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SENATE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON DEFENSE

STATEMENT BY

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BEFORE THE

SENATE COMMITTEE ON APPROPRIATIONS SUBCOMMITTEE ON DEFENSE

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CNO's Posture Hearing
FY 2009 Budget

Introduction

Chairman Inouye, Senator Stevens, and members of the Committee, it is an honor to appear before you today representing the nearly 600,000 men and women, Sailors and civilians of our Navy. In 2007, the Navy answered all bells. Surge and rotational expeditionary forces performed brilliantly and we responded to global contingencies and requirements. The FY 2009 budget and its associated force structure plans represent the capabilities needed to meet current challenges with a moderate degree of risk. I appreciate your continued support as our Navy defends our nation and our vital national interests.

In 2007, the Navy, Marine Corps, and Coast Guard released the *Cooperative Strategy for 21st Century Seapower*. The strategy represents unprecedented collaboration among the three Services. It also incorporates input from American citizens obtained through a series of "Conversations with the Country" that included the maritime Services, business and academic leaders, and the general public.

The maritime strategy is aligned with the President's National Strategy for Maritime Security and the objectives articulated in the National Security Strategy, the National Defense Strategy, and the National Military Strategy. It recognizes that the maritime domain is vital to national security and prosperity. Nearly three-quarters of the Earth's surface is water; 80 percent of the world's population lives on or near coastlines; and 90 percent of the world's trade, including two-thirds of the world's petroleum, moves on the oceans to market. The oceans connect us to populations around the world and our Navy's presence and active engagement is vital to our collective security.

In addition to the Navy's engagement in Iraq and Afghanistan, international military, political, and economic events beyond those borders have direct and indirect implications for the Navy. Examples include China's rapid build up of a blue water navy and their development of cyber and space warfighting capabilities. Russia's first Mediterranean deployment in 15 years and increased defense spending demonstrate their desire to emerge as a global naval power. North Korea's long-range ballistic missile program and their missile proliferation history reinforce the need for a credible, forward deployed ballistic missile defense capability. Militaries in Central and South American seek aircraft and submarines to back their regional and international objectives. Iran's confrontational activities at sea this past January, when the USS PORT ROYAL, USS HOPPER, and USS INGRAHAM encountered five small Iranian boats operating provocatively in the Strait of Hormuz, heightened tensions. Conflict is likely to continue into the future and the Navy's global commitments are likely to increase. As U.S. ground forces reset, reconstitute, and revitalize, the Navy will remain on station to respond to threats and crises.

The new maritime strategy recognizes the many existing and potential challenges to national security and prosperity. To address these challenges, the strategy articulates six core capabilities our maritime Services provide: forward presence, deterrence, sea control, power

projection, maritime security, and humanitarian assistance and disaster response (HA/DR). The first four capabilities are paramount because they enable the defense of our nation and its interests. Forward presence, deterrence, sea control, and power projection must remain the cornerstones of what makes our Navy a dominant global force.

The Navy will continue to enhance cooperation with existing and emerging partners and build bridges of trust among the international community. Proactive global involvement is a strategic imperative for the Navy and our nation, since trust cannot be surged in times of crisis.

Execution of the maritime strategy is already underway in current operations. As we plan and resource for the future, the maritime strategy will guide our efforts. The execution of our current readiness and force structure plans faces many challenges, but affordability is the most pressing. I refuse to cede our technological advantage to competitors; however current readiness, manpower, and escalating procurement costs make pacing the threat exceptionally difficult. We will continue to improve processes, work with industry, and maximize cost saving initiatives. Stable procurement plans must be affordable and realistic to deliver the balanced future Fleet. While I am satisfied that the force structure plans deliver required capabilities, the balance among capability, affordability, and executability in these plans is not optimal. This imbalance has the potential to increase significantly warfighting, personnel, and force structure risk in the future.

Our operations, people, and equipment continue to serve our nation well, but it comes at a significant cost. It is my duty as CNO to ensure our Navy is always ready to answer our nation's call anytime, anywhere, now and in the future. This duty shapes my priorities and will influence the decisions and recommendations I will make regarding the future of our Navy.

Priorities for FY 2009

My vision for the Navy is that we remain the preeminent maritime power, providing our country a naval expeditionary force committed to global security and prosperity. We will defend our homeland and our nation's vital interests around the world. We will prevent war, dominate any threat, and decisively defeat any adversary. The Navy will remain a powerful component of Joint warfare by exploiting cutting edge technology and cooperating closely with the other Services, the interagency community, allies, and international partners. We will remain a superbly trained and led team of diverse Sailors and civilians, who are grounded in our warfighting ethos, core values, and commitment to mission readiness and accomplishment.

To achieve this vision, the Navy must address existing and emerging challenges and create new opportunities. My priorities are to:

- Build tomorrow's Navy
- Remain ready to fight today
- Develop and support our Sailors and Navy civilians.

I will demand that we accurately articulate requirements and remain disciplined in our processes. Achieving the right balance within and across these focus areas will provide dominant seapower for our nation, today and tomorrow.

Building Tomorrow's Navy

Our Fleet must have the right balance of capability and the capacity. Three hundred thirteen ships represent the minimum force necessary to provide the global reach, persistent presence, and strategic, operational, and tactical effects. Our FY 2009 budget requests seven new ships: two LCS, one DDG 1000, one SSN, two T-AKE, and one JHSV, and 47 new ships over the Future Years Defense Plan (FYDP) (FY 2009-2013). I support a stable shipbuilding plan that provides an affordable, balanced force and preserves our nation's industrial base. I intend to develop further our Navy's relationship with industry to reinforce our commitment to a stable shipbuilding plan.

As we pursue operational capability at reduced cost, we take into account several industrial factors. Level loading of ship and aircraft procurements help sustain appropriate employment levels, retain skills, and promote a healthy U.S. shipbuilding industrial base. Common hull forms, common components, and repeat builds of ships and aircraft that permit longer production runs also reduce construction costs. Our Navy's shipbuilding plans incorporate open architecture for hardware and software systems and they increase the use of system modularity. These initiatives reduce the cost of maintenance and system upgrades, and keep the Navy's Fleet in service longer.

I seek your support for the following initiatives and programs:

Aircraft Carrier Force Structure

The Navy is committed fully to maintaining an aircraft carrier force of 11. During the 33-month period between the planned 2012 decommissioning of USS ENTERPRISE and the 2015 delivery of USS GERALD FORD, however, legislative relief is requested to temporarily reduce the carrier force to 10. Extending ENTERPRISE to 2015 involves significant technical risk, challenges manpower and industrial bases, and requires expenditures in excess of two billion dollars. Extending ENTERPRISE would result in only a minor gain in carrier operational availability and adversely impact carrier maintenance periods and operational availability in future years. We are adjusting carrier maintenance schedules to support the Fleet Response Plan (FRP) and ensure a responsive carrier force for the nation during this proposed 10-carrier period. I urge your support for this legislative proposal.

Littoral Combat Ship (LCS)

LCS fills critical warfighting requirements. It offers speed, draft, and modularity that no other ship offers. USS FREEDOM (LCS-1) and USS INDEPENDENCE (LCS-2) enter service soon and their performance at sea will enable us to decide on the appropriate acquisition strategy for the class. Controlling and reducing LCS costs are key to an affordable shipbuilding plan and we have already improved management oversight, implemented stricter cost controls, and incorporated selective contract restructuring to ensure delivery on a realistic schedule. Although recent changes to the LCS program resulted in the reduction of 13 ships across the FYDP, I remain committed to procuring 55 LCS by FY 2023. I appreciate your continued support for this

important ship class, including our FY 2009 request for $1.47 billion for procurement of two additional ships and associated modules and continued research and development (R&D).

Joint Strike Fighter (JSF)

The increased operational tempo (OPTEMPO) of our legacy aircraft is consuming service life at an accelerated rate. The recent groundings of high demand P-3 aircraft highlight the need to bring the next generation of aircraft in service and retire our aging aircraft. The JSF provides expanded capability that will meet the needs of our Navy, Joint Forces, and international partners. Because of the high OPTEMPO of the current strike aircraft fleet, and despite JSF's initial operational capability (IOC) and delivery in 2015, we anticipate a shortfall of strike aircraft from 2016-2025. Further delays in JSF will exacerbate this strike fighter gap. Navy's FY 2009 investment of $3.4 billion includes procurement of eight aircraft and continued R&D for aircraft and engine development.

CG(X)

The next generation Guided Missile Cruiser CG(X) will be a highly capable major surface combatant tailored for Air and Missile Defense. CG(X) will provide maritime dominance, independent command and control, and forward presence. It will operate as an integral unit of Joint and Combined Forces. The CG(X) design and development program will feature revolutionary acquisition and spiral development practices that incorporate advanced technologies and next generation engineering systems. By replacing the TICONDEROGA (CG 47) class of ships at the end of its 35-year service life, CG(X) capitalizes on the developments made through DDG Modernization and DDG-1000. We are conducting a rigorous analysis to examine alternatives for CG(X) consistent with the National Defense Authorization Act requirement for nuclear power. Our FY 2009 R&D request for $370 million will support CG(X) and associated radar development.

DDG 1000

Congressional approval of split funding for the dual lead DDG 1000 ships supports an acquisition approach that motivates cooperative completion of detail design. Collaboration between Northrop Grumman Ship Systems and Bath Iron Works during the detail design process has enabled these shipyards to produce the two lead ships simultaneously. Consequently, the DDG 1000 detail design will be more mature prior to start of construction than any previous shipbuilding program. Our budget request in FY 2009 will procure the third ship of the class.

Ballistic Missile Defense (BMD)

The increasing development and proliferation of ballistic missiles can threaten the homeland and our friends and allies. Ballistic missiles can also impede our military operations. Maritime ballistic missile defense provides protection for forward-deployed joint forces and regional allies while contributing to the larger defense of the United States through the Ballistic Missile Defense System (BMDS). Maritime ballistic missile defense directly contributes to the Navy's core capability of deterrence, and enables our core capabilities of power projection and

sea control. The Aegis BMD directorate of the Missile Defense Agency has developed the Navy's BMD capability which is installed on 17 ships including three cruisers and 14 guided missile destroyers with installations continuing in 2008. These Navy surface ships support the BMDS by cueing ground-based sensors and intercepting Short to Intermediate Range Ballistic Missiles with ship-based interceptors (SM-3 missiles). The Near Term Sea-Based Terminal Program provides the ability to engage a limited set of Short Range Ballistic Missiles (SRBMs) with modified SM-2 Block IV missiles. The Navy will continue to work closely with the Missile Defense Agency to deliver improved capability and capacity to defend against this proliferating threat. While development and procurement funding is covered under the Missile Defense Agency budget, Navy has committed $16.5 million in FY 2009 for operations and sustainment of Aegis BMD systems.

Navy Networks

Afloat and ashore networks enable warfighting command and control capability. Data, hardware, and applications must be arranged in a way that enables rapid upgrades to accommodate exponential increases in demand. Incorporation of open architecture and common computing environment in our networks will require us to redesign network architecture to free us from proprietary control. Open architecture will drive us to commonality and standardization, introduce efficiencies, promote better data protection, and network security. It will also allow our future war fighters to fight collaboratively and more effectively.

