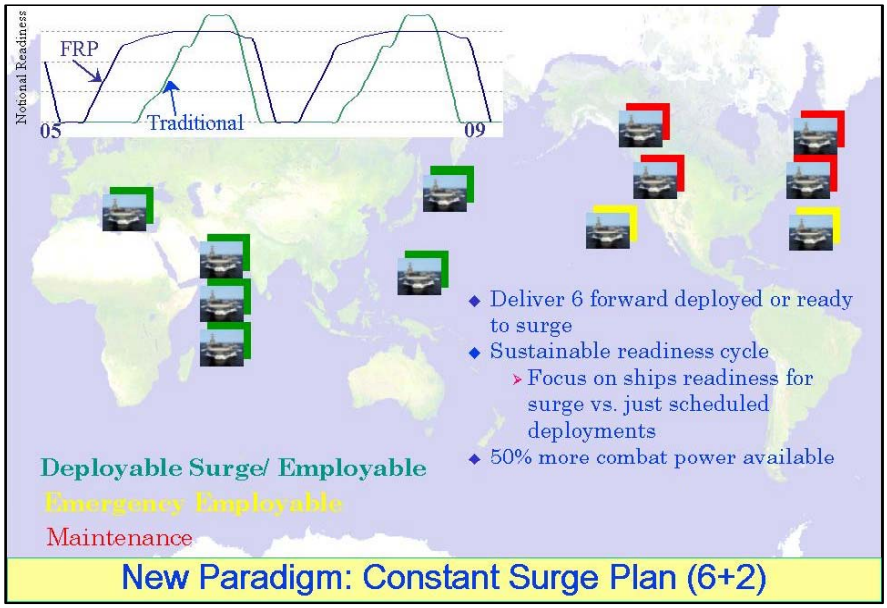
SECTION II – COMBAT CAPABILITY

As stated in Naval Power 21, the Navy and Marine Corps exist to control the seas, assure access, and project power beyond the sea to influence events and advance American interests. Our battle force ships, aviation units, and Marine forces provide the foundation for the National Military Strategy of shaping the international environment and responding to the full spectrum of crises. Our budget provides for operational levels that will maintain the high personnel and unit readiness necessary to conduct the full spectrum of joint military activities. The success of our Fleet in the Global War on Terrorism attests to progress made in current readiness.

The Global War on Terrorism requires that we operate differently, to be more ready and responsive. The Fleet Response Plan (FRP) has been designed to accomplish these objectives. The FRP aims to transform the Fleet into a more responsive force by creating a culture of readiness; meeting new readiness and surge thresholds; changing manning, maintenance and training processes to support surge and deployment; and lengthening inter-deployment cycles. The focus is to enable the Fleet to be both forward deployed and also capable of surging substantial forces. More specifically, the FRP aims to have a "6 plus 2" surge force; i.e., 6 carrier strike groups deployed/deployable with an additional 2 to follow shortly. In order to attain this substantial surge force, the FRP modifies current ship and air wing operating cycles to extend the Inter-Deployment Readiness Cycle from 24 months to 27 months. In addition, the FRP modifies training and manpower processes that increase the time each ship and squadron is available to surge. Achieving the goals of the FRP requires the ability to sustain readiness through the longer cycle. The FY 2005 budget request includes marginal realignments in the operating accounts to sustain FRP, now being implemented in FY 2004.



The role of the Navy and Marine Corps on the world stage is evident throughout the budget. From contributions to multilateral operations under United Nations/NATO auspices to cooperative agreements with allied Navies, international engagement efforts cross the entire spectrum of the Department's missions and activities. Naval requirements are often met through participation with allies and other foreign countries, in joint exercises, port visits, and exchange programs. Joint/international exercises planned for FY 2005 include Cooperation from the Sea, Talisman Saber and Ulchi Focus Lens.

Operational activities include drug interdiction, joint maneuvers, multi-national training exercises, humanitarian assistance (including natural disaster, medical, salvage, and search and rescue) and when called upon, contingency operations, such as in the Persian Gulf, the Balkans and Afghanistan/Northern Arabian Sea as part of Operation Enduring Freedom and Iraq as part of Operation Iraqi Freedom. On any given day, nearly 40,000 Sailors and 32,000 Marines on over 90 ships and bases are deployed to locations around the world. At times of heightened operations, including the Global War on Terrorism, these numbers surge to higher levels.

Chart 5 – Navy/Marine Corps Today

Chart 5 – Reflects Navy/Marine Corps operations as of 21 Jan 04.

