

CHAPTER 4

FISCAL OUTLOOK

SEA POWER FOR A NEW ERA

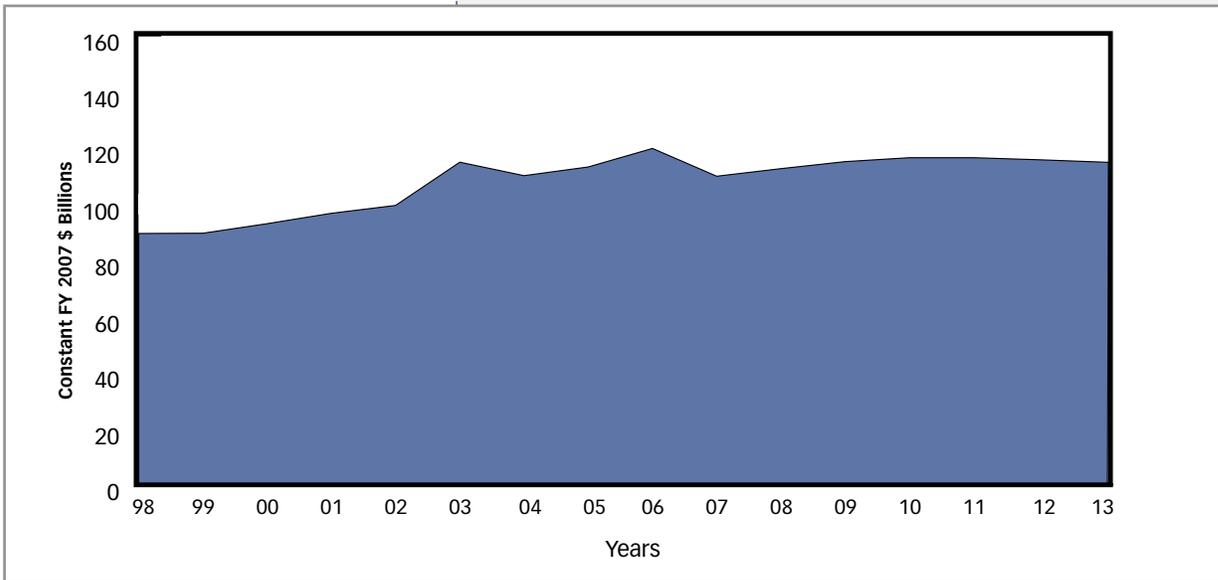
With the Navy's commitment and Congress investment, our forces can now deploy faster, and longer, and can sustain our operational availability better than before. Our force Readiness, advanced technology, dominance of the maritime domain, and the genius of our people are—and will remain—the U.S. Navy's asymmetric advantages over America's adversaries. By maintaining the course set by *Sea Power 21* the Navy ensures a future of superior combat power.

Department of Defense (DoD) enhancements to the FY 2006 and 2007 annual budgets provided increases in Total Obligation Authority (TOA) and allowed the Navy to address additional program needs related to the security and defense of our homeland. The positive trend will continue in the President's FY 2008 DoD budget requests for \$481.4 Billion, an increase of 9.6 percent compared to FY 2007.

NAVY RESOURCES

We have been transforming the business of running the world's greatest Navy. The Sea Enterprise initiative—which facilitates reinvestment of savings to buy platforms and systems needed to transform our Navy—is helping ensure maximum effectiveness of every dollar we spend. In the coming year, we will continue to invest in our readiness, our people, and the transformation laid out in our *Sea Power 21* vision. The Navy's TOA request for FY 2008 is \$115.1 billion and represents an increase of 7.3 percent from FY 2007. Figure 9 illustrates projections of 3.5 percent real growth through FY 2010, but also illustrates a forecasted real reduction of 1.2 percent from FY 2010 through FY 2013.

Figure 9 - Total Obligational Authority, FY 1993-2011



TRANSFORMING FOR THE RIGHT READINESS AT THE RIGHT COST

Readiness is the catalyst that brings combat power to bear whenever it is needed. The key to our readiness today and in the future is the ability to “surge” forces. The Navy is transforming its platforms, processes, and manpower to support a force that can surge to meet America's interests—whether in combat, stabilization, or homeland security. Our FY 2008 budget request reflects the Navy's readiness needs and provides resources necessary for leadership to deliver operational capabilities. Those capabilities depend upon ship operations and aircraft flying hours, maintenance, training, and modernization of shore installations. Fully funded, the Navy budget will deliver a force more ready to surge, sustain operations, and rapidly reconstitute itself to meet the challenges of the 21st Century.

SHAPING THE NAVY'S WORKFORCE

We will be a better-educated, better-trained, better compensated, and smaller workforce. We will improve diversity; encourage and reward continuing education and training; institutionalize executive development; assign our best and brightest to critical joint, interagency, and foreign exchange tours; increase cultural awareness; and better recognize the important role families play in our readiness and quality of life. The goals of our efforts are to develop a capability-centric force that is both effective and efficient and maximizes the value of service for all Sailors and civilians. We are on course to achieve these goals by using technology to take over work that is professionally unfulfilling by changing policies and structures that inhibit professional growth and development, and by changing the work before we change the work force.