The first step in achieving this new network architecture is putting it to sea. The Consolidated Afloat Networks and Enterprise Services (CANES) system achieves an open, agile, flexible and affordable network architecture that will move us forward. CANES embraces cross-domain solutions that enable enhanced movement of data. It is a revolutionary change in our information technology infrastructure and it is absolutely vital for us to excel in 21st century warfare. $21.6 million is aligned to CANES in the FY 2009 budget request, all of which is redirected from existing budget lines.

Research and Development

Science and Technology (S&T) give the Navy warfighting advantage. Last year the Secretary of the Navy, the Commandant of the Marine Corps, and my predecessor completed and published a combined Naval S&T strategy that ensures our investments accomplish the vision and goals of the Navy and Marine Corps. Selecting research for future Naval force capabilities must be balanced with fiscal realities. The S&T strategy identifies thirteen research focus areas and sets high-level objectives that guide investment decisions. S&T investments present a balance between applied science, focused on near term challenges, and basic research that advances the frontiers of science. We aggressively focus on transitioning S&T into programs of record and push these programs of record out to the Fleet through our Future Naval Capabilities program at the Office of Naval Research (ONR). The FY 2009 budget requests $1.8B for Navy's S&T programs, an increase of 6% over the requested FY 2008 level.

Ready to Fight Today

Maintaining warfighting readiness demands a Navy that is agile, capable, and ready. As operational demands and Joint Force posture in the Middle East subside, I expect the Navy's posture, positioning, and OPTEMPO to increase, not decrease. OPTEMPO, as expressed in terms of steaming days, reflects the underway time of our conventionally powered ships. OEF/OIF and additional global commitments have caused a significant difference between budgeted and actual steaming days. The Navy has funded this difference with war supplemental funding. Trends indicate that anticipated operational requirements will continue to exceed peacetime levels in FY 2009. Additionally, increased OPTEMPO drives accelerated force structure replacement and higher maintenance and manpower costs that must be funded.

As the nation's strategic reserve, the Navy must be ready to generate persistent seapower anywhere in the world. The Navy must also establish and evolve international relationships to increase security and achieve common interests in the maritime domain.

We generate forces for the current fight and employ our Navy much differently than in years past. We simultaneously provide ready naval forces and personnel for Joint Force Commanders, sustain forward presence, fulfill commitments to allies, and respond to increasing demands in regions where we have not routinely operated, specifically in South America and Africa.

The Fleet Response Plan (FRP) has enhanced our ability to meet COCOM requests for forces for the last six years. FRP provides Naval forces that are well-maintained, properly manned, and appropriately trained to deploy for forward presence and surge missions. FRP increases operational availability and generates more forward presence and surge capability on short notice than was possible in the past. The unscheduled deployment of a second carrier to the Middle East in January 2007 is an example of how FRP provides the nation with options to defend its vital interests. FRP also allows the Navy to respond to global events more robustly while maintaining a structured, deliberate process that ensures continuous availability of trained, ready Navy forces.

Balancing capacity and capability across the spectrum of warfare is essential. The challenge will be maintaining dominance in traditional roles while meeting existing and emerging threats in asymmetric and irregular warfare. My goal is to influence the entire range of military operations from large scale conflict to maritime security and HA/DR. Areas of particular interest to us are:

Anti-Submarine Warfare (ASW): Sonar-The Key ASW Enabler

Submarines remain an immediate threat and their roles and lethality are increasing. More countries are buying submarines; some are building anti-access strategies around them. Maintaining the ability to detect, locate, track, and destroy submarines is essential and our active sonar systems, particularly medium frequency active (MFA) sonar, are the key enablers.

The Navy's use of sonar is being challenged in federal court by various lawsuits which seek to prohibit or severely limit it during vital combat certification exercises, such as those conducted in our Southern California operating areas. In more than 40 years of sonar use in Southern California waters, not a single injury to marine mammals has been linked to sonar. The Navy has worked closely with the National Marine Fisheries Service (NMFS) to establish effective, science-based mitigation measures. By implementing these measures NMFS does not expect adverse population level effects for any marine mammal populations during Fleet training exercises scheduled in Southern California in 2008. MFA sonar provides a robust and absolutely vital capability to detect submarine threats. Limiting our ability to train and exercise with MFA sonar will degrade operational readiness and place our forces at risk.

Our measures provide an appropriate balance between good stewardship of the environment and preparing our forces for deployment and combat operations. Our Sailors must be trained to the best of their abilities with all of the technological tools available to fight and win. It is vital that our Navy be allowed to train and exercise with MFA sonar.

Intelligence

Our Navy provides a vital intelligence, surveillance, and reconnaissance capability around the globe. These capabilities produce warning and awareness in support of the planning and execution of maritime and joint operations. We are expanding our intelligence capability through development of trained human intelligence (HUMINT) personnel, investment in operational intelligence at our Maritime Operation Centers, and expanded synchronization with theater, joint, and national intelligence capabilities.

Maritime Domain Awareness

Maritime security supports the free flow of commerce for all nations. Maritime Domain Awareness is knowing what is moving below, on, and above the sea. Without a high level of Maritime Domain Awareness the free flow of commerce is jeopardized. The goal of Maritime Domain Awareness is to establish a level of security regarding vessels approaching our coastlines, while not infringing upon each nation's sovereignty or sharing inappropriate information.

In partnership with the Coast Guard we established the Office of Global Maritime Situational Awareness (GMSA). GMSA works with the Office of Global Maritime Intelligence Integration in developing the national maritime picture. The first spiral of Maritime Domain Awareness capability arrives in the Central Command and Pacific Command in August 2008 with later spirals in the Atlantic and Caribbean.

Seabasing

Seabasing represents a critical warfighting capability. It will assure access to areas where U.S. military forces are denied basing or support facilities. In the near term, our amphibious and prepositioned ships (including MPF(F)) are the key ships in the seabase. They provide the required lift for the Marine Corps across the range of military operations. These ships and Marines, and the defensive and strike capabilities of our surface combatants and aircraft, provide operational maneuver and assured access for the force while significantly reducing our footprint ashore.

The Navy is exploring innovative operational concepts combining seabasing with adaptive force packaging that will further support national security policy and the Combatant Commanders' objectives worldwide. Our 30-Year Shipbuilding Plan provides for seabasing that covers the spectrum of warfare from Joint Forcible Entry to persistent and cooperative Theater Security Cooperation.

Future Joint Sea Basing requirements are still being defined but will be significantly greater than today's Navy and Marine Corps warfighting capabilities. The next generation long range heavy lift aircraft, joint logistics support system, intra-theater lift and sea connectors will provide these future capabilities.

Shore Installations

Our shore installations are extensions of our warfighting capabilities and among our most complex systems. Our installations must be ready to deliver scalable, agile, and adaptive capabilities to meet the requirements of our Fleet, Sailors, and families. We must reverse our historical trend of underinvestment in our shore establishment. I will leverage and expand upon the successes of our Navy Ashore Vision 2030 and enhance the linkage between our installations, our warfighters, mission accomplishment, and quality of service.

In the past, we accepted significant risk in our shore establishment to adequately fund Fleet readiness. As a result, the condition, capability, and current and future readiness of our shore installations degraded to an unacceptable level by industry standards. I directed the implementation of a systematic and consistent approach to assess the material condition of our shore establishments and develop a comprehensive investment strategy to arrest and reverse the decline of our shore establishment.

We will take advantage of every opportunity to leverage the joint capabilities we share with other Services and the capabilities of the supporting communities where we work and live. The power of this leverage is highlighted in our new Public-Private Venture Bachelor Quarters at San Diego and Norfolk. With the authorities granted by Congress and very progressive private partners, we provide our Sailors the best housing I have seen during my naval career. These quarters will have a dramatic impact on Sailors' decisions to reenlist.

We owe our Sailors, their families and our civilian workforce, who selflessly serve our Nation, world-class facilities and services to enhance their productivity and effectiveness and to

motivate them to remain in the Navy. The decline in the shore infrastructure must be reversed by a prudent review of current capacity and a forward leaning investment strategy that defines our shore footprint for the foreseeable future. The shore establishment is a critical system for the Navy and provides the foundation for our training, manning, and equipping. It is imperative we invest and sustain our shore establishment at the right level to ensure a ready, mobile, and capable Navy.

Depot Level Maintenance

The increased OPTEMPO of our ships and aircraft in combat operations elevates the importance of performing timely depot level maintenance. Depot level maintenance ensures continued readiness and the safety of our men and women operating our ships and aircraft. Adequate funding for depot level maintenance ensures we do not incur unnecessary risk by extending our ships and aircraft well past their periodicity of maintenance. In addition to the challenges of maintaining our ships and aircraft, the capacity of the industrial base remains challenging. Consistent, long term agreements for the efficient use of shipyards are necessary to keep our ships and aircraft in the highest states of readiness.

United Nations Convention on the Law of the Sea

The Law of the Sea Convention codifies navigation and overflight rights and high seas freedoms that are essential for the global mobility of our armed forces. It directly supports our National Security Strategy. I believe strongly that the Convention furthers our national security interests. Our maritime security efforts necessitate that we become a party to the Law of the Sea Convention, the bedrock legal instrument in the maritime domain, to which 154 nations are party. Our current non-party status constrains our efforts to develop enduring maritime partnerships. It inhibits our efforts to expand the Proliferation Security Initiative and elevates the level of risk for our Sailors as they undertake operations to preserve navigation rights and freedoms, particularly in areas such as the Strait of Hormuz and Arabian Gulf, and the East and South China Seas. Accession to the Law of the Sea Convention is a priority for our Navy.

Developing and Supporting Our Sailors and Navy Civilians

Our talented and dedicated Sailors and Navy civilians are absolutely essential to our maritime dominance. Attracting, recruiting, and retaining in a competitive workplace is increasingly more expensive. We must devote adequate resources and shape our policies to ensure our people are personally and professionally fulfilled in their service to our nation. We have identified a steady-state force level of 322,000 AC/68,000 RC end strength as the optimum target for our projected force structure. It is critical that future funding sustains this level.

Recruiting, developing, and retaining diverse and highly capable men and women are imperatives. The Navy must address the changing national demographic to remain competitive in today's employment market. Only three out of ten high school graduates meet the minimum criteria for military service. The propensity to serve is declining among youth and more often influencers of these youth, such as parents and teachers, are advising against military service.

"Millennials" are the generation of youth currently entering the workplace and they comprise 43 percent of our Navy. Born into a globalized world saturated with information and technology, Millennials are more accomplished for their age than previous generations. They are a technology-savvy and cyber-connected group who may find the military's hierarchical command and control structure contradictory to the flat social networks they are used to navigating. The different paradigm under which this generation views the world and the workplace has implications for how the Navy attracts, recruits, and retains top talent. Additionally, to better meet the needs of the U.S. Marine Corps, we must increase the through-put at the U.S. Naval Academy. I urge your support of our legislative proposal to increase the number of Midshipmen at the Naval Academy.