SHIP OPERATIONS

Battle Force Ships

The budget provides for a deployable Battle Force of 290 ships for FY 2005 as shown in table 3. This level will support 12 aircraft carrier strike groups and 12 expeditionary strike groups.

In FY 2005, 9 ships (three Arleigh Burke Class Guided Missile Destroyers, two San Antonio Class Amphibious Transport Docks, one Virginia Class Fast Attack Submarine, one Seawolf Class Submarine, one T-AKE Support ship, and one T-AO Fleet Oiler ship) will be delivered, while 11 ships (one Amphibious Transport Dock, one Los Angeles Fast Attack Submarine, two Ticonderoga Class Guided Missle Cruisers, three Underway Replenishment ships (AOE's), and four Spruance Class Destroyers) will be inactivated.

Table 3
Department of the Navy
Battle Force Ships

	FY 2003	FY 2004	FY 2005
Aircraft Carriers	12	12	12
Fleet Ballistic Missile Submarines	16	14	14
Guided Missile (SSGN) Submarines	2	4	4
Surface Combatants	106	103	100
Nuclear Attack Submarines	54	54	55
Amphibious Warfare Ships	36	35	36
Combat Logistics Ships	34	34	33
Mine Warfare Ships	17	17	17
Support Ships	19	19	19
Battle Force Ships	**296**	**292**	**290**

Active Forces

For FY 2005, deployed ship operations are budgeted to maintain highly ready forces, prepared to operate jointly to perform the full-spectrum of military activities, and to meet forward deployed operational requirements and overseas presence commitments in support of the National Military Strategy. The FY 2005 budget request implements the Fleet Response Plan extending the Inter - Deployment Readiness Cycle from 24 months to 27 months enabling ships to surge and reconstitute rapidly. In addition, the budget provides funds necessary to achieve the operational tempo (OPTEMPO) goal of 51 underway days per quarter for deployed forces and 24 underway days per quarter for non-deployed forces. The current deployed OPTEMPO goal has been reduced from 54 underway days per quarter as war-related contingency operations in Southwest Asia are no longer included in baseline funding. The funding level supports the Global Naval Forces Presence Plan in terms of carrier strike group and expeditionary strike group requirements, as required by national security policy.

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

Chart 6 - Active Force Ship OPTEMPO

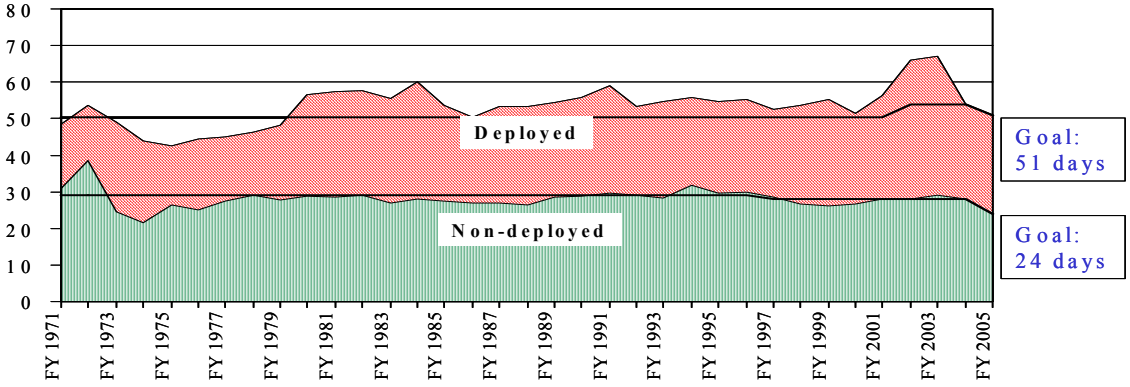


Chart 6 illustrates historical and budgeted OPTEMPO. The horizontal lines are the deployed and non-deployed budgeted goals. Fluctuations from the goals reflect real world operations.

Reserve Forces

The Naval Reserve force continues to integrate with the active force to achieve readiness goals. In FY 2005, the Naval Reserve will consist of 15 Battle Force ships with 9 FFGs, 5 MCMs, and 1 MHC.

In FY 2005, the steaming days per quarter will be reduced from 28 to 18 as an acceptable risk mitigation strategy to align the mine warfare community with the Fleet Response Plan. Table 4 reflects reserve battle force ships and their respective non-deployed steaming days.

