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**DEPARTMENT OF THE NAVY
JUSTIFICATION OF ESTIMATES
FOR FISCAL YEARS 1988 AND 1989**



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PROCUREMENT

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**SHIPBUILDING AND CONVERSION,
NAVY**

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DEPARTMENT OF THE NAVY
SHIPBUILDING AND CONVERSION, NAVY

JUSTIFICATION OF ESTIMATE FOR FISCAL YEAR 1988 and 1989

TABLE OF CONTENTS

INDEX01
BUDGET APPENDIX EXTRACT02
STATUS OF COMPLETION OR PRIOR YEAR SHIPBUILDING PROGRAM12
BUDGET ACTIVITY JUSTIFICATIONS:	
BUDGET ACTIVITY 1 - BALLISTIC MISSILE SHIPS13
BUDGET ACTIVITY 2 - OTHER WARSHIPS14
BUDGET ACTIVITY 3 - AMPHIBIOUS SHIPS17
BUDGET ACTIVITY 4 - MINE WARFARE AND PATROL SHIPS19
BUDGET ACTIVITY 5 - AUXILIARIES AND CRAFT21
COMPARISON OF PROGRAM REQUIREMENTS AND FINANCING27



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Special	

SHIPBUILDING AND CONVERSION, NAVY

2 - These estimates pertain to
For expenses necessary for the construction, acquisition, or conversion of vessels as authorized by law, including armor and armament thereof, plant equipment, appliances, and machine tools and installation thereof in public and private plants; reserve plant and Government and contractor-owned equipment layaway; procurement of critical, long leadtime components and designs for vessels to be constructed or converted in the future; and expansion of public and private plants, including land necessary therefor, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title. [as follows: TRIDENT ballistic missile submarine program, \$1,446,400,000; SSN-688 attack submarine program, \$2,250,800,000; SSN-21 attack submarine program, \$375,000,000; Aircraft carrier service life extension program, \$83,500,000; CG-47 cruiser program, \$2,725,500,000; DDG-51 destroyer program, \$1,750,100,000; LHD-1 amphibious assault ship program, \$35,000,000; T-AO fleet oiler program, \$259,000,000; AO conversion program, \$40,000,000; T-AGOS ocean surveillance ship program, \$228,000,000; AOE fast combat support ship program \$499,000,000; Oceanographic research ship program, \$33,000,000; Strategic sealift program, \$77,800,000; T-ACS auxiliary crane ship program, \$61,100,000; For craft, outfitting, and post delivery, \$470,789,000; In all, \$10,210,989,000]; \$11,065,400, to remain available for obligation until September 30, [1991] 1994: Provided, that [within the total amount appropriated, the subdivisions within this appropriation shall be reduced by \$124,000,000: Provided further, That] additional obligations may be incurred after September 30, [1991] 1994, for engineering services, tests, evaluations, and other such budgeted work that must be performed in the final stage of ship construction; and each Shipbuilding and Conversion, Navy, appropriation that is currently available for such obligations may also hereafter be so obligated after the date of its expiration: Provided further, that none of the funds herein provided for the construction or conversion of any naval vessel to be constructed in shipyards in the United States shall be expended in foreign shipyards for the construction of major components of the hull or superstructure of such vessel: Provided further, That none of the funds herein provided shall be used for the construction of any naval vessel in foreign shipyards.

Approved by the President

Shipbuilding and Conversion, Navy
 Program and Financing (in thousands of dollars) FISCAL YEAR 1983 05 Jan 87

Identification code	17-1811-0-1-051 Program by activities:	Budget Plan (amounts for PROCUREMENT actions program)				Obligations
		1986 actual	1987 est.	1988 est.	1989 est.	
00.0101	Direct program:					
00.0201	Fast ballistic missile ships	116,459	338,450			338,450
00.0301	Other warships	356,632	1,223,081			1,223,081
00.0401	Auxiliary ships	43,726	58,666			58,666
00.0501	Mine warfare and patrol ships	56,430	169,287			169,287
10.0001	Auxiliaries, craft, and prior-year program costs	642,199	571,049			571,049
	Total	1,215,445	2,360,733			2,360,733
17.0001	Financing:					
21.4002	Recovery of prior year obligations					
21.4003	Unobligated balance available					
21.4007	Available to finance new budget plans					
22.4001	Recovery of prior year budget plans					
23.4001	Recovery of prior year budget plans					
23.4002	Unobligated balance transferred to other accounts					
24.4002	Reduction pursuant to P.L. 98-177 in unob bal: Apr	-691,300	-338,500			-338,500
24.4003	Unobligated balance available, end of year:	-510,244				
39.0001	Available to finance subsequent year budget plans	657,426	338,500			338,500
	Total	205,618	205,618			205,618
	Budget authority	338,500	338,500			338,500
		2,360,733	2,360,733			2,360,733