The *Strategy for Our People* ensures we have the best and brightest on our team. The strategy outlines six goals for achieving a total Navy force of Sailors and civilians that is the right size and possesses the right skills to best meet the needs of the Navy. These goals are: capability-driven manpower, a competency-based workforce, effective total force, diversity, being competitive in the marketplace, and being agile, effective, and cost-efficient. Many of the efforts currently underway in support of the strategy are discussed in further detail below.

Recruiting Initiatives

The Navy Recruiting Command is relentless in its pursuit of attracting the best young men and women in America to serve in our Navy. Recruiting priorities are currently focused on attracting personnel for the Naval Special Warfare/Naval Special Operations, nuclear power, medical, and chaplain communities. Recruiting Command is constantly searching for new ways to recruit America's talent. For example, the Medical Leads Assistance Program employs Navy officers as ambassadors for generating interest in Navy Medicine. In the NSW and Naval Special Operations communities, we provide mentors for recruits before enlistment and during training with the two-fold goal of improving recruiting results and ensuring applicant success at Recruit Training Center (RTC) and Basic Underwater Demolition/SEAL training (BUD/S).

To recruit nuclear-trained officers and chaplains, we encourage our personnel to share their story with the American public. Through visits to college campuses and career fairs, nuclear-trained officers share their experiences of operating nuclear reactors on board carriers and submarines. These visits have improved short-term Nuclear Propulsion Officer Candidate recruiting and our officers will continue to cultivate personal relationships with faculty and university representatives to ensure long-term program health. Through the Reserve Officer Goals Enhance Recruitment (ROGER) program, Reserve chaplains use their network of ministerial relationships to share their experiences as Navy chaplains and provide information on how to become active or Reserve chaplain candidates.

Over the past five years, Navy Reserve Junior Officer recruitment has declined. To encourage young officers to stay Navy, we authorized a mobilization deferment policy for officers who affiliate with the Navy Reserve within the first year after leaving active duty. Combined with a $10K affiliation bonus, we have had some success in improving the recruitment of Reserve officers, but this market remains a challenge. We established a Reserve

Retention and Recruiting Working Group to identify near-term and long-term solutions that will achieve sustainable success.

Development Initiatives

Our people deserve personally and professionally fulfilling careers that provide continuous opportunities for development. We offer multiple programs and we partner with outside organizations so that Sailors and Navy civilians can pursue job-relevant training, continuing education, and personal enrichment. One such program is a pilot called "Accelerate to Excellence." This program provides enlisted recruits in specific ratings the opportunity to earn an Associate's Degree at a community college while undergoing specialized training after boot camp.

The Navy also provides developmental opportunities for officers and enlisted personnel through Professional Military Education (PME). PME is designed to prepare leaders for challenges at the tactical, operational, and strategic levels of war. The PME continuum integrates advanced education, Navy-specific PME, Joint PME (JPME) and leadership development in a holistic manner. The competencies, professional knowledge, and critical thinking skills Sailors obtain from PME prepare them for leadership and the effective execution of naval missions. PME graduates are 21st century leaders who possess the capacity to think through uncertainty; develop innovative concepts, capabilities, and strategies; fully exploit advanced technologies, systems, and platforms; understand cultural/regional issues; and conduct operations as part of the Joint force.

Enrollment in JPME courses is up: JPME Phase I in-residence enrollment is up 5 percent; JPME Phase I non-residence enrollment is up 15 percent; JPME Phase II enrollment is up 50 percent. Congressional support to allow Phase II JPME to be taught in a non-residency status would enable Sailors to pursue professional development while continuing their current assignments.

In addition to JPME courses, the Navy supports Joint training through the Navy Continuous Training Environment (NCTE). NCTE is a distributed and simulated Joint and coalition training environment that replicates real-life operations. NCTE integrates into the Joint National Training Capability (JNTC) training architecture and satisfies COCOM requirements at the operational and tactical level.

Retention Initiatives

As the Navy approaches a steady-state force level of 322,000 AC/68,000 RC end strength, attracting and retaining Sailors with the right skills is critical. In FY 2008, the goal is to shift our focus beyond numbers to ensure we have the right skill sets in the right billets at the right time. This approach increases opportunities for advancement and promotion by assigning personnel to positions that utilize and enhance their talents, and emphasizes continued professional growth and development in stages that align to career milestones.

The Navy is also addressing retention through Active Component to Reserve Component (AC2RC) transition. This program is changing the existing paradigm under which a Sailor leaves the Navy at the end of their obligated service and is instead promoting service in the Reserve Component as an alternative to complete detachment. The Perform to Serve (PTS) program screens Zone A Sailors, who are at the end of a four to six year enlistment for reenlistment within their rating or for rating conversion. The Manpower, Personnel, Training, and Education (MPTE) enterprise is adding RC affiliation to Sailors' PTS options at the end of Zone A enlistment. Additionally, RC affiliation will become increasingly seamless as we shift responsibility from Navy Recruiting Command to Navy Personnel Command.

Taking Care of Families

When a Sailor or civilian joins the Navy team our commitment extends to their family. Mission success depends upon the individual readiness of our people and on the preparedness of their families. Supporting Navy families is critical to mission success.

Keeping families ready and prepared alleviates some of the stress associated with deployments. Our continued commitment to programs and resources that maximize family readiness remains high. We continue to improve and expand child care programs and centers. Crisis management and response procedures coupled with enhanced ombudsman programs demonstrate our commitment to give deployed Sailors confidence that their families are in good hands.

In 2007, Navy programs cared for 45,780 children ages six months to 12 years and served over 70,000 youth, ages 13 to 18, in 124 child development centers, 103 youth centers, and 3,115 on and off-base licensed child development homes. In response to the needs of Navy families, we have launched an aggressive child care expansion plan that adds 4,000 child care spaces within the next 18 months and reduces waiting lists in most places below the current six-month average.

At the end of FY 2007, we successfully privatized 95 percent of the continental U.S. (CONUS) and Hawaii family housing. We aggressively monitor the ratification of Navy housing residents and our Public Private Venture (PPV) efforts are clearly resulting in continuous improvement in the housing and services provided to our Sailors and their families. The ability of the private partner to renovate and replace family housing units at a much quicker pace than MILCON has positively impacted the quality of Navy housing.

Taking care of our families includes proactively reducing financial stresses placed on Sailors and families. We are focused on family counseling in response to increased OPTEMPO as a result of OEF/OIF. We provided one-on-one job search coaching services to 21,730 Navy family members and made 10,830 military spouse employment ready referrals to employers. Fleet and Family Support Center (FFSC) financial educators provided more than 186,000 Sailors and family members seminars/workshops focusing on financial fitness, increased our financial counseling services to military spouses by more than 50 percent, and launched a robust campaign to encourage wealth building and debt reduction.

Health Care

We have some of the best medical professionals in the world serving in the Navy. Health care options the Navy offers its people are valuable recruitment and retention incentives. Still, health care costs are rising faster than inflation. Operations in OEF and OIF increased the demand for medical services in combat and casualty care. Part of this demand is straight forward: our wounded need traditional medical care and rehabilitation services. The other part of this demand is more complex and addresses the increased occurrences of mental health disorders resulting from combat operations. Medical professionals are rapidly learning more about assessing and treating the effects of mental health issues associated with war such as post traumatic stress disorder (PTSD) and traumatic brain injury. We are implementing these lessons to more effectively treat these Sailors.

Wounded Warrior/Safe Harbor Program

Care for combat wounded does not end at the Military Treatment Facility (MTF). The Navy has established the Safe Harbor Program to ensure seamless transition for the seriously wounded from arrival at a CONUS MTF to subsequent rehabilitation and recovery through DoD or the Department of Veterans Affairs (VA). Since its inception, 162 Sailors including 143 Active and 19 Reserve members have joined the program and are being actively tracked and monitored, including 126 personnel severely injured in OEF/OIF. Senior medical staffs personally visit and assist seriously injured Sailors and their families to ensure their needs are being met.

Conclusion

We are truly a ready, agile, and global Navy. To ensure that we maintain our naval dominance, we must achieve the optimal balance of building the Navy of tomorrow as we remain engaged and ready to fight today while fully supporting our people.

I will continue to work closely with the Secretary of the Navy, the Commandant of the Marine Corps, Congress, and industry to build the levels of trust and collaboration necessary to resource, acquire, and effectively manage a Fleet of the right size and balance for our nation.

Despite the challenges, I am very optimistic about our future and the many opportunities ahead. The dedication of our Sailors and Navy civilians is inspiring. They are truly making a difference and it is an honor to serve alongside them. I thank you for your continued support and commitment to our Navy and for all you do to make the United States Navy a force for good today and in the future.

ANNEX I

2007 – Year in Review

Operations

In 2007, the US Navy deployed the USS ENTERPRISE, DWIGHT D. EISENHOWER, JOHN C. STENNIS, RONALD REAGAN, and NIMITZ Carrier Strike Groups (CSGs) as well as the USS IWO JIMA, BOXER, BATAAN, BONHOMME RICHARD, and KEARSARGE Expeditionary Strike Groups (ESGs) with their embarked Marine Expeditionary Units (MEUs). In January 2007, when the President called for the surge of two carriers to the Central Command (CENTCOM) area of responsibility, we responded. Within weeks we positioned two CSGs in the North Arabian Sea and deployed a third CSG to fulfill our Western Pacific commitments while our forward deployed carrier in Japan completed a maintenance availability. Throughout 2007, our globally postured seapower kept the homeland and our citizens secure from direct attack and advanced our interests around the world.

Our expeditionary forces gave our leaders options for responding not only to emerging threats but to natural disasters as well. Our forward-deployed posture enabled the Navy and Marine Corps to rapidly respond and provide aid following three natural disasters last year. USNS GYSGT FRED W. STOCKHAM provided relief to the victims of the tsunami that struck the Solomon Islands in April 2007. In September 2007, USS WASP and USS SAMUEL B. ROBERTS participated in Central American relief efforts following Hurricane Felix. USS KERSARGE/22nd MEU and USS TARAWA/11th MEU responded to the cyclone that devastated Bangladesh in November 2007.

In 2007 we contributed to the Joint Force with expert planning and execution across the spectrum of operations. When the Air Force grounded its F-15 aircraft, Navy F/A-18 aircraft from USS ENTERPRISE assumed Air Force missions in Afghanistan. This flexibility and continuity allowed our NATO forces and the International Security Assistance Force to continue their missions without degradation in air cover.

Our Navy also contributed high-demand, highly-qualified expeditionary units to OEF and OIF through accelerated deployments of SEABEES, Explosive Ordinance Disposal teams, and SEALs. The Naval Expeditionary Combat Command (NECC), established in 2006, has already deployed RIVRON ONE (Mar 07) and RIVRON TWO (Oct 07) in support of OIF. Our riverine capability is growing; RIVRON THREE has been organized, trained and equipped, and will deploy in the spring of 2008. NECC's mission enables our Navy to better balance its force across the blue, green, and brown-water environments, ensuring effective Navy expeditionary warfighting, closing capability gaps, and aligning seams in global maritime security operations. Combatant Commander (COCOM) demand for NECC capabilities remains high. New and evolving expeditionary capabilities are becoming operational and supporting ongoing operations.