Table 4
Department of the Navy
Significant Naval Reserve Force Factors

	FY 2003	FY 2004	FY 2005
Surface Combatants	8	9	9
Mine Warfare	6	6	6
Reserve Battle Force Ships*	**14**	**15**	**15**
Steaming Days Per Quarter			
Surface Combatants	18	18	18
Mine Warfare	28	28	18

* *Also included in Table 3*

Mobilization

Mobilization forces provide rapid response to contingencies throughout the world. Sealift assets include prepositioning and surge ships. Operating costs of prepositioning ships and exercise costs for surge ships are reimbursed to the National Defense Sealift Fund (NDSF) by the operations account of the requiring Defense component, as parenthetically noted in Table 5. Department of the Navy operation and maintenance appropriations reimburse the biennial exercise costs of the Hospital Ships and the Aviation Maintenance Ships, and will continue to fund the daily operating costs of the Maritime Prepositioning Ships (MPS). Each of three MPS squadrons supports a Marine Expeditionary Brigade for 30 days.

Table 5 displays the composition of Navy mobilization forces.

Table 5
Department of the Navy
Strategic Sealift (# of ships)

	FY 2003	FY 2004	FY 2005
Prepositioning Ships:			
Maritime Prepo Ships (O&M,N)	16	16	16
CENTCOM Ammo Prepo (O&M,N)	1	1	1
Army Prepo Ships (O&M,A)	13	10	10
Air Force Prepo Ships (O&M,AF)	4	4	4
DLA Prepo Ships (DWCF)	2	2	2
Surge Ships:			
Aviation Logistics Support (NDSF)	2	2	2
Hospital Ships (NDSF)	2	2	2
Fast Sealift Ships (NDSF)	8	8	8
Ready Reserve Force Ships (NDSF)	68	68	68
Large Medium-Speed RORO Ships (NDSF)	11	11	11
Prepositioning Capacity (millions of square feet)	5.8	5.7	5.7
Surge Capacity (millions of square feet)	9.3	9.3	9.3
Total Sealift Capacity (millions of square feet)	15.0	15.0	15.0

Ship Maintenance

The Department's active ship maintenance budget supports 97% of the notional O&M maintenance projection and 100% of the SCN refueling overhaul estimates in FY 2005. The ship maintenance budget reflects the new Fleet Response Plan (FRP), which lengthens periods between shipyard availabilities, yet creates a more employment-capable and responsive fleet that is able to surge and reconstitute rapidly. Implementation of the FRP and focus on continuous maintenance for surface ships should help ease the stress of maintaining current OPTEMPO on an aging force. We have adjusted budgeted notional availabilities to reflect the recent experience of increasing depot maintenance requirements.

The Nation's ship repair base, which includes public and private shipyards, has the capacity to execute the FY 2004 and 2005 ship maintenance as well as deferred maintenance amounts reflected in Tables 6a and 6b. Annual deferred maintenance is maintenance that was not performed when it should have been due to fiscal constraints. This includes items that were not scheduled or not included in an original work package due to fiscal constraints, but excludes items that arose since a ship's last maintenance period. As the execution year progresses, the workload can fluctuate, impacted by factors such as growth in scope and new work on maintenance availabilities, changes in private shipyard

costs and shipyard capacity. While some amount of prior years' deferred maintenance may be executable in following years (depending on deployment schedules and shipyard capacity), the numbers in Tables 6a and 6b reflect only those individual years' deferred maintenance, not a cumulative amount.

The Department's reserve ship maintenance budget supports 97% of the notional maintenance projection in FY 2005. As with the active counterparts, the Department is implementing the same initiatives to reduce maintenance burdens and costs on Naval Reserve Force ships. Tables 6a and 6b display funding for active and reserve ship maintenance.

Table 6a
Department of the Navy
Active Forces Ship Maintenance
(Dollars in Millions)

	FY 2003	FY 2004	FY 2005
Ship Depot Maintenance [1/]	$4,618	$4,095	$3,910
Ship Intermediate Maintenance	427	0	0
Depot Operations Support	1,676	1,087	1,114
Total: Ship Maintenance (O&MN)	**$6,721**	**$5,182**	**$5,024**
Percentage of Projection Funded	99%	95%	97%
CVN Overhauls (SCN)	$217	$221	$333
SSN Refueling Overhauls (SCN)	$490	$457	$19
SSBN Refueling Overhauls (SCN)	0	105	334
% of SCN Estimates Funded	100%	100%	100%
Annual Deferred Maintenance	$36	$145	$117

[1/] Reflects consolidation of intermediate and depot maintenance beginning in FY04 as a result of regional maintenance initiative.

