SECTION V - IMPROVED BUSINESS PRACTICES

Providing our Sailors, Marines, and civilians high quality facilities, information technology, and an environment to achieve their goals is fundamental to mission accomplishment. The ability to project power through forward deployed naval forces relies heavily on a strong and efficient shore support structure.

The FY 2005 budget request eliminates inadequate family housing and barracks by FY 2007 through the use of Public-Private Ventures, increased basic housing allowance, and construction, achieves the goal of a 67 year facilities recapitalization rate by FY 2008, achieves the goal of BEQ Homeport Ashore by FY 2008, and makes progress toward improving existing facilities to C-2 readiness status. The Department of the Navy's facility investment strategy supports sustainment of existing facilities, recapitalization of inadequate or inefficient facilities, and construction of new facilities to correct critical deficiencies or support transformational or new mission requirements.

In an effort to improve shore installation effectiveness, the Navy has identified best business practices, set Navy-wide standards of service, developed metrics, and linked standards and metrics to required readiness levels. To improve management effectiveness and efficiency, the Navy has regionalized installation management under Commander, Navy Installations.

The Marine Corps has instituted an enterprise cost and performance information system at all our installations. Over the past four years, activity based cost models have been developed at 23 installations to capture full cost information on 37 standard installation processes. Over the next year, standard output measures will be developed to allow the Marine Corps to compare and establish standards of service. This will allow improvement of business processes and a more effective utilization of resources.

This FY 2005 budget request continues with innovative business approaches and exploitation of information technologies as we proceed with our transformation effort through the use of Navy Marine Corps Intranet, enterprise resource planning, electronic business, strategic sourcing, and risk management.

MILITARY CONSTRUCTION

The FY 2005 budget requests 48 military construction projects for the active Navy and Marine Corps, and 4 projects for the Navy and Marine Corps reserves. These projects address critical mission, quality of life support improvements, waterfront and airfield recapitalization, and environmental improvements.

FY 2004 MILCON Summary (Active & Reserve)

$M	FY 2003 *	FY 2004	FY 2005
Navy	1,147	1,010	849
Marine Corps	255	319	236
Total	1,402	1,329	1,085

* Includes $228 million for critical anti-terrorism/force protection projects

Critical Mission:

- F/A-18E/F Outlying Landing Field Land Acquisition: Washington County, North Carolina
- Executive Helicopter Replacement Program Facilities: Various Locations Worldwide

Quality of Life Support and Force Protection Improvements:

- RTC Barracks Replacement (2), Great Lakes, IL
- BEQ Homeport Ashore, Bremerton, WA (Increment 1)
- BEQ Upgrades at Quantico, VA; Camp Pendleton, CA; New River, NC; Yuma, AZ; Adros Island, Bahamas
- Fitness Center, Willow Grove, PA
- CT/AT/FP at Eglin AFB, FL; Camp Pendleton, CA; Oceana, VA; Little Creek, VA; Norfolk, VA; Kings Bay, GA; Sigonella, Italy

Waterfront and Airfield Recapitalization:

- CVN Maintenance Complex, Puget Sound, WA
- Pier Replacement, New London, CT
- Hangar Complex, Quantico, VA
- Apron & Hangar Recapitalization, ElCentro, CA (Increment 1)
- Limited Area Storage/Maintenance Complex, Silverdale, VA (Increment 1)
- Aircraft Maintenance Training Facility, New River, NC
- MK-10 Sub Escape Trainer Facility, New London, CT

Environment:

- Water Treatment Plant Upgrade, Guam
- Solid Waste Management Center, Diego Garcia

Administrative:

- Operational Facilities, Camp Elmore, VA, Camp Pendleton, CA, Rota, Spain, and Sigonella, Italy
- Pier Replacements, Atlantic Ordnance Command Detachment Earle, Colts Neck, NJ; Naval Station Naval Base, Norfolk, VA
- Sewage Treatment Plant, Camp Pendleton, CA
- F/A-18 E/F Outlying Landing Field Facilities, Washington County, NC

FAMILY HOUSING

The FY 2005 budget request continues on course to eliminate inadequate units by FY 2007. Though funding decreases from FY 2004 levels, with our increased emphasis on Public-Private Ventures (PPV) and increased BAH, the Department is able to meet the goal of zero inadequate family housing units by FY 2007.