Last year the Navy deployed Coast Guard Law Enforcement Detachments (LEDETs) on board our ships and together we disrupted illegal trafficking of more than 188,907 pounds of cocaine. This accounted for more than 53 percent of the total cocaine removed by the Coast

Guard in FY 2007 (a record year at 355,755 total pounds). These LEDETs also detained 68 suspected smugglers, seized five vessels, and sunk 13 vessels engaged in illicit traffic.

Our Navy and Coast Guard also worked together in CENTCOM maritime security operations. In the Northern Arabian Gulf we are protecting Iraqi oil platforms, maintaining Iraqi territorial sea integrity, assisting in local policing of the offshore waters, and training Iraqi naval forces. We are working together in OIF, conducting Maritime Interception Operations, high-value asset escorts, and coastal security patrols with coalition and Iraqi naval forces. LEDETs deployed aboard Navy ships have trained hundreds of Iraqi navy and marine personnel in security and law enforcement, boarding procedures, self-defense, small boat tactics, and small boat maintenance. The Navy's African Partnership Station (APS) ship, USS FORT MCHENRY, has coordinated training sessions with the Coast Guard and has embarked Coast Guard Auxiliary members as interpreters for country visits.

In 2007, USNS COMFORT and USS PELELIU conducted two proactive humanitarian assistance missions in South America and the Western Pacific, respectively. The results were extraordinary. Navy personnel embarked on COMFORT and PELELIU, together with Joint, NGO, and foreign medical officers, visited 20 countries; treated more than 130,000 medical patients, 29,000 dental patients, and 20,000 animals; conducted more than 1,400 surgeries; completed more than 60 engineering endeavors; and spent over 3,000 man-days in community relations projects. These missions of support, compassion, and commitment are enduring and they are codified in our maritime strategy.

We continue to meet COCOM Theater Security Cooperation (TSC) objectives with well-trained, combat ready forces. We are developing the concept of Global Fleet Stations (GFS), which will allow the Navy to coordinate and employ adaptive force packages within a regional area of interest. The pilot GFS, carried out by the High Speed Vessel SWIFT and closely coordinated with the State Department, conducted bilateral engagement activities in seven Latin American nations. This effort enhanced cooperative partnerships with regional maritime services and improved operational readiness for the participating partner nations. We conducted bi-lateral and multi-lateral exercises with navies in the Gulf of Guinea, the Mediterranean Sea, the Arabian Gulf, and waters in Latin America, and the Atlantic, Pacific, and Indian Oceans. The most notable exercises include MALABAR 07-2 with Indian, Japanese, Australian, and Singaporean navies; FRUKUS with French, Russian, and British navies; and PHOENIX EXPRESS with European and North African navies. Meanwhile, Exercise VALIANT SHIELD 2007 brought together three CSGs, six submarines, and many Navy and Joint capabilities to validate our effectiveness in multi-dimensional, full-spectrum, joint warfare. We remain the most dominant and influential Navy, globally and across all maritime missions.

Our engagement with other nations last year included cooperation through our foreign military sales (FMS) program. FMS is an important aspect of our security cooperation program which improves interoperability, military-to-military relations, and global security. The Navy's FMS program builds partner nation maritime security capabilities through transfers of ships, weapon systems, communication equipment, and associated training programs. The sale of USS TRENTON to India, USS HERON and USS PELICAN to Greece, and USS CARDINAL and USS RAVEN to Egypt are recent examples of our FMS program. Other countries remain

interested in our mine sweepers, our frigates, and newer technologies coming online in the near future. We pursue these opportunities but never at the expense of our own needs.

Manpower

The men and women of the United States Navy are the core of every successful operation we conduct. I am impressed and inspired by our Sailors' ability to perform exceptionally well under all circumstances. Our Sailors are engaged globally: in special operations and combat support in Iraq; in flying combat sorties in support of OEF and OIF; in providing security protection for oil platforms; in conducting civil affairs missions; in participating in TSC activities in the Horn of Africa; and in ships and submarines deployed worldwide. Additionally, over 17,000 individual augmentees (IAs) were trained and deployed to support OEF and OIF missions.

Last year we met recruiting and retention goals and exceeded our active enlisted accession goal for the ninth consecutive year. We achieved 100 percent of our reserve enlisted accession goal. We met 97.9 percent of our active officer goal, with shortfalls residing primarily in medical and chaplain accessions. New and enhanced special and incentive pay authorities enacted in both the FY 2006 and FY 2007 National Defense Authorization Acts helped our Navy attain its goals in key mission areas and improve performance in others. Our Navy continues to aggressively recruit the best talent our nation has to offer. This is a demanding task considering an increasingly challenging recruiting environment.

Our AC and RC remain aligned through Active Reserve Integration (ARI). As demonstrated through force generation, deployment and redeployment, it is clear that RC forces meet two significant needs of our Navy. First, reservists deliver capability and capacity in support of major combat operations, and second, reservists provide operational augmentation to meet routine military missions. To use the full potential of our RC effectively, we continue to capitalize on RC involvement in operational support missions. This builds on ARI successes to date and will lead to the institutionalization of our operational Navy Reserve. We continue to monitor AC strength reductions and evaluate the impact of our force shaping programs with respect to the RC.

Our Navy continues to pursue diversity. We are in the final phase of a three-phase diversity campaign. In Phase III, we hold senior Navy leadership personally accountable for ensuring that we build the most diverse organization possible. We also instituted a mentoring regimen focused on developing and retaining top talent from all demographics.

Equipment

Our Navy's mission in projecting power and presence overseas depends upon a modern, technologically advanced Fleet. The quality, condition, and capabilities of our ships and aircraft are critical.

In 2007, we christened six ships: the aircraft carrier GEORGE H. W. BUSH, the guided missile destroyers STERETT and TRUXTUN, the dry cargo/ammunition ships ALAN

SHEPARD and RICHARD E. BYRD, and the fast attack submarine NORTH CAROLINA. We also commissioned four ships: the guided missile destroyers KIDD and GRIDLEY, the amphibious transport dock NEW ORLEANS, and the fast attack submarine HAWAII.

Despite these accomplishments, decommissionings resulted in a net gain of only two ships in 2007. We reluctantly, but prudently, cancelled construction of the third and fourth LCS due to challenges in controlling cost and schedule. The rate at which we are growing our Fleet will challenge our ability to fulfill the core capabilities of the maritime strategy. I am committed to taking the steps necessary to build the future Fleet and re-establish the vital trust needed among the Department, Congress, and industry to get our Navy above a 313-ship floor.

Building the future Fleet is also about aircraft. In 2007, we rolled out the first E-2D Advanced Hawkeye. Despite several successes in aircraft delivery, the high demand for air assets in OEF and OIF expended a significant portion of the limited service life remaining on our EA-6B electronic attack aircraft, MH-60 multi-mission helicopters, F/A-18 C/D strike-fighter aircraft, and P-3 maritime patrol aircraft. The accelerated depletion of service life could translate into aircraft shortfalls if the expended aircraft are not replaced.

ANNEX II

Programs and Initiatives to Achieve Navy Priorities

Surface Warfare

LCS

Designed to be fast and agile, LCS will be a networked surface combatant with capabilities optimized to assure naval and Joint force access into contested littoral regions. No other ship can deliver what LCS offers in terms of flexibility. LCS will operate with focused-mission packages that deploy manned and unmanned vehicles to execute a variety of missions, including littoral anti-submarine warfare (ASW), surface warfare (SUW) and mine countermeasures (MCM). LCS will employ a Blue-Gold multi-crewing concept for the early ships. The crews will be at a "trained to qualify" level before reporting to the ship, reducing qualification time compared to other ships.

The LCS program has experienced significant cost overruns for the lead ships in the class. After a series of increases in contractor-estimated costs of completion, the Navy and industry initiated a thorough analysis of the program. The Navy revalidated the warfighting requirement and developed a restructured program plan for LCS that improves management oversight, implements more strict cost controls, incorporates selective contract restructuring, and ensures delivery within a realistic schedule.

Construction progress on LCS #1 and LCS #2 is on track to support delivery of these ships in 2008. By exercising active oversight and strict cost controls in the early years, the Navy will ensure delivery of LCS to the Fleet over the long term. Our FY 2009 request for $1.47 billion will continue R&D and construction of LCS and associated modules.

DDG 1000

DDG 1000 introduces valuable technological advances that will provide essential risk reduction. This multi-mission surface combatant will provide independent forward presence and deterrence and it will operate as an integral part of joint and combined expeditionary forces. DDG 1000 will capitalize on reduced signatures and enhanced survivability to maintain persistent presence in the littorals. Our FY 2009 request for DDG 1000 is for $3.0 billion in shipbuilding and research funds.

CG(X)

CG(X) will be a highly capable major surface combatant tailored for joint air and missile defense and joint air control operations. CG(X) will provide airspace dominance and protection to Joint forces operating in the Seabase. CG(X) will replace the CG-47 Aegis class and improve the Fleet's air and missile defense capabilities against advancing threats, particularly ballistic missiles. IOC will be in 2019. $370 million in research and development for FY 2009 supports CG(X) development to include radar development. The Navy is conducting a rigorous analysis

to examine alternatives for CG(X), understanding that the National Defense Authorization Act requirement for nuclear power applies to CG(X).

Aegis Ballistic Missile Defense (BMD)

Aegis BMD is the seabase component of the Missile Defense Agency's (MDA) Ballistic Missile Defense System (BMDS). It enables surface combatants to support ground-based sensors and provides a capability to intercept short and medium-range ballistic missiles with ship-based interceptors (SM-3 missiles). The Gap Filler Sea-Based Terminal Program provides the ability to engage a limited set of short range ballistic missiles with modified SM-2 Block IV missiles from Aegis BMD capable ships. While development and procurement funding is covered under the MDA budget, the Navy has committed $16.5 million in FY 2009 for operations and sustainment of Aegis BMD systems.

Since 2002, Navy and MDA have executed twelve successful intercepts in fourteen flight tests (11 Exo-atmospheric SM-3 engagements and one Endo-atmospheric SM-2 Block IV engagement). Operational ships have capability today with Aegis BMD program and components installed on 17 ships, including three cruisers (engagement capable) and 14 DDGs (nine engagement capable and five Long Range Surveillance and Track (LRS&T) capable). Additional installations are planned for 2008 to provide a total of 18 engagement-capable ships. In addition to these hardkill capabilities, the Navy is focused on delivering a robust capability against ballistic missiles across the enemy kill chain to include softkill and counters to Intelligence, Surveillance, and Reconnaissance (ISR), detection, cueing, and tracking prior to the launch of anti-ship ballistic missiles. The development of future capability will be informed through robust modeling and simulation to evaluate trade-offs among capabilities across the kill chain as well as the BMD capacity required to prevail in various geographic areas of concern.

Aegis Cruiser Modernization

AEGIS cruiser modernization is vital to achieving the 313 ship force structure. A large portion of total surface force modernization (including industrial base stability) is resident in this program, which includes both Combat System and Hull, Mechanical, and Engineering (HM&E) upgrades. $426.5 million in FY 2009 supports this program.

DDG 51 Modernization

The DDG 51 modernization program is a comprehensive 62 ship program that will upgrade hull, mechanical, electrical, and combat systems. These upgrades support reductions in manpower and operating costs, achieve 35+ year service life, and allow the class to pace the projected threat well into the 21st century. Our FY 2009 budget request includes $325.7 million for this effort.