Table 6b
Department of the Navy
Reserve Forces Ship Maintenance
(Dollars in Millions)

	FY 2003	FY 2004	FY 2005
Reserve Ship Depot Maintenance [1/]	$79	$83	$93
Reserve Ship Intermediate Maintenance	13	0	0
Depot Operations Support	4	3	4
Total: Ship Maintenance (O&MNR)	**$96**	**$86**	**$97**
Percentage of Projection Funded	98%	95%	97%
Annual Deferred Maintenance	$2	$4	$3

[1/] Reflects consolidation of intermediate and depot maintenance beginning in FY04 as a result of regional maintenance initiative.

AIR OPERATIONS

Active Tactical Air Forces

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

Reserve Air Forces

Reserve aviation continues to provide vital support to the active force in FY 2005. The Reserves support all of the Department's adversary and overseas logistics requirements and a portion of the electronic training and counter-narcotics missions. The Navy Reserve also provides support to the active force through participation in various exercises and mine warfare missions.

Table 7 reflects active and reserve aircraft force structure.

Table 7
Department of the Navy
Aircraft Force Structure

	FY 2003	FY 2004	FY 2005
Active Forces	**18**	**18**	**18**
Navy Carrier Air Wings	10	10	10
Marine Air Wings	3	3	3
Patrol Wings	3	3	3
Helicopter Anti-Submarine Light Wings	2	2	2
Reserve Forces	**5**	**5**	**5**
Navy Tactical Air Wing	1	1	1
Patrol Air Wing	1	1	1
Helicopter Air Wing	1	1	1
Logistics Air Wing	1	1	1
Marine Air Wing	1	1	1
Primary Authorized Aircraft (PAA) - Active [1/]	**2,496**	**2,441**	**2,397**
Navy	1,487	1,440	1,402
Marine Corps	1,009	1,001	995
Primary Authorized Aircraft (PAA) - Reserve	**408**	**397**	**382**
Navy	222	218	209
Marine Corps	186	179	173

[1/] Does not include trainer or TACAMO aircraft.

The FY 2005 reduction in PAA reflects continuation of TACAIR Integration effort started in FY 2004.

Aircraft OPTEMPO

As discussed in previous sections, the Department is transitioning to the FRP. Prior to the FRP, an average T-rating of T-2.2 was sustained. The FRP will allow for a T-2.5 readiness level across the Inter-Deployment Readiness Cycle (T-1.7 while deployed, T-2.0 pre-deployment, and T-2.2 post-deployment).

The flying hour program has been priced using the most recent cost per hour experience, including a higher cost for repair part pricing and usage. This repricing, which adds significantly to the cost per flying hour, is a manifestation of the Department's aging aircraft inventory, which requires more maintenance per hour and has increased failure rates on major components. The FY 2005 budget reflects a more accurate method to forecast Aviation Depot Level

Reparable (AVDLR) cost per hour based on a Center for Naval Analysis study that determined that AVDLR growth could be re-forecasted based on specific type/model/series demand rates.

Although FRS operations are budgeted at 84%, the FRP has reduced prescribed training requirements enabling pilots to complete the training syllabus within budgeted resources. Student levels are established by authorized TACAIR/ASW force level requirements, aircrew personnel rotation rates, and student output from the Undergraduate Pilot/Naval Flight Officer training program. FAS requirements have been re-evaluated to reflect the current FAS mission. Funding now provides sufficient hours to meet 96% of the total hours required. The Navy Reserve is budgeted at 100% of the required hours in FY 2005 as indicated in Table 8. Monthly flying hours per reserve crew remain constant at 11.3.

Chart 7 displays historical flying hours.