Shipbuilding and Conversion, Navy
 Program and Financing (in Thousands of dollars) FISCAL YEAR 1984

05 Jan 87

Identification code	17-1611-0-1-051 Program by activities:	Budget plan (amounts for PROCUREMENT actions programmed)				Obligations		
		1986 actual	1987 est.	1988 est.	1989 est.	1987 est.	1988 est.	1989 est.
00.0101	Direct program:							
00.0201	Fleet ballistic missile ships			108,486		52,340	248,612	
00.0301	Other warships			314,871		30,947	927,859	
00.0401	Amphibious ships			85,411		59,944	284,734	
00.0501	Mine warfare and patrol ships			80,134		24,200	114,948	
00.0501	Auxiliaries, craft, and prior-year program costs			171,825		66,400	283,888	
10.0001	Total			690,727		233,831	1,859,841	
17.0001	Financing:							
21.4002	Recovery of prior year obligations							
21.4002	Unobligated balance available, start of year:							
21.4007	For completion of prior year budget plans			-21,613				
21.4007	Available to finance new budget plans							
22.4001	Reprogramming from/to prior year budget plans							
23.4001	Unobligated balance transferred to other accounts			-398,600		-2,093,672	-1,859,841	
23.4002	Reduction purchased: Appropriation			-198,233		-391,969		
24.4002	Unobligated balance available, end of year:							
24.4002	For completion of prior year budget plans			40,100		338,969		
24.4003	Available to finance subsequent year budget plans			164,764		53,000		
39.0001	Budget Authority			391,969		2,093,672	1,859,841	
				391,969		391,969		

Shipbuilding and Conversion, Navy
Program and Financing (in thousands of dollars) FISCAL YEAR 1985
05 Jan 87

Identification code	Budget Plan (amounts for PROCUREMENT actions programmed)				Obligations	
	1986 actual	1987 est.	1988 est.	1989 est.	1986 actual	1987 est.
Program by activities:						
00.0101					113,246	52,867
00.0201					947,646	82,544
00.0301					37,069	286,443
00.0401					167,448	18,285
00.0501					158,624	55,166
10.0001					1,424,218	424,519
						468,429
						1,824,058
Financing:						
17.0001					-12,861	
21.4002					-4,501,523	-2,718,106
22.4001					-558,336	-534,064
23.4001					148,500	392,964
24.4002					247,832	141,100
39.0001					534,064	1,824,058

Shipbuilding and Conversion, Navy
 Program and Financing (in Thousands of dollars) FISCAL YEAR 1966

05 Jan 87

Identification code	Budget plan (amounts for PROCUREMENT actions programmed)				
	1966 actual	1967 est.	1968 est.	1969 est.	1989 est.
17-1811-0-1-051					
Program by activities:					
Direct program:					
00.0101	1,231,739		737,404	153,964	76,189
00.0201	5,298,999		3,400,575	718,317	309,018
00.0301	1,188,657		726,575	174,315	95,524
00.0401	1,378,671		726,575	174,315	95,524
00.0501	1,516,375		857,516	145,177	69,553
10.0001	9,612,441		5,729,746	1,210,206	605,584
Financing:					
21.4002					
21.4003					
23.4001		-737,900		-3,882,695	-2,672,489
24.4002		737,900		737,900	
24.4003					
40.0001			3,882,695	2,672,489	2,066,905
			737,900		1,643,958
	10,350,341		10,350,341		

Shipbuilding and Conversion, Navy
 Program and Financing (in thousands of dollars) FISCAL YEAR 1987 05 Jan 87

Identification code	Budget Plan (amounts for PROCUREMENT actions programmed)			
	1986 actual	1987 est.	1988 est.	1989 est.
Program by activities:				
Direct procurement:				
00.0101		1,432,100	836,041	1987 est.
00.0201		7,113,700	3,818,502	1988 est.
00.0301		35,000	1,151,396	1989 est.
00.0501		1,630,189	19,390	96,582
			5,845	441,253
00.9101		10,210,989	982,464	296,158
			1,705,419	115,240
01.0101		1,100	5,656,397	1,705,419
10.0001		1,100	1,100	653,573
		10,212,089	5,657,497	1,705,419
				653,573
Financing:				
Offsetting collections from:				
11.0001				
21.4002		-1,100	-1,100	
24.4002				
40.0001		10,210,989	4,554,592	-2,849,173
			2,849,173	2,195,600
		10,210,989	10,210,989	