For the Navy there is a $10 million improvement project planned for Yokosuka, Japan addressing 69 units. In addition, awards are planned in the Northwest Region, Mid-Atlantic Region, and Northeast Region correcting 4,893 inadequate units. In addition to government financing, we estimate the private sector will contribute over $1.1 billion worth of development capital for these PPV projects in FY 2005.

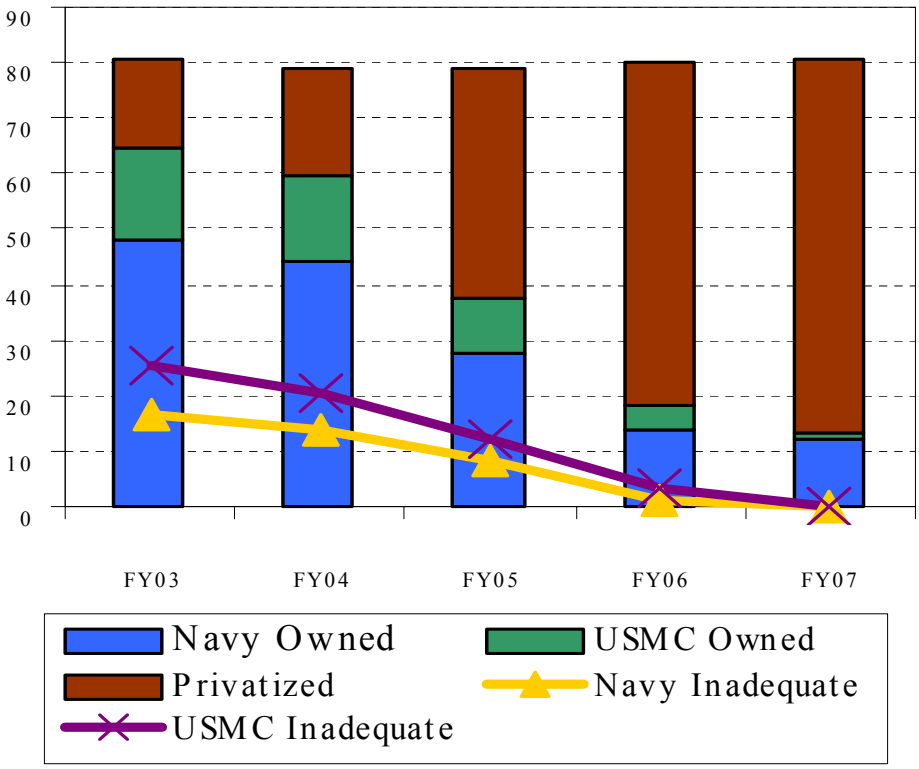
For the Marine Corps, there is over $129 million budgeted for construction and improvement projects. One construction project is planned at Marine Corps Air Station Cherry Point. This project will demolish 226 inadequate homes and build back 198 of the units. In addition, privatization of 5,455 homes is planned at Marine Corps Base Camp Lejeune, Marine Corps Air Ground Combat Center Twenty-Nine Palms CA and Marine Corps Support Activity Kansas City MO with an "end-state" of 5,035 units. In addition to government financing, we estimate the private sector will contribute over $162 million of development capital for these PPV projects in FY 2005.

Family Housing Units

	FY 2003	FY 2004	FY 2005
New Construction projects	8*	5	1
Construction units	819	1,070	198
Privatization projects	9,549	3,664	21,810
Average # of Units (worldwide)	73,896	64,661	51,687

* A Marine Corps construction project was used as seed funding for a privatization initiative.

