

NDSF BA 4 (R&D)
June-01

NDSF R&D Programs:	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07
Sealift Concept Development	0.475	1.060	0.750					
MPF(F)/Seabasing Concept Development	0.303	0.540	7.200					
SS3 JLOTS Baselines & JIPT Support	0.100	0.050	0.000					
Advanced Lighter Simulator	0.155	0.220	0.000					
Ship to Ship/Lighter Interface System	0.394	0.300	0.566					
Planning Tools and C4I Systems	0.100	0.260	0.000					
MERSHIP Systems Development	0.190	1.390	1.000					
Shipboard Crane Systems	0.867	0.667	0.100					
Shipboard Cargo Systems	0.550	1.406	0.101					
JMLS ACTD	0.650	0.800	0.000					
Pending SCN Reprogramming, Not on APF	0.000	0.344	0.000					
Total, NDSF R&D Programs	3.784	7.037	9.717					

NATIONAL DEFENSE SEALIFT FUND
Exhibit P-40
FY 2002 President's Budget

NDSF
June-01
BA-5
BLI #0500

Ready Reserve Force (RRF)
(\$Millions)

RRF	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
O&M	213.3	222.1	212.0	
Acquisition/NDF	0.0	0.0	0.0	
RRF Ship Upgrades	58.6	19.2	14.5	
Other				
NDRF/Facilities	8.6	8.0	5.6	
Special Maintenance/ Supply Programs*	8.9	9.1	8.9	
Carryover	-32.5	0.0	-13.5	
Total, RRF	256.9	258.4	227.5	

* = Special Maintenance/Supply programs including an inventory/validation system implementation, Logistics Support, and spare parts.

Outyear Costs	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>

Justification:

The RRF budget is based upon the conclusions of the OSD published Mobility Requirements Study (MRS) and the MRS Bottom-Up Review Update (MRS BURU). These studies specified a required readiness status for the RRF ships. This status allows the ships to activate in time to deliver cargo to a given area of operations and satisfy time critical warfighting requirements. The criteria for each readiness status was also specified in the MRS (i.e. Outporting, Sea/Dock Trials, Maintenance). These criteria determine the appropriate funding required for a given readiness level. Additional ships are maintained to provide tanker and troop ship support required for OPLAN and contingency execution.

Current Strategic Sealift assets are insufficient to meet OPLAN/MRC requirements. This necessitates maintaining a higher level of readiness within the RRF until the new LMSRs are added to the surge fleet.

CLASSIFICATION: UNCLASSIFIED

FY 2002 President's Budget		SEALIFT COST ANALYSIS EXHIBIT P-5							A. DATE: 6/01/01									
B. APPROPRIATION ACTIVITY			C. ITEM NOMENCLATURE															
OPN BA : READY RESERVE FORCE			READY RESERVE FORCE, National Defense Sealift Fund															
TOTAL COST IN THOUSANDS OF DOLLARS																		
COST CODE	ELEMENT OF COST	IDENT CODE	FY 00		FY 01		FY 02		FY 03		FY 04		FY 05		FY 06		FY 07	
			QTY	TOTAL COST	QTY	TOTAL COST	QTY	TOTAL COST	QTY	TOTAL COST	QTY	TOTAL COST	QTY	TOTAL COST	QTY	TOTAL COST	QTY	TOTAL COST
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(15)	(16)
	MAINTENANCE & OPERATIONS																	
	Activations		51	12,764	44	20,552	47	16,114										
	Less JCS Exercise Savings			(5,000)		(5,000)		(5,000)										
	Maintenance and Repair			118,761		117,229		110,730										
	ROS Crews/SM fees		51	70,300	44	70,149	47	71,522										
	Outporting		51	16,341	44	19,200	47	18,600										
	Logistics			8,934		9,100		8,900										
	NDRF/Facilities			8,635		8,000		5,600										
	NDRF Scrap/drydocking							0										
	RRF Upgrades-RO/RO Expansion			40,000		7,000		7,000										
	CAPE'F'upgrades			17,153		8,606		6,369										
	OPDS/T-AVB/RRF machinery upgr			1,500		3,607		1,125										
	Total, Maintenance & Ops program			289,388		258,443		240,960										
	Less carryover from FY PY			(32,527)		0		(13,500)										
	TOTAL, RRF			256,861		258,443		227,460										