Chart 7 - Flying Hour Program Hours

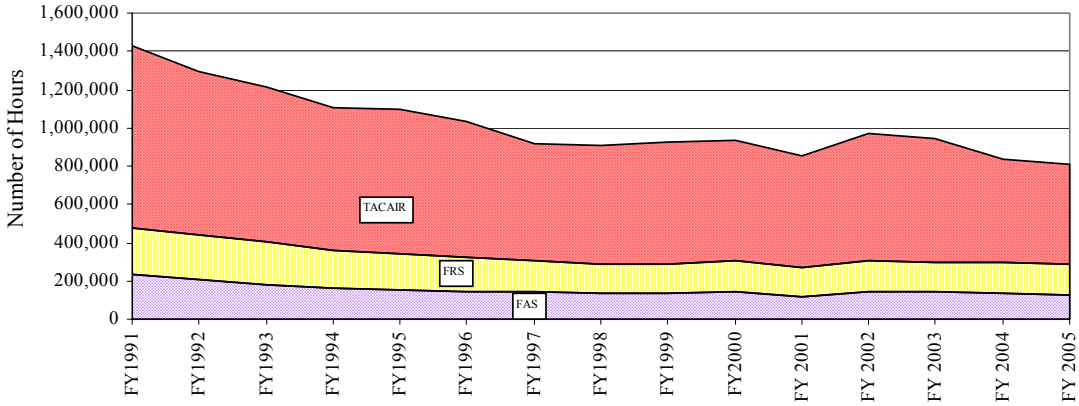


Table 8 displays active and reserve flying hour readiness indicators.

Table 8
Department of the Navy
Flying Hour Program

	FY 2003	FY 2004	FY 2005
Active			
TACAIR	*T-2.0*	*T-2.6**	*T-2.5*
Goal	*T-2.2*	*T-2.6**	*T-2.5*
Fleet Readiness Squadrons (%)	82%	88%	84%
Goal	*92%*	*88%*	*84%*
Fleet Air Support (%)	95%	92%	96%
Goal	*96%*	*92%*	*96%*
Monthly Flying Hours per Crew (USN & USMC)	22.1	19.3	19.2
** Does not include supplemental*			
Reserve			
Reserve Squadrons	T-2.5	T-2.2	T-2.2
Percent of Requirement Funded	*89%*	*100%*	*100%*
Monthly Flying Hours per Crew (USNR & USMCR)	10.1	11.3	11.3

Aircraft Depot Maintenance

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

The Department's budget for FY 2005 is sufficient to achieve the active and reserve engine and airframe readiness goals for deployed squadrons while active non-deployed squadrons are funded to achieve 99% of goal, and reserve non-deployed squadrons are funded to achieve 95% of the goal. Deployed squadrons have sufficient aircraft to meet Inter-Deployment Readiness Cycle requirements

and Mission Capable (MC) status prior to and during deployment. Non-deployed squadrons also have sufficient aircraft to satisfy post deployment readiness requirements. Post deployment readiness requirements are necessary to ensure that an adequate supply of airframes and engines are available to support squadron and air wing training exercises.

To support a wide range of fleet operations and training, the Navy has targeted a 73% aircraft MC rate and a 56% Full Mission Capable (FMC) rate. This applies to both deployed and non-deployed aircraft availability goals.

Percent Navy Aircraft Mission Capable/Fully Mission Capable (MC/FMC)

	FY 2003	FY 2004	FY 2005	Goal
MC Aircraft	73	73	73	73
FMC Aircraft	56	56	56	56

Tables 9a and 9b summarize active and reserve Aircraft Depot Maintenance.

Table 9a

Department of the Navy
Active Forces Aircraft Depot Maintenance

(Dollars in Millions)

	FY 2003	*% at Goal*	FY 2004	*% at Goal*	FY 2005	*% at Goal*
Airframes	$927		$703		$610	
Engines	402		321		311	
Other Components	49		71		75	
Total: Active Aircraft Depot Maintenance	**$1,378**		**$1,095**		**$997**	
Airframes						
Deployed Squadrons meeting goal of 100% PAA	160	*100%*	172	*100%*	162	*100%*
Non-Deployed Squadrons meeting goal of 90% PAA	173	*96%*	152	*98%*	153	*99%*
Engines						
Engine TMS meeting Zero Bare Firewall goal	73	*100%*	73	*100%*	71	*100%*
Engines TMS meeting RFI Spares goal of 90%	73	*87%*	72	*98%*	70	*99%*

Table 9b

Department of the Navy

Reserve Forces Aircraft Depot Maintenance

(Dollars in Millions)

	FY 2003	% at Goal	FY 2004	% at Goal	FY 2005	% at Goal
Airframes	$95		$104		$100	
Engines	37		33		32	
Total: Reserve Aircraft Depot Maintenance	**$132**		**$137**		**$132**	
Airframes						
Non-Deployed Squadrons meeting goal of 90% PAA	64	*100%*	64	*100%*	59	*95%*
Engines						
Engine TMS meeting Zero Bare Firewall goal	35	*100%*	42	*100%*	42	*100%*
Engine TMS meeting RFI spares goal of 90%	35	*100%*	42	*100%*	42	*100%*
Components: Other-Depot Maintenance						
Funded Requirements	N/A		N/A		N/A	

Also refer to Appendix A for more information:	**Table**
Operation and Maintenance, Navy	A-5
Operation and Maintenance, Navy Reserve	A-7
National Defense Sealift Fund	A-17

MARINE CORPS OPERATIONS

Active Operations

In FY 2004, the United States is responding to a wide range of challenges across the globe, including fighting the long-term Global War on Terrorism, rebuilding Iraq into a peaceful, productive member of the world community, and preventing the spread of weapons of mass destruction. In this era, the Nation needs forces that are highly mobile, flexible, and adaptable.