Chart 15 – Family Housing End of Year Inventories



Also refer to Appendix A for more information:	**Table**
Military Construction, Navy and Naval Reserve	A-18
Family Housing, Operation and Construction Navy and Marine Corps	A-19
Base Realignment and Closure	A-20

FACILITY SUSTAINMENT, RESTORATION, AND MODERNIZATION

Appropriate investments of facility sustainment, recapitalization, and demolition funds are designed to maintain an inventory of facilities in good working order and preclude premature degradation. The annual facility sustainment requirement, determined by the Department of Defense's (DoD) facilities sustainment model, is calculated by applying both a unit sustainment cost (based upon industry facility standards) and a geographic area cost factor to the appropriate unit quantity (square feet, linear feet, etc.). The DoD goal is to have no more than 5% deferred sustainment. The Department of the Navy achieves this sustainment goal.

The Department utilizes an industry-based facility investment model to keep the facility inventory at an acceptable level of quantity and quality through life-cycle maintenance, repair, and disposal. Facility recapitalization (based upon industry facility standards) occurs through replacing, restoring, or modernizing aged and damaged facilities. The annual funding requirement for facilities replacement, restoration and modernization (R&M) is based on the DoD goal of correcting facilities deficiencies to achieve a C-2 readiness rating in all facilities mission areas by FY 2010 and to achieve a recapitalization rate of 67 years by 2008. Readiness ratings (C-1, C-2, etc.) are described in the Department of the Navy's Installation Readiness Report. The Department's goal is to fully fund the requirement for replacement and R&M. Less than full funding of facility replacement and R&M in FY 2005 reflects the Department's consideration of competing priorities and the decision that a level of risk was acceptable in this area. The 67 year goal is attained by FY 2008.

Table 18 summarizes the Department's Facility Sustainment, Restoration, and Modernization program.

Table 18

Department of the Navy
Facility Sustainment, Restoration and Modernization

(In Millions of Dollars)

	FY 2003	% of Goal	FY 2004	% of Goal	FY 2005	% of Goal
O&MN/O&MNR	$1,943		$1,536		$1,404	
O&MMC/O&MMCR	$630		$590		$532	
Total O&M Facility SRM	$2,673		$2,126		$1,936	
Annual Deferred Sustainment						
O&MN/O&MNR	$214	*84%*	$91	*93%*	$63	*95%*
Goal		*90%*		*93%*		*95%*
O&MMC/O&MMCR	$21	*96%*	$14	*97%*	$27	*95%*
Goal		*96%*		*97%*		*95%*
Total Annual Deferred Sustainment	**$235**		**$105**		**$90**	
Restoration and Modernization (R&M) Funding						
O&MN/O&MNR	$261		$89		$74	
O&MMC/O&MMCR	$17		$85		$67	
Total R&M	**$278**		**$174**		**$141**	
Facilities Recapitalization Rate (Years)	113		129		130	

BASE REALIGNMENT AND CLOSURE (BRAC) III&IV

The BRAC process has been a major tool for reducing the domestic base structure and generating savings. Continuing to balance the Department's force and base structures by eliminating unnecessary infrastructure is critical to preserving future readiness. The Department of the Navy supports the need for additional base closures.

The FY 2005 budget is dedicated to environmental cleanup and closure related compliance, real estate and caretaker functions prior to property disposal. All budgeted resources are related to previous rounds (III & IV) of BRAC. The Department of the Navy has disposed of more than 74,000 acres of base-closure property. An estimated 86,000 acres remain to be conveyed, of which 72,600 acres are at the former NAS Adak, AK. The Department expects to transfer the remaining acreage at Adak in FY 2004.

In FY 2003, the Department sold 235 acres at the former Marine Corps Air Station Tustin, CA, to private developers for $208 million. Revenue from the sale is being used to accelerate environmental cleanup at Tustin and other Navy and Marine Corps BRAC locations. The FY 2005 budget requests obligational authority for crucial environmental efforts at various locations, including the Naval Air Station, Moffet Field; Naval Air Station, Alameda; Hunters Point Naval Shipyard; Marine Corps Air Station, El Toro; Naval Station, Treasure Island; and Naval Shipyard, Mare Island. The FY 2005 program will be entirely financed with the projected revenue from land sales at various locations.