Surface Ship Torpedo Defense (SSTD)

Torpedo defense must keep pace with the increasing torpedo threat to our ships. The AN/SLQ-25A "Nixie" is the Navy's fielded SSTD system. We will counter the future torpedo threat with

an Anti-Torpedo Torpedo (ATT) System now in development. Increment I will deliver improved Torpedo Detection, Classification, and Localization (TDCL) and ATT salvo capability to cruisers and destroyers. Increment II will expand this capability beyond surface combatants. Increment I IOC is planned for FY 2017. We are currently assessing these plans to deliver Increment II. The FY 2009 budget provides $59.3 million to support this program.

Standard Missile-6 (SM-6)

The Navy's next-generation Extended Range, Anti-Air Warfare interceptor is the SM-6. It will be used by legacy and future ships, and with its active-seeker technology it will defeat anticipated theater air and missile threats well into the next decade. The FY 2009 budget of $345.4 million in research, development, and procurement will support an IOC in FY 2010.

Long Range Land Attack Projectile (LRLAP)

Long Range Land Attack Projectile (LRLAP) is the primary munition for the DDG 1000 Advanced Gun System (AGS). AGS and LRLAP will provide Naval Surface Fire Support (NSFS) to forces ashore during all phases of the land battle. All program flight test objectives have been met including demonstration of threshold range (63nm), in-flight guidance, gun launch survival, and repeatability. $97 million in FY 2009 supports continued development.

Harpoon Block III Missile

Harpoon Block III meets requirements for an all weather, precision, ship and air launched, anti-ship missile capability. $68 million in FY 2009 supports development of an upgrade to existing Harpoon Block IC missiles that will add data link and GPS capability to improve accuracy and target selectivity.

Extended Range Munition (ERM)

The Extended Range Munition (ERM) is a five-inch, rocket-assisted, guided projectile providing range and accuracy superior to that of conventional ammunition. The program includes modifications to existing five-inch guns and fire-control systems. The projectile uses a coupled GPS/INS guidance system and unitary warhead with a height-of-burst fuse. A 20-round reliability demonstration in September 2008 is planned prior to land-based flight and qualification testing. $39 million in FY 2009 supports this program.

Cooperative Engagement Capability (CEC)

CEC is an advanced sensor netting system enabling real-time exchange of fire-control quality data between battle force units. CEC provides the integrated, precision air defense picture required to counter the increased agility, speed, maneuverability, and advanced design of cruise missiles, manned aircraft, and (in the future) tactical ballistic missiles. $123.3 million in FY 2009 supports this program.

CEC's acquisition strategy implements open architecture based hardware with re-hosted existing software. A critical element is the P3I hardware that reduces cost, weight, cooling, and power requirements. The Integrated Architecture Behavior Model (IABM) will be implemented as a host combat system software upgrade. IABM will replace the cooperative engagement processor functionality and enable joint interoperability with common track management across the Services.

Tomahawk/Tactical Tomahawk (TACTOM)

TACTOM provides precision, all-weather, and deep-strike capability. TACTOM provides more flexibility and responsiveness at a significantly reduced life cycle cost compared to previous versions. Additionally, it includes flex-targeting, in-flight retargeting, and two-way communications. Tomahawk Block IV is in a full-rate, multi-year procurement for FY 2004-2008. The FY 2009 budget provides $357 million which will support a new sole-source firm fixed-price contract to continue TACTOM development and procurement.

Submarine Warfare

VIRGINIA Class Fast Attack Nuclear Submarine (SSN)

We must maintain an SSN force structure to meet current operational requirements and face potential future threats. The VIRGINIA class emphasizes affordability and optimizes performance for undersea superiority in littoral and open ocean missions.

The FY 2009 budget requests $3.6 billion for submarine construction, technical insertions, and cost reduction developments. Navy has worked closely with industry to reduce the cost per submarine and increase the build rate to two submarines per year starting in FY 2011. The Multi-Year Procurement (MYP) authority received in the FY 2008 NDAA supports an FY 2009-2013 MYP contract that will mitigate future force level deficiencies and achieve cost reduction goals through Economic Order Quantity savings and better distributed overhead costs.

ASW Programs

The Navy continues to pursue research and development of Distributed Netted Sensors (DNS); these are rapidly deployable, autonomous sensors that provide the cueing and detection of adversary submarines. Examples of technologies included in our FY 2009 request of $46 million are:

- Reliable Acoustic Path, Vertical Line Array (RAP VLA). A passive-only distributed system exploiting the deep water propagation phenomena. In essence, a towed array vertically suspended in the water column.

- Deep Water Active Distributed System (DWADS). An active sonar distributed system optimized for use in deep water.

- Deployable Autonomous Distributed System (DADS). A shallow water array, using both acoustic and non-acoustic sensors to detect passing submarines. DADS will test at sea in FY 2008.

- Littoral ASW Multi-static Project (LAMP). A shallow water distributed buoy system employing the advanced principles of multi-static (many receivers, one/few active sources) sonar propagation.

Further developing the Undersea Warfare Decision Support System (USW-DSS) will leverage existing data-links, networks, and sensor data from air, surface, and sub-surface platforms and integrate them into a common ASW operating picture. This networked approach will allow our forces to plan, conduct, and coordinate ASW operations in near real time. We are requesting $19.75 million in FY 2009 for USW-DSS.

To effectively attack the threat, the Navy has continued a robust weapons development investment plan that includes $127 million requested in the FY 2009 for capabilities, such as:

- High-Altitude ASW Weapons Concept (HAAWC). Since current maritime patrol aircraft must descend to low altitudes to deliver ASW weapons on target, they often lose communications with sonobuoys or distributed sensor fields. HAAWC will allow the aircraft to remain at high altitude and conduct effective attacks while simultaneously enabling the crew to maintain and exploit the full sensor field. This capability supports the P-8A Multi-mission Maritime Aircraft.

- Common Very Lightweight Torpedo (CVLWT). The Navy is developing a 6.75-inch torpedo suitable for use in surface ship and submarine anti-torpedo torpedo defense.

Platform Sensor Improvements. To counter the threat of quieter, modern diesel-electric submarines, we are continuing to work on both towed array and hull-mounted sonar systems. Our $512 million request in FY 2009 includes the following:

- TB-33 thin-line towed array upgrades to forward-deployed SSNs provide near-term improvement in submarine towed array reliability over existing TB-29 arrays. TB-33 upgrades are being accelerated to Guam-based SSNs.

- Continued development of twin-line thin-line (TLTL) and vector-sensor towed arrays (VSTA) are under development for mid to far-term capability gaps. TLTL enables longer detection ranges/contact holding times and it improves localization and classification of contacts. VSTA is an Office of Naval Research project that would provide TLTL capability on a single array while still obviating the bearing ambiguity issue inherent in traditional single line arrays.

21" Mission Reconfigurable Unmanned Underwater Vehicle System (MRUUVS)

21" MRUUVS is a submarine launched and recovered, reconfigurable UUV system that will provide robust, clandestine minefield reconnaissance and general ISR in denied or inaccessible

areas. The MRUUVS program has been restructured, moving IOC from Fiscal Year 2013 to 2016, when clandestine mine countermeasure capability from LOS ANGLES class submarines will be delivered. ISR capability and VIRGINIA class host compatibility could occur in follow-on increments approximately two years after IOC. FY 2009 funds $30.1 million to support the MRUUVS program.

Expeditionary Warfare

Maritime Prepositioning Force (MPF) (Future)

MPF(F) provides a scalable, joint-seabased capability for the closure, arrival, assembly, and employment of up to a Year-2015-sized Marine Expeditionary Brigade force. MPF(F) will support the sustainment and reconstitution of forces when required. MPF(F) is envisioned for frequent utility in Lesser Contingency Operations, and when coupled with Carrier or Expeditionary Strike Groups, MPF(F) will provide the nation a rapid response capability in anti-access environments.

The MPF(F) program was shifted one year to allow the Navy and Marine Corps to better define requirements prior to awarding the initial Mobile Landing Platform contract. The FY 2009 budget provides $42 million in research and development and $348 million in advanced procurement for MPF(F) LHA(R).

LEWIS & CLARK Dry Cargo/Ammunition Ship (T-AKE)

T-AKE will replace aging combat stores (T-AFS) and ammunition (T-AE) ships. Operating with an oiler (T-AO), they can substitute as a station ship, which would allow us to retire four fast combat support ships (AOE 1 Class). $962 million in FY 2009 funds the 11th and 12th T-AKE. The lead T-AKE ship was delivered in June 2006 and has completed operational evaluation (OPEVAL).

LPD 17

LPD 17 functionally replaces LPD 4, LSD 36, LKA 113, and LST 1179 classes of amphibious ships for embarking, transporting and landing elements of a Marine landing force in an assault by helicopters, landing craft, and amphibious vehicles. $103 million in the FY 2009 budget request supports the LPD 17 program.

Joint High Speed Vessel (JHSV)

The Joint High Speed Vessel (JHSV) program is an Army and Navy joint program to deliver a high-speed, shallow draft surface ship capable of rapid transport of medium payloads of cargo and personnel within a theater to austere ports without reliance on port infrastructure for load/offload. The FY 2009 budget provides $175 million to procure the first JHSV vessel.

Remote Minehunting System (RMS)

RMS uses a diesel-powered, high-endurance, off-board, semi-submersible vehicle to tow the Navy's most advanced mine hunting sonar, the AN/AQS-20A. The system will be launched, operated, and recovered from surface ships. RMS will provide mine reconnaissance, detection, classification, localization, and identification of moored and bottom mines. $49.86 million in FY 2009 supports this program.

Air Warfare

CVN 21

The CVN 21 program is designing the next generation aircraft carrier to replace USS ENTERPRISE (CVN 65) and NIMITZ-class aircraft carriers. The lead ship has been designated as the USS GERALD R. FORD (CVN 78). These ships will provide improved warfighting capability and increased quality of life for our Sailors at reduced acquisition and life cycle costs. $2.8 billion in shipbuilding funds for FY 2009 supports acquisition of CVN-78 scheduled for delivery in late FY 2015.

F-35 Joint Strike Fighter (JSF)

JSF program will develop and field a family of multi-mission strike fighter aircraft using mature/demonstrated 21st century technology to meet warfighter needs of the Navy, Marine Corps, Air Force, and international partners, including the United Kingdom, Italy, Netherlands, Denmark, Turkey, Norway, Australia, and Canada (with ongoing foreign military sales discussions with Israel, Singapore, and Spain). Navy's FY 2009 investment of $3.4 billion includes procurement of eight aircraft and continued research and development for aircraft and engine development.

P-8A Multi-mission Maritime Aircraft (MMA)

The P-8A will replace the P-3C Orion aircraft and will recapitalize the Maritime Patrol ASW, Anti-Surface Warfare, and armed ISR capabilities that currently reside in P-3 squadrons. The P-8A is the only aircraft with this operationally agile capability set. It will fulfill COCOM requirements for combat and theater security operations, and homeland defense. IOC is planned in FY 2013. $1.1 billion in funding is included in the FY 2009 budget.