RRF READINESS STATUS

READY RESERVE FORCE- SHIPS BY READINESS CATEGORY

FY 2002 President's Budget

<u>Ship Type</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
BREAKBULK	<u>29</u>	<u>29</u>	<u>28</u>	<u>15</u>					
ROS-5	10	10	10	10					
RRF-10	17	4	4	4					
RRF-20									
RRF-30	1	14	13						
PREPO	1	1	1	1					
RO/RO	<u>31</u>	<u>31</u>	<u>31</u>	<u>31</u>					
ROS-4	31	21	21	21					
ROS-5	0	6	6	6					
RRF-10	0	4	4	4					
PREPO									
HEAVYLIFT	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>					
ROS-5	2	2	2	2					
RRF-10	5	5	5	5					
T-ACS	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>					
ROS-4	0	5	5	5					
ROS-5	9	4	4	4					
PREPO	1	1	1	1					
TANKER	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>					
RRF-10	3	3	3	3					
RRF-20	2	2	2	2					
OPDS-TANKER	<u>5</u>	<u>4</u>	<u>4</u>	<u>4</u>					
ROS-5	2	1	1	1					
RRF-10	0	1	1	1					
RRF-30	1	0	0	0					
PREPO	2	2	2	2					
T-AVB									
ROS-5	2	2	2	2					
TROOPSHIP									
RRF-10	2	2	2	2					
GRAND TOTALS	91	90	89	76					

NATIONAL DEFENSE SEALIFT FUND (NDSF)
REVENUE AND EXPENSES
(Dollars in Millions)
FY 2002 President's Budget
NDSF Unfunded Reimbursable Programs

Revenue:	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>
Gross Sales:				
Operations	620.9	665.7	804.8	846.7
Depreciation Except Maj Const	0.0	0.0	0.0	0.0
Major Construction Depreciation	0.0	0.0	0.0	0.0
Total Gross Sales	620.9	665.7	804.8	846.7
Other Income	0.0	0.0	0.0	0.0
 Total Income	 620.9	 665.7	 804.8	 846.7
 Expenses:				
Prepositioning Ships	604.0	579.3	694.7	732.2
Surge Ships	16.9	86.4	110.1	114.5
 Total Expenses	 620.9	 665.7	 804.8	 846.7
Work in Progress Adjusted	0.0	0.0	0.0	0.0
Comp Work for Activity Reten Adj	0.0	0.0	0.0	0.0
Cost of Goods Sold	620.9	665.7	804.8	846.7
 Operating Result	 0.0	 0.0	 0.0	 0.0
Less Capital Surchg Reservation	0.0	0.0	0.0	0.0
Plus Appropriations Affecting NOR/AOR	0.0	0.0	0.0	0.0
Other Changes Affecting NOR/AOR	0.0	0.0	0.0	0.0
Inventory Gains and Losses	0.0	0.0	0.0	0.0
Net Operating Result	0.0	0.0	0.0	0.0
 Transfers Not Affecting NOR/AOR	 0.0	 0.0	 0.0	 0.0
Prior Year and Other Adjustments	0.0	0.0	0.0	0.0
Other Inventory Adjustments	0.0	0.0	0.0	0.0
WRM Appropriations	0.0	0.0	0.0	0.0
Net Result	0.0	0.0	0.0	0.0

REVENUE AND EXPENSES
(Dollars in Millions)
FY 2002 President's Budget
NATIONAL DEFENSE SEALIFT FUND (NDSF)
NDSF Unfunded Reimbursable Programs