NAVY WORKING CAPITAL FUND (NWCF)

Navy Working Capital Fund (NWCF) activities are key support elements for the Department's warfighting and power projection capabilities. For example, in FY 2003 the Depot Maintenance and Supply Management activity groups saw significant increases in demand for their goods and services in support of Operation Enduring Freedom and Operation Iraqi Freedom. Total cost of goods and services was $25.4 billion in FY 2003 while FY 2004 and FY 2005 figures are projected to be $24.7 billion and $24.5 billion, respectively.

NWCF activities perform a wide variety of functions. In addition to Depot Maintenance and Supply Management, the NWCF includes the Research & Development, Transportation, and Base Support activity groups. This makes the NWCF the most functionally diverse of the DoD's working capital funds.

In the area of supply management, the Department continues to focus on delivering combat capability through optimum logistics support. Ensuring the right material is provided at the proper place, time, and cost is paramount to sustaining our warfighting units whether at peace or at war. To this end, the Department continues to pursue initiatives that will control costs and improve readiness. Until we are able to recapitalize and modernize our forces in volume, our older weapon systems combined with higher utilization rates, will continue to generate an increased demand for spare parts. This is one of the reasons why the Department's request for material obligations remains high. In this regard, it is important to realize that since spare parts, in the aggregate, are but a single element within a complex and intricately balanced system necessary to keep weapon systems safe and operating at their optimal capability, the Department must also look at other contributing elements that influence cost. To attain data in other integrated logistics support elements, such as training and maintenance, more robust information systems are required. Accordingly, the Department continues to fund initiatives such as Enterprise Resource Planning. This will provide the Department with better tools to assess program costs and implement cost reducing procedures where appropriate. We are optimistic that these efforts along with reducing weapon system age will stem the tide of spare parts demand growth and allow the Department to provide improved logistics support at a lower cost. One of the Department's readiness initiatives that will improve our ability to respond logistically is the capitalization of spare aircraft engines into the NWCF. The NWCF provides the Department the ability to react quickly to changing or projected customer demand patterns. By enabling the NWCF to order spare

aircraft engines, while still using procurement funds to buy the asset from the supply system when available, the Department gains effectiveness and the ability to improve readiness posture as needs change. Accordingly, the budget request includes $59 million in FY 2005 to order spare aircraft engines using the NWCF. Lastly, this budget request reflects a continuation of the Department's inventory augmentation efforts. Dedicated funding for inventory augmentation allows the Department to procure new supply system wholesale stock without creating an excessive burden on customers. It also permits the Department to capture total ownership costs more effectively since the funds are clearly tied to the support of the new weapon systems rather than being accounted for in the cost of operations. Accordingly, a combined total of $200.7 million in obligation authority has been included for the FY 2004-2005 timeframe for this purpose and corresponds to a direct appropriation that coincides with the delivery of the material.

In the area of transportation, the Military Sealift Command (MSC) rates for FY 2005 reflect changes in operational status for MSC ships. Major operational changes include early deactivation of four AOE ships and associated upgrade of the reduced operating status of several Naval Fleet Auxiliary Force ships. In addition, the first T-AKE class ship begins operations in FY 2005.

In the research and development activity group, the consolidation installation management functions under the Commander, Navy Installations (CNI) has caused a number of budget realignments across multiple activities. This means that functions like security, fire protection, facilities maintenance, utilities and family housing operations will no longer be provided using "in-house" resources at Naval Air Warfare Center (NAWC), Naval Surface Warfare Center (NSWC) and Naval Research Laboratory (NRL) sites. Through a combination of CNI regional organizations and newly established Public Works Center (PWC) detachments, installation management functions will be delivered in a more efficient and consistent manner. Those services, which the NAWC, NSWC and NRL organizations specifically use to perform their NWCF missions, will be performed by CNI and the PWC detachments on a reimbursable basis.

Budget estimates for the Depot Maintenance-Ships area reflect the transition of the Puget Sound Naval Shipyard to mission funding on a two-year test basis beginning in FY 2004.