EA-18G Growler

The EA-18G Growler will replace the EA-6B aircraft and provide carrier-based Airborne Electronic Attack (AEA). The inventory objective of 85 aircraft will support 10 operational carrier air wing squadrons and a Fleet Replacement Squadron. IOC will be in FY 2009. $1.8 billion supports development and procurement of 22 aircraft in FY 2009.

MV-22B Osprey

MV-22 Osprey is the Marine Corps medium-lift assault support aircraft that will replace legacy CH-46Es and CH-53Ds. Current operational projections hold CH-46Es in service through FY 2018, and CH-53Ds through FY 2013. The CH-46Es are playing a critical role in the War on Terror, flying more than four times their peacetime utilization rate making delivery of the MV-22 more critical. The MV-22's improved readiness, survivability, and transformational capability (twice the speed, three times the payload, and six times range of the airframes it is replacing) will vastly improve operational reach and capability of deployed forces. The aircraft is approved for Full Rate Production and entered a Congressionally-approved, Joint, five-year, multi-year procurement in FY 2008. The FY 2009 budget of $2.2 billion procures 30 aircraft. The total requirement is 360 MV-22s for the Marines, 48 MV-22s for the Navy, and 50 CV-22s for Special Operations Command.

F/A-18E/F Super Hornet

The Navy's next generation, multi-mission Strike Fighter provides a 40 percent increase in combat radius, a 50 percent increase in endurance, a 25 percent increase in weapons payload, three times more ordnance bring-back, and five times more survivability than F/A-18C models. Approximately 65 percent of the total procurement objective has been delivered (317 of 493). F/A-18E/F is in full rate production under a second five-year multi-year contract (Fiscal Years 2005-2009). $1.9 billion in FY 2009 procures 23 aircraft as part of that contract.

F/A-18A/B/C/D Hornet

The F/A-18 Hornet is naval aviation's principal strike-fighter. It serves the U.S. Navy and Marine Corps, as well as the armed forces of seven countries. This multi-mission aircraft has maintained its combat relevance through improvements and upgrades to weapons, communications, navigation, and defensive electronic countermeasure systems. Although the F/A-18A/B/C/D are out of production, the existing inventory of 667 Navy and Marine Corps aircraft will continue to comprise half of the carrier strike force until 2013. These aircraft are scheduled to remain in the inventory through 2022. $322 million in FY 2009 supports improvements to the F/A-18 A/B/C/D variants.

E-2D Advanced Hawkeye

The E-2D Advanced Hawkeye (AHE) program will modernize the current E-2C weapons system by replacing its radar and other aircraft system components to improve nearly every facet of tactical air operations. The modernized weapons system will maintain open ocean capability while adding transformational littoral surveillance and Theater Air and Missile Defense capabilities against emerging air threats in the high clutter, electro-magnetic interference, and jamming environments. AHE is one of four pillars of the Naval Integrated Fire Control-Counter Air capability. The FY 2009 budget of $1.1 billion procures three aircraft and funds continued research and development.

MH-60R/S Multi-Mission Helicopter

The MH-60R multi-mission helicopter program will replace the surface combatant-based SH-60B and carrier-based SH-60F with a newly manufactured airframe and enhanced mission systems. The MH-60R provides forward-deployed capabilities, including mine sweeping, surface warfare (SUW), and ASW, to defeat area-denial strategies, which will enhance the ability of the Joint force to project and sustain power. Full Rate Production was approved in March 2006. $1.2 billion in FY 2009 procures 31 aircraft.

The MH-60S supports: Carrier and Expeditionary Strike Groups in Combat Logistics, Search and Rescue, Vertical Replenishment, Anti-Surface Warfare, Airborne Mine Countermeasures, Combat Search and Rescue, and Naval Special Warfare mission areas. Armed Helicopter capability achieved IOC in FY 2007. The Airborne Mine Countermeasures capability will achieve IOC with the AWS-20 Sonar in FY 2008. $550 million in FY 2009 procures 18 aircraft.

C-40A Clipper

The C-40A Clipper is a replacement for legacy DC-9/C-9B and C-20G aircraft. It provides flexible, time-critical, and intra-theater logistical support. It will serve as a connector between strategic airlift points of delivery to Carrier Onboard Delivery and Vertical Onboard Delivery locations. The inventory objective is 17 aircraft, and nine have been purchased. $155 million in FY 2009 procures two aircraft.

CH-53K

The CH-53K Heavy Lift Replacement (HLR) is the follow on to the Marine Corps CH-53E Heavy Lift Helicopter. The CH-53K will more than double the CH-53E lift capability under the same environmental conditions. The CH-53K's increased capabilities are essential to meeting the Marine Expeditionary Brigade of 2015 Ship-to-Objective Maneuver vision. Major systems improvements of the new helicopter include larger and more capable engines, expanded gross weight airframe, better drive train, advanced composite rotor blades, modern interoperable cockpit, external and internal cargo handling systems, and survivability enhancements. The procurement objective of 156 aircraft has increased to 200 due to Marine Corps end strength growth to 202K. FY 2009 provides $571 million for research and development.

EPX (EP-3E Replacement)

EPX will replace the EP-3E as a transformational multi-intelligence platform capable of providing strike targeting to warfighters. FY 2009 provides $75 million in research and development to recapitalize the EP-3 airborne electronic surveillance aircraft. The Navy had originally partnered with Army's Aerial Common Sensor (ACS) program on this aircraft until the contract was terminated in FY 2006. After conducting further mission analysis, the Navy recognized it required significantly higher performance than that of the Army ACS program. The Navy developed the EPX program to respond to its requirement.

Broad Area Maritime Surveillance (BAMS)

BAMS is an unmanned aircraft designed to enhance Maritime Domain Awareness. It will be forward deployed, land-based, autonomously operated, and unarmed. Along with P-8A, BAMS is integral to the Navy's airborne ISR recapitalization strategy. $480 million in research and development funding in FY 2009 continues the Navy's commitment to provide a persistent multi-sensor (radar, Electro-Optical/Infra Red, Electronic Support), maritime intelligence, surveillance, and reconnaissance capability with worldwide access.

Navy Unmanned Combat Air System (UCAS)

The Navy UCAS will develop and demonstrate low observable (LO), unmanned, air vehicle suitability to operate from aircraft carriers in support of persistent, penetrating surveillance and strike in high threat areas. $276 million in FY 2009 research and development funds advance UCAS objectives.

MQ-8B Fire Scout Vertical Takeoff UAV (VTUAV)

The Navy's Vertical Takeoff and Landing Tactical UAV (VTUAV) is designed to operate from all air capable ships, carry modular mission payloads, and operate using the Tactical Control System (TCS) and Tactical Common Data Link (TCDL). VTUAV will provide day/night real time reconnaissance, surveillance and target acquisition capabilities, communications relay, and battlefield management to support the LCS core mission areas of ASW, Mine Warfare, and SUW. In May 2007, the program successfully completed a Milestone C review and was approved for Low Rate Initial Production. IOC moved from the fourth quarter of FY 2008 to the first quarter of FY 2009 due to a combination of software development delays and the availability of LCS to complete Fire Scout OPEVAL on schedule. $65 million in development and procurement funding in FY 2009 supports engineering manufacturing development, operational testing and achievement of IOC.

Joint Standoff Weapon (JSOW)

JSOW is a low-cost, survivable, air-to-ground glide weapon designed to attack a variety of targets in day/night and adverse weather conditions at ranges up to 63 nautical miles. All variants employ a kinematically efficient, low-signature airframe with GPS/INS guidance capability. A Block III improvement effort will add anti-ship and moving target capability in FY 2009. The $172 million in FY 2009 funding supports this development and continues production to build to our inventory objectives.

Decision Superiority/Networks

Consolidated Afloat Networks Enterprise Services (CANES)

CANES is evolving from the existing Integrated Shipboard Networking System (ISNS) program of record. It consolidates and enhances the requirements for five existing afloat network programs into a single support framework for all C4I applications that currently require

dedicated infrastructure. The operational need for CANES has been well defined in existing network requirements documents and in the Global Information Grid Enterprise Services/Mission Area Initial Capability Documents. CANES will capitalize on industry best practices of common hardware, unified fielding, and "plug and play" software capability to produce fiscal savings, operational flexibility, and enhanced agility to warfighting applications. $21.6 million is aligned to CANES in the FY 2009 budget, all of which was redirected from existing budget lines.

Next Generation Enterprise Network (NGEN)

NGEN Block 1 is the follow-on to the Navy Marine Corps Intranet (NMCI) and replaces the services currently provided by NMCI. Future NGEN Blocks will upgrade services provided by NMCI and the OCONUS Navy Enterprise Network. NGEN will also integrate with shipboard and Marine Corps networks to form a globally integrated, Naval Network Environment to support network operations. NGEN will leverage the Global Information Grid (GIG) and, where possible, utilize DoD enterprise services. The FY 2009 budget provides $60 million to support the NGEN program.

Information Assurance (IA)

We are tailoring our approach to IA to concentrate our personnel and resources on protecting the Navy information battlespace. Navy Information Systems Security Program (ISSP) / Computer Network Defense (CND) are the Navy's IA programs that procure secure communications equipment for Navy ships, shore sites, aircraft, the Marine Corps, and U.S. Coast Guard. ISSP and CND will defend our Navy networks in depth. This will enhance the warfighter confidence in using the network as a weapons system. Navy Information Assurance uses a layered protection strategy, using Commercial Off-The-Shelf (COTS) and Government Off-The-Shelf (GOTS) hardware and software that collectively provides an effective network security infrastructure. Our FY 2009 Budget request includes $101 million for these IA efforts.

Mobile User Objective System (MUOS)

MUOS is the next generation Ultra High Frequency (UHF) narrowband satellite communications (SATCOM) system, replacing UHF Follow-On. MUOS supports Communications-On-The-Move (COTM) to small and less stable platforms (handhelds, aircraft, missiles, UAVs, remote sensors) in stressed environments (foliage, urban environment, high sea state). MUOS will provide the communications infrastructure to facilitate command and control of a netted, distributed force with delivery of IOC in 2010. $1.03 billion in the FY 2009 budget funds the MUOS program.

COBRA JUDY Replacement (CJR)

$101.4 million funds the acquisition of a single ship-based radar suite for world-wide technical data collection against ballistic missiles. This replaces the current COBRA JUDY / USNS OBSERVATION ISLAND, which is scheduled to be removed from service in 2012. Upon achieving IOC in 2012, the Navy will transfer the CJR to the U.S. Air Force for operation and maintenance. The CJR program has entered the production stage.

Distributed Common Ground/Surface Systems (DCGS)

DCGS-N is the Navy's Intelligence, Surveillance, Reconnaissance, and Targeting (ISR&T) system. Funded at $124 million in FY 2009, DCGS-N will receive and process multiple data streams from various ISR sources to provide time-critical aim points and intelligence products. This program will enhance the warfighter's Common Operational Picture (COP) and is being fielded afloat and ashore.