Shipbuilding and Conversion, Navy
 Program and Financing (in thousands of dollars) FISCAL YEAR 1988

05 Jan 87

Identification code	Budget Plan (amounts for PROCUREMENT actions programmed)				Obligations			
	1986 actual	1987 est.	1988 est.	1989 est.	1986 actual	1987 est.	1988 est.	1989 est.
Program by activities:								
Direct program:								
00.0101		1,330,800				771,833		232,664
00.0201		7,502,655				3,957,634		1,193,347
00.0301		1,097,100				592,226		178,523
00.0401		297,300				164,704		49,649
00.0501		837,500				643,305		193,920
00.9101		11,065,355				6,129,702		1,848,103
01.0101		1,133				1,133		
10.0001		11,066,488				6,130,835		1,848,103
Financing:								
Offsetting collections from:								
11.0001			-1,133			-1,133		
21.4002							-4,935,653	
24.4002						4,935,653		3,087,550
40.0001		11,065,355				11,065,355		

Shipbuilding and Conversion, Navy
 Program and Financing (in Thousands of dollars) FISCAL YEAR 1989 05 Jan 87

Identification code	Budget Plan (amounts for PROCUREMENT actions programmed)				Obligations	
	1986 actual	1987 est.	1988 est.	1989 est.	1986 actual	1987 est.
Program by activities:						
Direct program:						
00.0101				1,398,300		786,541
00.0201				7,841,838		4,286,243
00.0301				741,100		225,589
00.0401				199,000		127,420
00.0501				1,678,200		1,193,262
00.9101				11,858,438		6,569,055
01.0101						1,167
10.0001				11,859,605		6,570,222
Financing:						
Offsetting collections from:						
11.0001						
Federal funds(-)						
24.4002				-1,167		-1,167
For completion of prior year budget plans						
40.0001				11,858,438		5,289,383
Budget authority (Appropriation)						
				11,858,438		11,858,438

Shipbuilding and Conversion, Navy
 Program and Financing (in Thousands of Dollars) SUMMARY 05 Jan 87

Identification code	Budget Plan (amounts for PROCUREMENT actions programmed)				Obligations			
	1986 actual	1987 est.	1988 est.	1989 est.	1986 actual	1987 est.	1988 est.	1989 est.
00.0101	1,231,739	1,432,100	1,330,800	1,398,300	1,075,651	1,433,862	1,431,198	1,315,002
00.0201	5,788,999	7,113,700	7,502,655	7,841,838	5,245,290	6,030,119	6,630,119	7,616,478
00.0301	1,376,657	35,000	1,097,100	741,100	899,967	274,621	1,326,938	533,850
00.0401	1,516,315	1,630,189	837,500	1,678,200	1,222,106	1,820,256	1,381,297	1,881,694
00.0501	9,612,441	10,210,989	11,065,355	11,858,438	8,831,946	9,885,786	10,769,975	11,317,736
01.0101	1,100	1,100	1,133	1,167	1,100	1,100	1,133	1,167
10.0001	9,612,441	10,212,089	11,066,488	11,859,605	8,831,946	9,886,886	10,771,108	11,318,903
Financing								
11.0001								
13.0001								
14.0001								
17.0001								
21.0001								
21.4002								
21.4003								
21.4004								
22.4001								
23.4002								
24.4002								
24.4003								
25.0001								
40.0001								
71.0001								
74.0001								
77.0001								
78.0001								
90.0001								

Shipbuilding and Conversion, Navy
Object Classification (in thousands of dollars) SUMMARY

05 Jan 87

Identification code	17-1611-0-1-051	1986 actual	1987 est.	1988 est.	1989 est.
Direct obligations:					
124.001	Printing and reproduction	264,958	296,573	323,099	339,532
125.003	Contracts	269,517	306,459	333,869	530,850
131.001	Equipment	8,297,471	9,282,754	10,113,007	10,627,354
199.001	Total Direct obligations	8,831,946	9,885,786	10,769,975	11,317,736
231.001	Reimbursable obligations:				
	Equipment				
299.001	Total Reimbursable obligations		1,100	1,133	1,167
999.901	Total obligations	8,831,946	9,886,886	10,771,108	11,318,903