Table 19
Department of the Navy
Summary of NWCF Costs
(In Millions of Dollars)

	FY 2003	FY 2004	FY 2005
COST			
Supply (obligations)	7,348	7,812	7,809
Depot Maintenance - Aircraft	2,278	2,208	2,162
Depot Maintenance - Ships	2,665	1,801	1,535
Depot Maintenance - Marine Corps	234	253	230
Transportation	1,788	1,721	1,968
Research and Development	9,540	9,162	9,050
Base Support	1,579	1,696	1,731
TOTAL	**$25,432**	**$24,653**	**$24,485**
CAPITAL INVESTMENT			
Supply Operations	72	50	15
Depot Maintenance - Aircraft	51	42	32
Depot Maintenance - Ships	42	20	27
Depot Maintenance - Marine Corps	3	4	4
Transportation	14	13	15
Research and Development	110	117	100
Base Support	18	19	17
TOTAL	**$310**	**$265**	**$210**

Also refer to Appendix A for more information:	**Table**
Navy Working Capital Fund	A-21

OTHER BUSINESS INITIATIVES

Navy Marine Corps Intranet (NMCI)

NMCI offers the opportunity for the Department of the Navy to leverage new technologies and industry innovation to better achieve our global Naval mission. It will enable connection to the national infrastructure, extend sharing, and creation of knowledge and expertise worldwide, empower innovative work, and training, and enhance the quality of service for every Marine, Sailor, and civilian. The connectivity NMCI provides will enable our people to increase their productivity and access all the resources that extend throughout the naval enterprise and our Nation. NMCI has also been a forcing function causing the Department to take inventory of its legacy application portfolio, which has subsequently been reduced by 67% in less than one year. The NMCI contract was awarded in October 2000 for $6.9 billion and represents the largest service contract ever awarded by the Department of Defense. Congress authorized a two-year extension of the basic five-year contract in September 2002. We have fully accommodated the implementation of the NMCI within existing budget totals and reflected the distributed costs and benefits throughout the operational programs of the Department.

NMCI seats are provided to the Department in three phases. Phase 1 is when the seat is ordered by the individual organization. Phase 2 is when the prime contractor, EDS, assumes responsibility for operating the organization's existing networks, called Assumption of Responsibility (AOR). This is the point at which the Department of the Navy begins paying EDS for NMCI, at 85% of the ordered seat price. Phase 3 is when EDS transitions the seat to the NMCI network and installs the NMCI desk top, called cutover. When the cutover seat meets applicable Service Level Agreement performance parameters, the Department pays EDS 100% of the monthly seat price.

IMPLEMENTATION SCHEDULE
(Cumulative Seats)

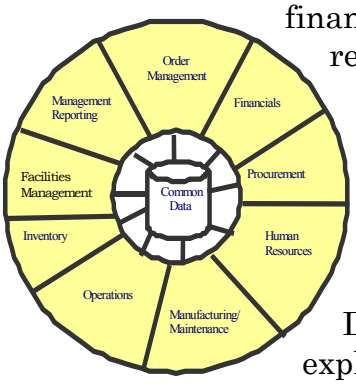
NMCI Phasing	FY03 Q4	FY04 Q1	FY04 Q2	FY04 Q3	FY04 Q4	FY05 Q1	Steady State
Total Ordered	297,313	332,000	346,133	346,133	346,133	346,133	346,133
Total AOR	277,190	303,000	335,387	335,387	346,133	346,133	346,133
Total Cutover	109,602	154,000	237,000	291,000	346,133	346,133	346,133

The budget supports total NMCI-specific costs for FY 2005 of $1.6 billion and implementation of approximately 346,000 seats phased in quarterly as shown in the implementation schedule above with an expected steady state reached in FY 2004. The steady state seat count from the FY 2004 President's Budget has been revised downward to reflect continuing refinements in user requirement estimates as they migrate to the NMCI environment.

As of January 2004, the Navy had placed orders for 332,000 seats, EDS has assumed responsibility for management of 303,000 data seats, network services were being provided to 307,000 Department of the Navy users and 154,000 seats have been transitioned to the NMCI end-state, or "cutover".