These characteristics define the Marine Corps, and they must continue to do so in the future. The operation and maintenance budget supports the Marine Corps Operating Forces, comprised of three active Marine Expeditionary Forces (MEFs). Each MEF consists of a command element, one infantry division, one air wing, and one force service support group. This budget provides training and equipment maintenance funds to Marine Corps Force Commanders so they can provide combat ready forces to the Combatant Commanders.

MEFs provide a highly trained, versatile expeditionary force capable of rapid response to global contingencies. The inherent flexibility of the MEF organization, combined with Maritime Prepositioning Force (MPF) assets, allows for the rapid deployment of appropriately sized and equipped forces. These forces possess the firepower and mobility needed to achieve success across the full operational spectrum in either joint or independent operations. Embedded within each MEF is the capability to source a Marine Expeditionary Brigade (MEB).

These funds also support the 4th MEB Anti-Terrorism (AT), whose mission is to detect, deter, defend, and conduct initial incident response to combat the threat of worldwide terrorism. The 4th MEB (AT) is the only MEB that has permanently dedicated structure. The budget also supports the readiness posture of Marine Operating Forces and continues the fielding of improved combat equipment and clothing for the individual Marine.

Table 10 displays Marine Corps land forces.

Table 10
Department of the Navy
Marine Corps Land Forces

	FY 2003	FY 2004	FY 2005
Number of Marine Expeditionary Forces	3	3	3
Number of Marine Expeditionary Brigades	4	4	4
Number of Active Battalions	51	51	51
Number of Reserve Battalions	21	21	21

Reserve Operations

This budget supports a Marine Reserve Force that includes the Fourth Marine Division, the Fourth Marine Aircraft Wing, the Fourth Force Service Support Group, and the Marine Corps Reserve Support Command. The Department's FY 2005 budget ensures that the readiness of the Reserve Force will be maintained by providing increased funding for the operation and maintenance of newly fielded equipment such as the Unit Operations Center and the Cooperative Tracking Network.

Ground Depot Maintenance

This budget funds depot maintenance of Marine Corps ground equipment as shown in Tables 11a and 11b. Repair/rebuild is accomplished on a scheduled basis to maintain the materiel readiness of the equipment inventory necessary to support operational needs. Items programmed for repair are screened to ensure that a valid stock requirement exists and that the repair or rebuild of the equipment is the most cost effective means of satisfying the requirement. This program is closely coordinated with the Procurement, Marine Corps appropriation to ensure that the combined repair/procurement program provides a balanced level of attainment of inventory objectives for major equipment. Thus, the specified items to be rebuilt, both principal end items and components, are determined by a process which utilizes cost-benefit considerations as a prime factor. The rebuild costs for each item are updated annually on the basis of current applicable cost factors at the performing activities.

Tables 11a and 11b summarize active and reserve Ground Depot Maintenance.

Table 11a

Department of the Navy

Marine Corps Active Forces Ground Depot Maintenance

(Dollars in Millions)

	FY 2003		FY 2004		FY 2005	
	$	% of Rqmt	$	% of Rqmt	$	% of Rqmt
Combat Vehicles	175	99%	22	41%	25	45%
Missiles	4	92%	1	1%	0	100%
Ordnance	15	80%	4	1%	7	100%
Other	56	88%	78	78%	69	74%
Total	**250**	**95%**	**105**	**66%**	**101**	**65%**

Table 11b

Department of the Navy

Marine Corps Reserve Forces Ground Depot Maintenance

(Dollars in Millions)

	FY 2003		FY 2004		FY 2005	
	$	% of Rqmt	$	% of Rqmt	$	% of Rqmt
Combat Vehicles	0	0%	5	37%	8	68%
Missiles	1	95%	1	100%	0	0%
Ordnance	0	0%	0	86%	0	100%
Other	11	88%	5	78%	4	59%
Total	**12**	**89%**	**10**	**52%**	**12**	**65%**