Deployable Joint Command and Control (DJC2)

DJC2 is a Secretary of Defense and Chairman of the Joint Chiefs of Staff priority transformation initiative providing Combatant Commanders (COCOM) with a standardized, deployable, and scalable Joint C2 headquarters capability tailored to support Joint Task Force (JTF) operations. DJC2 enables a COCOM to rapidly deploy and activate a JTF headquarters equipped with a common C2 package with which to plan, control, coordinate, execute, and assess operations across the spectrum of conflict and disaster relief missions. This budget request of $35 million provides for operations and sustainment for the six existing systems, as well as continued research and development.

Maritime Headquarters with a Maritime Operations Center (MHQ/MOC)

The MHQ/MOC program creates a network of Navy headquarters that are trained and accredited to command Navy and Joint forces at the operational level of war. It transforms Navy operational headquarters into fully functional and scalable Command and Control Joint Task Force-capable Headquarters. It also automates and links key Navy and Joint planning processes in a globally networked environment.

Since the initiative began in FY 2008, we have validated the MHQ/MOC concept and developed architectures, processes and tasks to support its implementation. U.S. Fleet Forces Command is establishing an accreditation process and metrics. The 5th Fleet Prototype is providing operational verification of common tasks, processes and systems. The FY 2009 budget provides $35 million to support MHQ/MOC.

Cyber Asset Reduction and Security (CARS)

The Cyber Asset Reduction and Security (CARS) initiative improves network security and optimizes resources by reducing legacy networks, applications, and systems to the minimum necessary for the Navy to conduct its business. CARS has reduced the Navy's total network inventory. From January 2006 until December 2007, the Navy has reduced its networks from 1200 to 625, a 43 percent reduction. We intend to reduce them to approximately 200 by September 2010, an 83 percent reduction. Network reduction, in conjunction with efforts for data center, web site, and portal consolidation, will reduce the Navy's physical IT servers, external circuits, and applications.

TRIDENT

TRIDENT is a maritime intelligence production capability within the Office of Naval Intelligence that provides tailored, focused, timely intelligence support to Naval Special Warfare (NSW) and Joint special operations forces operating in the maritime domain. For $9.7 million in FY 2009, TRIDENT production directly supports OEF/OIF and responds to ongoing initiatives to improve intelligence support to NSW. TRIDENT has deployed four Tactical Intelligence Support Teams (TIST) in Iraq since April 2006.

Automatic Identification System (AIS)

AIS leverages commercially available technology to provide a shipboard Very High Frequency (VHF) maritime band transponder system capable of sending and receiving ship information, including navigation, identification, and cargo data. AIS improves significantly the Navy's ability to distinguish between legitimate and suspicious merchant ships. Navy warships using AIS have dramatically increased situational awareness, safety of ship, and intelligence gathering. $16 million in FY 2009 will support continued fielding of AIS to the Fleet.

Navy Enterprise Resource Planning System (Navy ERP):

Navy ERP is an integrated business management system that modernizes and standardizes Navy business operations, provides management visibility across the enterprise, and increases effectiveness and efficiency. The program will align Navy to DoD's business enterprise architecture and provide real-time, end-to-end data to enable informed decisions. The current program of record delivers functionality in three releases: financial management and acquisition, wholesale and retail supply chain management, and intermediate-level maintenance support. The FY 2009 budget provides $145 million for the Navy ERP program.

Infrastructure/Environment

Undersea Warfare Training Range (USWTR)

The proposed USWTR is a 500-square nautical mile instrumented underwater training range in shallow littoral waters on each coast. USWTR will support undersea warfare (USW) training exercises for the Atlantic and Pacific Fleet. Undersea hydrophones will provide real time tracking and a record of participants' activities to evaluate tactics, proficiency, and undersea warfare combat readiness. The instrumented area will be connected to shore via a single trunk cable.

Pending signature of the environmental Record of Decision (ROD) for the East Coast USWTR in May 2009, the Navy will commence hardware procurement in FY 2010. The west Coast Shallow Water Range is being analyzed as part of the Environmental Impact Statement for the Southern California Range Complex and the ROD is scheduled for signature in January 2009. The shallow water ranges for both coasts will be completed in FY 2015. The Navy has requested $17.6 million in FY 2009 for the program.

Facilities Recapitalization and Sustainment

Facilities Recapitalization is comprised of modernization and restoration. Modernization counters obsolescence by renewing a facility to new standards or functions without changing the facility size. Restoration includes efforts to restore degraded facilities to working condition beyond design service life or to fix damage from natural disaster, fire, etc. While MILCON is the major contributor to the Navy's recapitalization program, O&M Restoration and Modernization (RM) remains a critical contributor to recapitalizing our existing infrastructure. The FY 2009 Restoration and Modernization funding request of $300 million provides targeted investment in critical facilities.

Facilities sustainment includes those maintenance and repair activities necessary to keep facilities in working order through their design service life. The FY 2009 funding request of $1.7 billion is a funding level that maintains our facilities and retains mission capability in the short term. While the Navy has historically taken significant risk in shore infrastructure investment, we intend to reduce this risk by aggressively validating requirements through an enterprise approach based on capacity, configuration, and condition of the infrastructure and by identifying and demolishing excess infrastructure.

Marine Mammal Research/Sound in Water Effects

The Navy is committed to proactive compliance strategies to meet legal requirements. The Navy also identifies and funds marine mammal research, especially research related to mid-frequency active sonar. The Navy has requested $18.1 million for its proactive compliance efforts in FY 2009. Filling in gaps in scientific data through continued acoustic research, enhances Navy compliance with the Marine Mammal Protection Act (MMPA), Endangered Species Act (ESA), Coastal Zone Management Act (CZMA), and National Environmental Policy Act (NEPA). This research is especially important considering the increasing pressure placed on the Navy to restrict its use of active sonar, even when it adversely impacts training and readiness. In addition to MMPA standards, the Navy firmly believes that science must both define the effects of active sonar on marine mammals and also serve as the appropriate basis for mitigation measures that ensure a proper balance between national security and protection of natural resources.

NIMITZ-Class Refueling Complex Overhaul (RCOH)

RCOH subjects NIMITZ-class aircraft carriers to comprehensive modernization upgrades, maintenance, and nuclear refueling to extend the service life of NIMITZ-class carriers to approximately 50 years. This is nearly 20 years longer than the originally planned service life. Execution of RCOH is required to maintain an 11 aircraft carrier force. A notional RCOH consists of 3.2 million man-days and a 36-month industrial period conducted at Northrop Grumman Newport News, Virginia. USS CARL VINSON (CVN 70) is on track to complete RCOH in March 2009. FY 2009 funding of $628 million primarily supports RCOH for USS THEODORE ROOSEVELT.

Utilities Privatization (UP)

The Navy and Marine Corps have 645 utilities systems that are eligible for privatization on 135 activities/installations worldwide. Five hundred seventeen (80 percent) of these systems have reached Source Selection Authority (SSA) decisions. Of the 517 systems, 410 have been determined to be exempt, 28 have been awarded for privatization and 79 are being processed for exemption or award. 128 systems are still being reviewed for an SSA decision. $1.3 million requested in our FY 2009 budget supports these ongoing initiatives.

BRAC 2005

The DoN BRAC Program Management Office (BRAC PMO) manages and oversees the DoN prior BRAC and BRAC 2005 actions and budget. The BRAC PMO oversees the efforts of Commander, Navy Installation Command (CNIC) and Commandant of the Marine Corps (CMC) realignment and closure efforts, and is responsible for completing property disposal and environmental remediation actions. The Navy is coordinating with other Services and agencies to support implementation of Joint actions.

The DoN BRAC program provides $871 million in FY 2009 to continue implementation of BRAC actions. The FY 2009 program finances construction (including planning and design), operational movements at key closure and realignment locations, and the necessary environmental studies at receiving locations to fulfill National Environmental Policy Act (NEPA) requirements.

U.S.-Japan Realignment Roadmap on Guam

On May 1, 2006, the U.S. Japan Security Consultative Committee (SCC) approved the relocation of approximately 8,000 personnel for 3rd Marine Expeditionary Force and their 9,000 dependents from Okinawa Japan to Guam by 2014 as outlined in the U.S.-Japan Realignment Roadmap. The Roadmap stipulates that Japan will pay up to $6.09B of the estimated $10.3B cost for Guam facilities. The Secretary of Defense directed the Secretary of the Navy to work with the Secretaries of the Air Force, Army, Chairman of the Joint Chiefs of Staff, and PACOM, to establish a Joint Guam Program Office (JGPO) to facilitate, manage, and execute requirements for rebasing the Marines from Okinawa to Guam. The FY 2009 budget request of $33.8 million continues planning and development for a National Environmental Policy Act (NEPA)-required Environmental Impact Statement (EIS).

Family Housing

Family housing supports readiness by providing Sailors and their families suitable, affordable, and safe housing. The Navy's housing strategy includes reliance on private sector housing, public/private ventures, and military construction. By the end of FY 2007, 95 percent of CONUS family housing had been privatized. Eighteen privatization projects have been awarded for 40,355 homes. To date, Navy has secured $4.9 billion in private sector investment from $277 million of Navy funds; a leverage ratio of 18:1. The agreements now in place will result in

the elimination of the last inadequate house by 2011. The FY 2009 budget provides $462 million to support family housing.

Global Force Posture Review

As part of the Navy's ongoing contribution to the Defense Department's initiative to transform the US global defense posture, the Navy conducted its own agility assessment of the strategic placement of its aircraft carrier force. This assessment is aligned with the Quadrennial Defense Review (QDR) decision to build a Fleet that includes 11 CSGs. It is also consistent with the movement of other Service capabilities away from an Atlantic focus. As indicated in the 2006 QDR, the principle move for the Navy will be to assure the availability of six operational nuclear-powered aircraft carriers in the Pacific theater "to support engagement, presence, and deterrence." The Navy continues to review current and alternate carrier ports to ensure the strategic Navy force disposition will promote a forward-leaning nuclear-powered carrier force that will strengthen our engagement and shaping capabilities, reassure our allies, and deter potential conflicts.

Child Development Centers

Navy Child Development and Youth Programs provide quality care for over 98,000 children through 131 Child Development Centers, 103 Youth Development Programs, 3,021 Child Development Homes, and 86 School Age Care Programs. The average waiting time for childcare is six months in non-Fleet concentration areas and up to 12 months in Fleet concentration areas. FY 2009 budget request increases the number of child care spaces by 5,270 to provide service to 80 percent of potential need. The FY 2009 funding supports the construction of new Child Development Centers, the use of interim modular classrooms, the expansion of Child Development Home program, and additional contract civilian spaces.

Manpower

Human Intelligence (HUMINT)

The Navy continues to revitalize its HUMINT capability. The Navy's goal is to field a professional cadre of HUMINT collectors and to support personnel capable of executing the full range of HUMINT source operations in support of naval and national requirements. In conjunction with the Naval Criminal Investigative Service, the Navy continues to move forward with establishing a world-wide HUMINT program capable of successfully meeting the emerging threats in the 21st century. In the past year, Navy has successfully deployed its first tactical HUMINT teams into Iraq and experienced a very high success rate in the Al-Anbar province. Meanwhile, elements of the Office of Naval Intelligence continue to facilitate the exchange of Maritime Domain Awareness information between U.S. Navy and regional security partners. These elements provide maritime-focused collection capability that can capitalize on regional opportunities to further prosecute OEF/OIF and carry out other important missions. Naval Maritime Interdiction Operations Intelligence Exploitation Teams (MIO-IET) continue to increase on-scene intelligence collection and exploitation during MIO boardings. The FY 2009 budget provides $17 million to support HUMINT and MIO-IET efforts.