Enterprise Resource Planning (ERP)

ERP is a business management system that integrates the business processes that optimize functions across the enterprise (e.g., supply chain, finance, procurement, manufacturing/ maintenance, human resources) and enables elimination of numerous legacy systems and the streamlining of business processes. All essential data and information is entered into the system one time and remains accessible to everyone involved in the business process on a real time basis - providing consistent, complete, relevant, timely and reliable information for decision making. The Department of the Navy used four pilot programs to explore ERP business processes. These pilots proved that ERP could be a successful solution.



In January 2003, the Department established a converged ERP program office to reinvent and standardize business processes for acquisition, financial and logistics operations. To accomplish this, the program office plans to develop a standardized template for the entire Department. This standardized template will replace/converge the four ERP pilots currently in operation. The pilots will need to be sustained until the standardized template is deployed.

All four pilots and the Converged ERP program are using commercial off the shelf (COTS) software that has been approved and certified by the Joint Financial Management Improvement Program as being compliant with the Chief Financial Officers Act. Through process modernization, ERP will eliminate the need for interfaces with many non-compliant financial and feeder systems. The Military Sealift Command and Naval Security Group have already successfully implemented limited enterprise software - also COTS. All of these efforts are focused on improving the efficiency and performance of the support infrastructure and will enhance the Department's goal of reducing future operating costs.

eBusiness

The Department of the Navy eBusiness Operations Office is dedicated to achieving effective business solutions through eBusiness transformation. The office improves effectiveness, efficiency, and service delivery across the Department by guiding change, enabling eBusiness solutions, encouraging knowledge sharing, and returning value. The office delivers value in numerous ways including solutions to eBusiness problems, eBusiness advice and information, pilot funding and support, program management, and customer service in both the areas of eBusiness innovation and electronic card management. The office has an established portfolio of solutions applicable across many functional areas.

To date, over 54 eBusiness pilot projects have been funded through rigorous selection criteria. Development of these solutions is accomplished through a rapid prototyping process that allows testing on a limited scale to determine whether the solution is viable for use across the Department. Successful pilots form the basis of solutions, which are implemented across the enterprise. These pilot projects have provided solutions in a variety of areas. For example, the Microsoft award-winning Integrated Interactive Data Briefing Tool provides Second Fleet with an automated daily Commanders Update Brief using web services technology, significantly reducing man-hours associated with preparation and analysis. Another example of an extremely successful project is the Naval Construction Forces Sea Bee Link. This pilot provided a platform for independent communications software to run on a personal digital assistant, giving Navy/Marine Corps the ability to securely transmit encrypted data files to and from forward positions using a tactical radio.

Managing Risk – Performance Metrics

The FY 2005 budget consolidates performance management goals of the President's Management Agenda with the FY 2001 Quadrennial Defense Review goals under a balanced scorecard for risk management and designates metrics the Department of Defense (DoD) will use to track associated performance results. The cascading performance metrics/outcomes for each DoD risk area are shown below:

FORCE MANAGEMENT RISK

Maintain a Quality Force/Workforce Satisfaction	Ensure Sustainable Military Tempo
Maintain Reasonable Force Costs	Shape the Force of the Future

OPERATIONAL RISK

Do We Have the Forces Available	Are They Currently Ready
Are the Critical Needs, Systems, People, Sustainment, and Infrastructure Available	Are We Prepared for Successful Strategy and Plan Execution

INSTITUTIONAL RISK

Streamline Decision Processes Drive Financial Management and Acquisition Excellence	Improve the Readiness and Quality of Key Facilities
Manage Overhead/ Indirect Cost	Realign Support to the Warfighter

FUTURE CHALLENGES RISK

Drive Innovative Joint Operations	Define Future Human Capital Skills and Competencies
Develop More Effective Organizations	Define and Develop Transformational Capabilities

Performance information developed from these metrics will be used to describe the Department's performance goals and results for all related performance reports, including the President's Management Agenda and the Program Assessment Review Tool.