STATUS OF COMPLETION OF PRIOR YEAR
SHIPBUILDING PROGRAMS

	Uncompleted Through 31 Dec 1986	To Be Completed in FY 1987	To Be Completed in FY 1988	To Be Completed in FY 1989 and Subsequent Years
FY 1981 and Prior Years				
Ships	3	1	1	1
New Construction	3	1	1	1
Conversion	0	0	0	0
FY 1982				
Ships	7	4	1	2
New Construction	7	4	1	2
Conversion	0	0	0	0
FY 1983				
Ships	13	6	4	3
New Construction	13	6	4	3
Conversion	0	0	0	0
FY 1984				
Ships	16	2	7	7
New Construction	15	2	6	7
Conversion	1	0	1	0
FY 1985				
Ships	23	0	6	17
New Construction	22	0	5	17
Conversion	1	0	1	0
FY 1986				
Ships	23	1	4	18
New Construction	17	0	0	17
Conversion	6	1	4	1
FY 1987				
Ships	21	0	1	20
New Construction	18	0	0	18
Conversion	3	0	1	2

The request for FY 1988 will provide for 16 new construction ships and 4 conversions. The FY 1989 request includes 19 new construction ships and 4 conversions.

BUDGET ACTIVITY NO.1 - BALLISTIC MISSILE SHIPS

(\$ in Thousands)

FY 1986 Actual	\$1,231,739
FY 1987 Estimate	\$1,432,100
FY 1988 Estimate	\$1,330,800
FY 1989 Estimate	\$1,398,300

PURPOSE AND SCOPE

Budget Activity 1 provides for the new construction of ballistic missile ships and supporting vessels and the conversion of existing ships to specialized configurations required to meet strategic objectives.

JUSTIFICATION OF FUNDS

The funds requested for appropriation for Budget Activity 1 include:

TRIDENT SSBN (NUCLEAR)

(\$ in Thousands)

<u>FY 1988</u>	<u>QTY</u>	<u>AMT</u>	<u>FY 1989</u>	<u>QTY</u>	<u>AMT</u>
	<u>1</u>	<u>\$1,330,800</u>		<u>1</u>	<u>\$1,398,300</u>

The FY 1988 request provides full funding of \$1,193,700,000 for the fifteenth TRIDENT submarine plus advance procurement funds of \$137,100,000 for the procurement of critical long lead nuclear components for the seventeenth submarine planned in FY 1990. The FY 1989 authorization request provides full funding of \$1,254,200,000 for the sixteenth TRIDENT submarine plus advance procurement funds of \$144,100,000 to procure critical long lead ship nuclear components for the eighteenth ship planned in 1991. The TRIDENT mission is to provide an undersea strategic missile system in order to ensure that the U.S. continues to maintain a credible, survivable deterrent independent of foreseeable threats. TRIDENT submarines are highly survivable due to the incorporation of the latest state of the art in submarine quietness, mobility and self-defense. Each has an integrated radio room designed to provide communication links in a hostile electromagnetic environment and carries the latest in submarine defense systems. Other features include a 70-day patrol period, a 25-day turnaround period between patrols, not less than 9 year intervals between overhauls/refuelings, and a projected operating life of 30 years.

BUDGET ACTIVITY NO.2 - OTHER WARSHIPS

(\$ in Thousands)

FY 1986 Actual	\$5,332,799
FY 1987 Estimate	\$7,113,700
FY 1988 Estimate	\$7,502,655
FY 1989 Estimate	\$7,841,838

PURPOSE AND SCOPE

Budget Activity 2 provides for construction, conversion, modernization or service life extension of major warships other than ballistic missile ships.

JUSTIFICATION OF FUNDS

The funds requested for appropriation for Budget Activity 2 include:

CVN AIRCRAFT CARRIER (NUCLEAR)

(\$ in Thousands)

<u>FY 1988</u>	<u>QTY</u>	<u>AMT</u>	<u>FY 1989</u>	<u>QTY</u>	<u>AMT</u>
		\$644,000			\$797,000

The FY 1988/89 request includes advance procurement for two NIMITZ class aircraft carriers planned for FY 1990 (CVN-74) and FY 1993 (CVN-75). The procurement of the two aircraft carriers will provide for replacement of the USS MIDWAY (CV-41) and a Forrestal class carrier which will be overage in the 1990's, thereby maintaining a force level of 15 deployable carriers. The FY 1988 request provides for critical long lead ship nuclear components for CVN-74. The FY 1989 request provides for critical long lead ship nuclear components for CVN-74 and CVN-75. The FY 1989 request provides for long lead contractor furnished material and limited prefabrication, long lead time nuclear components, and other government furnished material for CVN-74 and CVN-75.