AFRICOM

On December 15, 2006, the President directed the establishment of a Unified Command for Africa no later than October 1, 2008. The Secretary of Defense issued follow-on AFRICOM Implementation Guidance (AIG) outlining the necessary requirements and details to include stand up of a Sub-Unified Command under USEUCOM by October 1, 2007. The primary roles of the command are non-kinetic missions for security cooperation; humanitarian relief; stability, security, transition, and reconstruction activities (SSTR); partnership capacity; and MIL-to-MIL activities.

The Navy has filled the IOC requirement of 33 Navy billets. We also intend to fill our portion of the FOC manpower requirements for USAFRICOM in addition to approximately 100 billets for the associated Naval Component Command.

Language, Regional Expertise & Culture (LREC)

Achieving Navy's maritime strategy depends in part on our ability to communicate with and comprehend adversaries, allies, and partners. Consistent with the Defense Language Transformation Roadmap and the Navy Strategic Plan (NSP), the program incentivizes language proficiency, increases regional content in Navy Professional Military Education (NPME), and provides non-resident language instruction to all Sailors and delivers in-residence training to more officers. $51.1 million requested in FY 2009 continues existing efforts and begins new initiatives of enhanced non-resident and resident language training.

Navy Education

Professional Military Education (PME)

Our fully fielded PME continuum provides career-long educational opportunities for professional and personal development that support mission capabilities. It contributes significantly to the development of 21st century leaders who have the capacity to think through uncertainty; develop innovative concepts, capabilities, and strategies; fully exploit advanced technologies, systems, and platforms; understand cultural/regional issues; and conduct joint operations.

Navy PME (NPME), with Joint PME embedded at every level, provides a common core of knowledge for all Sailors. A primary level program was implemented via distance learning in June 2006. The initial targeted audience is junior unrestricted line officers and senior enlisted Sailors. Introductory and basic level PME courses for more junior Sailors were fielded in January 2008. Our FY 2009 request of $180.2 million allows the continuation of career-long educational opportunities for our Sailors.

Joint Professional Military Education (JPME)

JPME teaches the principles of Joint warfare and prepares leaders to conduct operations as a coherent Joint force. Our path enhances our belief in the value of jointness and systematically develops Navy leaders who are strategically minded, capable of critical thinking, and skilled in naval and Joint warfare. PME completion is linked with career progression. For example, intermediate-level PME with JPME Phase I is required for

screening unrestricted line officers for command beginning in FY 2009. In August 2006, the Naval War College implemented in-residence instruction of JPME Phase II into the senior-level course. To support Maritime Component Commanders, the Naval War College has also implemented the Maritime Staff Operations Course to strengthen maritime and joint planning and war fighting.

The Naval Reserve Officers Training Corps (NROTC)

The NROTC program comprises 59 active units at 71 host institutions of higher learning across the nation. With $178 million requested in FY 2009, the program is adequately funded to provide four and two year scholarships to qualified young men and women to help prepare them for leading increasingly technical Navy and Marine Corps organizations as commissioned officers. The program continues to be a key source of nuclear power candidates and nurses and it increases officer corps diversity. We are increasing strategic foreign language skills and expanding cultural awareness among NROTC Midshipmen as well.

The United States Naval Academy

The Naval Academy is our naval college and it prepares young men and women morally, mentally, and physically to become professional officers of competence and character in the U.S. Navy and Marine Corps. Midshipmen attend the academy for four years. They graduate with a Bachelor of Science degree from one of 21 subject areas and are commissioned as Ensigns in the Navy or Second Lieutenants in the Marine Corps. The Naval Academy offers one of the most socially diverse educational experiences in America. Midshipmen come from all fifty states, forty-eight countries, and represent a mix of races, socio-economic groups, and religions. Naval Academy graduates serve at least five years in the Navy or Marine Corps. Renowned for producing officers with solid technical and analytical foundations, the Naval Academy is expanding its capabilities in strategic languages and regional studies. The $128.6 million requested in the FY 2009 budget supports the Naval Academy mission.

The Naval Postgraduate School (NPS)

NPS is the Navy's principal source for graduate education. It provides Navy and defense-relevant, degree and non-degree, resident and nonresident, programs to enhance combat effectiveness. NPS provides essential flexibility for students to satisfy Navy and DoD emergent research needs. The flexibility also helps develop warfighters whose demanding career paths and deployment cycles can make graduate education opportunities difficult to achieve. NPS supports Navy operations through naval and maritime research and maintains an expert faculty capable of working in, or serving as, advisors to operational commands, labs, systems commands, and headquarters. The $92.3 million requested in FY 2009 sustains this unique national asset, provides lab upgrades, and increases opportunities for distance learning.

The Naval War College (NWC)

The Naval War College provides professional maritime and joint military education, advanced research, analysis, and gaming to educate future leaders. Its mission is to enhance the professional capabilities of U.S. and international students to make sound decisions in command, staff and management positions in naval, joint, and multinational environments. The College also contributes to the evolution and establishment of international relationships and building Global Maritime Partners. The faculty, staff, and students support combat readiness through developing expertise at the operational level of war. The $63 million requested in FY 2009 supports increased support of Joint Forces Maritime Component Command/Coalition Forces Maritime Component Command analysis and gaming capability, the China Maritime Studies Institute, initial investment for MHQ/MOC, support for JPME I and JPME II accreditation, funding for JPME I at the Naval Postgraduate School, and for NWC Maritime Staff Operations curriculum development.

Enlisted Retention (Selective Reenlistment Bonus)

Sailors are the Navy, and retaining the best and brightest Sailors has always been a Navy core objective and key to success. We retain the right people by offering rewarding opportunities for professional growth, development, and leadership. With reenlistment rates returning to historic levels after peaking in FY 2003, current reenlistment efforts are focused on shaping and stabilizing the force. Selective Reenlistment Bonuses (SRBs) are a key tool enabling us to offer attractive incentives to selected Sailors we want to retain. $359.6 million requested in FY 2009 will provide for over 76,000 new and anniversary payments and ensure the Navy will remain selective in FY 2009.

Sexual Assault Victim Intervention (SAVI)

SAVI has three major components: awareness and prevention education, victim advocacy and intervention services, and collection of reliable data on sexual assault. Per the FY 2005 National Defense Authorization Act requirements, the Navy SAVI Program was transitioned from a program management to case management focus. Existing installation program coordinator positions were increased and became Sexual Assault Response Coordinators (SARCs), which is a standard title and position across the Department of Defense. SARCs are accountable for coordinating victim care/support and for tracking each unrestricted sexual assault incident from initial report to final disposition. Navy also provides 24/7 response capability for sexual assaults, on or off an installation, and during deployment through the use of Victim Advocates who report to installation SARCs. The $6.2 million requested in the FY 2009 budget enables us to maintain this expanded SAVI program fleet-wide.

Family Advocacy Program (FAP)

The FAP addresses prevention, identification, reporting, evaluation, intervention, and follow-up with respect to allegations of child abuse/neglect and domestic abuse involving active duty and their family members or intimate partners. Maintaining abuse-free and adaptive family

relationships is critical to Navy mission readiness, maintenance of good order and discipline, and quality of service for our active duty members and their families.

RC Sailors, when activated or in a drill status, fall under the guidelines of DON Family Advocacy Program policy and have access to Navy programs until 18 months after deactivation. They also have access to Fleet and Family Support programs, which include new parent support and other prevention programs. FAP ensures proper balance for our Sailors' physical and mental health.

Sea Warrior Spiral 1

Sea Warrior comprises the Navy's training, education, and career management systems that provide for the growth and development of our people. The first increment, or "Spiral 1", of Sea Warrior is Interactive Detailing. This system allows Sailors to have greater insight and involvement in identifying and applying for Navy positions of interest to them professionally and personally. Spiral 1 Sea Warrior is a funded Navy program and its development follows a standard, rigorous acquisition engineering and program management processes. Additional Sea Warrior spirals will be developed in accordance with future capability needs and as clear requirements are defined.

In 2007 we fielded the first version of the Career Management System (CMS) with Interactive Detailing. This new system allows Sailors ashore to review their personal and professional information, view available jobs, and submit their detailing preferences through their career counselors. The next step is to provide the same to Sailors on ships. This portion of the system has been tested in the laboratory and is in the process of being installed and tested on selected ships.

The successful development and testing of these increments of additional functionality to the CMS system are the first steps in achieving our vision of enabling all Sailors to review available jobs and submit their own applications for their next assignment (consistent with policy and access) by June of 2009.

Health Care

Combat Casualty Care

Combat casualty care is provided by Navy medical personnel assigned to and serving with Marine Corps units in Expeditionary Medical Facilities, aboard casualty receiving/treatment ships and hospital ships, and in military and VA hospitals. A full range of health services to support the war fighter is provided in this integrated continuum of care, from the battlefield to our CONUS hospitals. We are redesigning Expeditionary Medical Facilities to become lighter, more mobile, and interoperable in a Joint environment.

Recent advances in force protection, battlefield medicine, combat/operational stress control, and medical evacuation have led to improved survival rates and enhanced combat effectiveness. Since the start of OEF/OIF the Marine Corps has fielded new combat casualty care capabilities, including: updated individual first aid kits with QuikClot and advanced tourniquets, robust

vehicle first-aid kits for convoy use, and Combat Lifesaver training. Navy Medicine leads advanced technology research for the development of new systems to provide forward resuscitative surgery, en route care, and the use of innovative technologies.

Post Traumatic Stress Disorder (PTSD)

Though there has been a slight increase in new cases since FY 2003, the prevalence of PTSD remains about one percent of the total Navy active duty population. The number of cases of PTSD in active duty Sailors was 1,046 in FY 2003, 964 in FY 2004, 1,221 in FY 2005 1,280 in FY 2006, and 1,399 thru September 12, 2007. To reflect recent advancements in prevention and treatment of stress reactions, injuries, and disorders, the Navy/Marine Corps Combat/Operational Stress Control (COSC) doctrine is under revision and becomes effective in April 2009.

Quality Medical Care

Navy Medicine provides high quality, compassionate, cost-effective care. This care is a worldwide continuum from those wounded in battle to those operationally deployed, to those in garrison support, and to those who have retired from the uniformed service. Navy Medicine is continuously assessing its medical capabilities to improve and has adjusted to ensure the right health care capabilities are deployed as far forward as possible. These improvements are based on experience, lessons learned, and on requirements mandated by the warfighter. Changes have been made in the training of the physicians, nurses, and corpsmen who first encounter injured service members and in treatment methods. Recruitment and retention of health professionals remains a major focus.

Post-Deployment Health Care

Navy Medicine has developed new delivery models for deployment-related concerns and is working with the Office of Seamless Transition to improve coordination with the VA. Navy Medicine has established 17 Deployment Health Centers (DHC) as non-stigmatizing portals of care for service members and their families in areas of Fleet and Marine concentration. These centers support operational commands in ensuring medical care for those returning from deployment.