Force Management Risk – providing a trained and ready force is the leading output or business of the Department of Defense

One of our most valued resources are the people that support the Navy and Marine Corps team. The Navy and Marine Corps continue to maintain a robust overseas presence and rotational posture in support of the defense strategy. Sailors and Marines are based forward and deploy as part of their inherent responsibilities. They join and re-enlist with the understanding that this is part and parcel of their commitment to serve. The Department has budgeted the resources to reduce BAH out of pocket expenses from 3.5% to 0% by FY 2005, as well as improve quality of service for our members and their families, to reduce risk in this area. The Department of the Navy continues to focus on recruiting and retaining the right people and we our encouraged by achievement of these recruiting goals and improved retention in the career force. Training our Sailors, Marines, and civilian employees is critical to implementing transformation initiatives and to ensuring optimum results. The Department is transitioning its training concepts and methods from the traditional schoolhouse approach to processes that involve the use of simulators, trainers, computer-based interactive curriculums and other approaches that are media based. We have piloted elements of the Sea Warrior initiative as a means to capitalize on the revolution in training in detailing.

Operational Risk – ensuring U.S. military and civilian personnel are ready at all times to accomplish the range of missions assigned in the defense strategy is the leading defense customer priority

The power of our combat capability has been strong in the areas of forward presence forces and our ability to surge. Key readiness accounts are funded to ensure that our forces are prepared to meet any tasking. The Fleet Response Plan yields an increased surge capability and a more responsive force. Deployed air/ship/MEF operations are budgeted to maintain highly ready forces. Non-deployed OPTEMPO levels provide primarily training of fleet units but maintain a combat ready and rapidly deployable force. This budget request incorporates force structure changes that clearly reflect the wider range of operations and contingencies called for in the defense strategy. This budget reflects decommissioning of some older ships and aircraft with high operations and support costs relative to the combat capability they provide. Funding continues for the 4th MEB to detect, deter, defend and conduct initial incident response to combat the threat of terrorism and continues the fielding of improved combat equipment.

Future Challenges Risk – anticipating future threats and adjusting capabilities to maintain a military advantage against them is the leading learning and growth priority for the Department of Defense

The application of technology insertion is central to our Military's strength. We have demonstrated this in the Department's budget by buying down future risk with its robust recapitalization program. The budget request contains funding for 9 new construction ships and 104 aircraft in FY 2005 and invests significant resources in sea base development and accelerated investment in transformation platforms to move troops and equipment. We continue transformational capabilities enhanced through new systems/platforms such as LCS, DD(X), CVN-21, MV-22, priority aviation capability enhancements (Advanced Hawkeye), Maritime Patrol and Reconnaissance Aircraft, and advanced communications.

Institutional Risk – ensuring that DoD financial, acquisition, and resource management processes are streamlined and efficient is what drives the underlying financial principles of doing defense business

This budget request represents the Department's commitment to improve the acquisition processes, make facility structure more efficient, and better manage resources for improved business practices. In an effort to improve shore installation effectiveness, we regionalized management and consolidated eight Installation Management Claimants (IMCs) into a single IMC. The Navy Marine Corps Intranet, Enterprise Resource Planning, and our *e*-business office are examples of innovative changes that will significantly improve connectivity, financial and business reporting, and management performance. As a Department, we continue to aggressively challenge our System Commands and other shore activities to find efficiencies, reduce contractor support, and eliminate legacy information systems.

The information below provides pages references to the performance information contained in this document and in detailed budget justification materials supporting the FY 2005 President's budget submission.

Risk Category	Strategic Goal	Performance Measure	Page #
Force Management Risk	Maintain a Quality Force	Number of Recruiters	3-2,3-6
		Number of Recruits	3-2,3-6
		Size of Delayed Entry Program	3-2,3-6
		Enlisted Attrition Rates	3-4,3-7
	Ensure Sustainable Military Tempo	Ships Deployed	2-2
		MEUs deployed	2-2
		Ships Underway	2-2
		MEUs predeployment	2-2