BRIDGING TO THE FUTURE THROUGH INVESTMENT IN SEA POWER 21

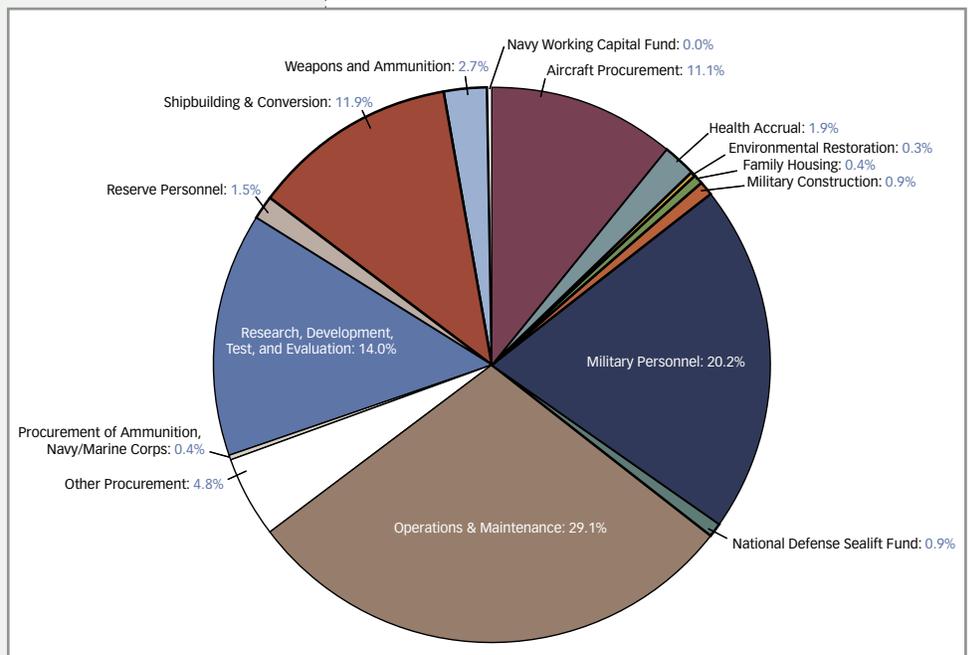
Sea Power 21 defines the capabilities and processes the 21st Century Navy will deliver. Bridging to the future vision requires innovation, experimentation, and rapid technology insertion resulting in mid- and long-term warfighting improvements. Our future investments will exploit the largest maneuver area on the face of the earth, the sea. Congress and the American people have invested hard-earned funds to accelerate the Navy's progress toward our joint, networked, sea-based force. We must upgrade and modernize our combat platforms and systems, adding new capabilities to meet future warfighting needs. In FY 2008, we will further maximize our investment in *Sea Power 21* as a projection of power, pursuing distributed and networked solutions, focusing on the power of Sea Basing that will be enabled by expeditionary warfare ships and connectors, heavy lift and transport aircraft, maritime prepositioning forces, and by combat logistic forces. Further, the Fleet Response Plan and basing options will provide a rheostat to meet foreseeable forward-presence requirements.

The Navy will also continue to transform itself to meet the broader range of missions in the new strategic environment. This transformation includes alignment of organizations and processes and streamlining our infrastructure. New platforms and technology will make us a more efficient and effective force. Figure 10 shows the realities in force structure size and mix

Figure 10 - Force Structure Trends

Ship Types	FY 93	FY 00	FY 13
Aircraft Carriers	13	12	10
Cruisers	52	27	22
Destroyers	39	54	64
Frigates	59	27	12
Littoral Combat Ships	0	0	27
Ballistic Missile Subs	24	18	14
Attack Subs	88	56	54
Guided Missile Subs	0	0	4
Amphibious	54	39	32
Mine Warfare	12	11	14
Support Ships	51	25	17
Logistics Ships	50	34	33
Mobilization Forces (NRF)	18	16	8
Total	460	319	311

Figure 11 - FY 2008 Navy Budget Request by Appropriation





proposed through FY 2013, with more modern and more capable ships and aircraft available, though in reduced numbers.

NAVY APPROPRIATIONS

The allocation of requested FY 2008 Navy resources to appropriations is shown in Figure 11. These appropriations are grouped to simplify the display (e.g., personnel, shipbuilding, aircraft procurement, research and development, operations). Figure 12 illustrates the major trend in Navy procurement since 1990 and projected to FY 2013.

SEA POWER FOR A NEW ERA

Our Navy faces entirely new challenges in the 21st Century. How we deal with those challenges will affect not only Americans' freedoms, but also the freedom of millions of others around the world. We have a ready fleet and joint-capable operating forces, the best technology, and the most professional Sailors. We are also capitalizing on the positive technological advances as a strength to our fighting forces while combating harmful aspects of technology to our national security. *Sea Power 21* is providing the Navy superior war-fighting capabilities through new operational concepts, advanced technologies, innovative organizational initiatives, and improved acquisition processes. It is aligning our efforts, accelerating our progress, and realizing the potential of our people. With continued investment in building a balanced force that is resilient and adaptable, we can meet any future challenge with speed, agility, persistence, precision, and reach. We are a sea power for a new era.

Figure 12 - Navy Procurement Trend, FY 1990-2013