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>
1. Orders from DoD Components:				
Navy	384.7	390.2	543.3	542.3
Army	172.9	206.4	194.0	217.5
Air Force	31.5	34.5	34.3	42.4
DLA	31.8	34.6	33.2	44.5
2. Other Orders:				
Other Federal Agencies	0.0	0.0	0.0	0.0
Trust Fund	0.0	0.0	0.0	0.0
Non-Federal Agencies	0.0	0.0	0.0	0.0
3. Total Gross Orders	620.9	665.7	804.8	846.7
4. Credits and Allowances:				
Discounts	0.0	0.0	0.0	0.0
Price Reductions	0.0	0.0	0.0	0.0
5. Change to Backlog	0.0	0.0	0.0	0.0
6. Total Gross Sales	620.9	665.7	804.8	846.7

REVENUE AND EXPENSES
(Dollars in Millions)
FY 2002 President's Budget
NATIONAL DEFENSE SEALIFT FUND (NDSF)
NDSF Direct Funded Programs

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>
Assets:				
Selected Assets:				
Fund Balance with Treasury	680.0	713.5	399.8	624.9
Reserve for Capital Purchases (memo)				
Accounts Receivable	0.0	0.0	0.0	0.0
Advances Made	0.0	0.0	0.0	0.0
Inventories	0.0	0.0	0.0	0.0
Other Assets	0.0	0.0	0.0	0.0
Deferred Capital Property	0.0	0.0	0.0	0.0
 Total Assets	 680.0	 713.5	 399.8	 624.9
Liabilities:				
Selected Liabilities:				
Accounts Payable				
Accrued Liabilities	680.0	713.5	399.8	624.9
Advances Received	0.0	0.0	0.0	0.0
Unfunded	0.0	0.0	0.0	0.0
Liabilities	0.0	0.0	0.0	0.0
Other Liabilities	0.0	0.0	0.0	0.0
 Total Liabilities	 680.0	 713.5	 399.8	 624.9
Government Equity:				
Paid-in-Capital				
(Assets Capitalized less Liabilities Assumed)	0.0	0.0	0.0	0.0
Accumulated Operating Results	0.0	0.0	0.0	0.0
 Total Government Equity	 0.0	 0.0	 0.0	 0.0
 Total Liabilities and Equity	 680.0	 713.5	 399.8	 624.9

REVENUE AND EXPENSES
(Dollars in Millions)
FY 2002 President's Budget
NATIONAL DEFENSE SEALIFT FUND (NDSF)
NDSF Direct Funded Programs

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>
Unobligated Authority Available, Beginning of Year				
New Authority:	680.0	713.5	399.8	624.9
New Construction/Conversion	351.4	346.3	0.0	0.0
DOD Mobilization Assets	61.7	94.0	121.8	161.3
RDT&E	6.9	3.8	7.0	9.7
NDRF Operations and Maintenance	260.0	256.9	258.5	227.5
Maritime Academy	0.0	12.5	12.5	0.0
USTRANSCOM MSC Cash Surcharge	0.0	0.0	0.0	8.9
Maritime Security Program Transfer from MARAD	0.0	0.0	0.0	99.0
T-5 tanker lease buyout	0.0	0.0	0.0	118.5
Transfer to Other Accounts	0.0	0.0	0.0	0.0
Obligations (Total)	680.0	713.5	399.8	624.9
New Construction/Conversion	351.4	346.3	0.0	0.0
DOD Mobilization Assets	61.7	94.0	121.8	161.3
RDT&E	6.9	3.8	7.0	9.7
NDRF Operations and Maintenance	260.0	256.9	258.5	227.5
Maritime Academy	0.0	12.5	12.5	0.0
USTRANSCOM MSC Cash Surcharge	0.0	0.0	0.0	8.9
Maritime Security Program Transfer from MARAD	0.0	0.0	0.0	99.0
T-5 tanker lease buyout	0.0	0.0	0.0	118.5
Unobligated Balance, End of Year	0.0	0.0	0.0	0.0
Outlays (Total):				
New Construction/Conversions				
RDT&E				
Unliquidated Obligations, EOY				
Financing of Capital Purchases:				
Direct Appropriation	680.0	713.5	399.8	413.4
Transferred from Other Accounts	0.0	0.0	0.0	0.0
Alliance Contributions	0.0	0.0	0.0	0.0