		Active/Reserve Navy/Marine Corps E/S	3-2,3-4, 3-6,3-8
		# of Reserves Activated	2-2
		# of Deployed Sailors	2-2
		# of Deployed Marines	2-2
	Maintain Workforce Satisfaction	PERSTEMPO	3-2
		Enlisted Reenlistment Rates	3-4, 3-7
		Career Pay Enhancements	3-2
	Maintain Reasonable Force Costs	Competitive sourcing study positions	3-10
		Civilian manpower levels	3-9, 3-11
		Costs for Accession/Basic Skills/Advanced Training	3-2
		Total Paid Compensation	3-2
	Shape the Force of the Future	Implement optimized, supportable future force structure and workforce	3-2, 3-6, 3-9
Institutional Risk	Streamline Decision Processes, Drive Financial Management and Acquisition Excellence	Number of Navy Marine Corps Intranet Seats	5-11
		Implement Enterprise Resource Planning	5-12
		Implement E-Business	5-13
	Manage Overhead and Indirect Costs	Reduction in base structure to eliminate unnecessary infrastructure	5-7
	Improve the Readiness and Quality of Key Facilities	67 Year FSRM Recapitalization Rate	5-5
		Reliability & Maintainability Shortfall	5-6
		Inadequate family housing units	5-3, 5-4
		Number of Privatization Projects	5-3
		Readiness status of facilities	5-5
	Realign Support to the Warfighter (including Defense Agencies)	Tooth-to-Tail Ratio	1-2
Operational Risk	Do We Have the Forces Available?	Battle Force Ships	2-3
		Active Air Wings	2-9
		Active Primary Authorized Aircraft (PAA)	2-9
		Number of Marine Expeditionary Forces	2-15
		Number of Marine Expeditionary Brigades	2-15
		Number of Marine Battalions	2-15
	Are They Currently Ready?	Navy/Marine Corps Personnel Readiness Ratings	3-2
		Active Flying Hours T-Rating	2-11
		Active Steaming Days Per Quarter	2-4
	What Are Our Critical Force, Sustainment, and Infrastructure Needs?	Aircraft Mission Capable Rates	2-12
		Airframe Availability/PAA	2-13
		Aircraft Engine Bare Firewalls	2-13
		Aircraft Engine Spares Ready-to-Issue	2-13
		Ship Maintenance % Rqmnt Funded	2-7
		Surge Sealift Ships and Capacity	2-6
		Prepositioning Ships and Capacity	2-6
		Reserve Steaming Days Per Quarter	2-5
		Reserve Battle Force Ships	2-5
		Reserve Air Wings	2-9

		Reserve Flying Hours T-Rating	2-11
		Reserve Primary Authorized Aircraft	2-9
Operational Risk	Are We Successfully Executing our Strategy?	Deferred Ship Maintenance	2-7
		Deferred FSRM	5-6
		Ships Deployed	2-2
		MEUs deployed	2-2
		Ships Underway	2-2
		MEUs predeployment	2-2
		Active/Reserve Navy/Marine Corps E/S	3-2, 3-4 3-6, 3-8
Future Challenges Risk	Drive Innovative Joint Operations	Joint/International Exercises	1-2, 2-2
	Develop More Effective Organizations	Capitalizing on innovation, experimentation and technology	4-4
	Define Skills and Competencies for the Future	Implementing Sea Warrior Initiative	2-17
	Define and Develop Transformational Capabilities	Implement enhanced naval capabilities to project offense, project defense and project sovereignty around the globe	1-2
		Aviation Procurement Plan	4-7
		Ship Construction Plan	4-3
		Aviation/Ship Weapons Quantities	4-8, 4-4
		Marine Corps Ground Equipment Quantities	4-13
		Implement network centric warfare	4-10, 4-11
		Major Platform R&D	4-17
		Funding for S&T	4-17
		Funding for R&D support	4-17

Other Performance Metrics

Throughout the overview book metrics have been addressed which are included in our performance plan and provide a measure of our overall effectiveness. Within the Department of the Navy, goals and objectives have been implemented through the Planning, Programming, Budgeting and Execution System (PPBES) process. PPBES accommodates the integration of operational goals, risk management, and performance across the broad spectrum of Department of the Navy missions. These metrics are also contained in budget justification materials supporting the FY 2005 budget request as directed by Congress.