SSN-688 CLASS SUBMARINE (NUCLEAR)

(\$ in Thousands)

FY 1988

QTY
3

AMT
\$1,736,900

FY 1989

QTY
2

AMT
\$1,527,800

The FY 1988 request provides full funding of \$1,519,400,000 for the construction of three SSN-688 Class nuclear submarines plus advance procurement funds of \$217,500,000 to provide for long lead time equipment for follow-on submarines in FY 1989 and FY 1990. The FY 1989 authorization request provides full funding of \$1,201,400,000 for two additional nuclear attack submarines and advance procurement funds of \$326,400,000 to procure critical long lead ship components for additional submarines in FY 1990 and 1991. Of the \$217,500,000 in FY 1988 advance procurement funds, \$107,700,000 is for nuclear propulsion equipment for the FY 1990 ships and \$109,800,000 is for long lead electronic and hull, mechanical, and electrical items for the FY 1989 program. The FY 1989 advance procurement request includes \$212,800,000 for nuclear propulsion equipment for the FY 1991 program and \$113,600,000 for long lead electronic and hull, mechanical, and electrical items for the FY 1990 program. The mission of the LOS ANGELES Class nuclear attack submarine is to destroy enemy ships, primarily submarines. It is a key element in our multi-type warfare forces. These submarines are capable of operating for long periods of time in waters under enemy air and surface control and are necessary to counter the new classes of Soviet high speed submarines.

SSN- 21 CLASS NEW DESIGN SUBMARINE (NUCLEAR)

(\$ in Thousands)

FY 1988

QTY
-

AMT
\$257,600

FY 1989

QTY
1

AMT
\$1,481,000,000

The FY 1988 request includes \$257,600,000 in advance procurement funds to provide for long lead nuclear components, detail design, long lead contractor furnished material, and long lead electronic, hull, mechanical, and electrical equipment for the lead SSN-21 class submarine planned in FY 1989. The FY 1989 request includes \$1,088,000,000 in full funding for the lead ship and \$393,000,000 of advance procurement funding for long lead nuclear components for the FY 1991 program. The SSN-21 submarine is intended to combat the rapidly increasing capabilities of the Soviet submarine force into the 1990's and beyond.

CV (SLEP) AIRCRAFT CARRIER

(\$ in Thousands)

<u>FY 1988</u>	<u>QTY</u>	<u>AMT</u>	<u>FY 1989</u>	<u>QTY</u>	<u>AMT</u>
	<u>1</u>	<u>\$729,755</u>			<u>\$62,743</u>

The FY 1988 appropriation request provides full funding of \$685,655,000 for the CV-63 (Kitty Hawk) SLEP, plus \$44,100 for advance procurement of long leadtime materials for the CV-64 (CONSTELLATION) SLEP scheduled for FY 1991. The FY 1989 request of \$62,743,000 provides for additional long leadtime materials for the CV-64 SLEP. The Aircraft Carrier SLEP will extend the life of the eight conventionally powered big deck aircraft carriers from 30 years to a total of 45 years. The SLEP will be accomplished through a 37 month availability in which equipments, systems, and structure will be repaired or replaced as necessary.

CG-47 AEGIS GUIDED MISSILE CRUISER

(\$ in Thousands)

<u>FY 1988</u>	<u>QTY</u>	<u>AMT</u>	<u>FY 1989</u>	<u>QTY</u>	<u>AMT</u>
	<u>2</u>	<u>\$1,937,500</u>		<u>2</u>	<u>\$1,768,795</u>

The FY 1988 request provides full funding of \$1,926,500,000 for construction of two AEGIS cruisers, plus \$11,000,000 for advance procurement items in support of multiyear procurement of the MK-45 gun. The FY 1989 request includes \$1,763,195,000 for full funding of two AEGIS cruisers and \$5,600,000 for advance procurement items in support of multi-year procurement of the MK-45 gun. This class of cruisers deploys AEGIS and other advanced systems, augmented by passive protection features, including fragmentation protection of launchers and magazines. The CG-47 is a multi-offensive, heavily armed, and survivable warship. Employment of the proven DD-963 class hull and propulsion system reduces uncertainties and lifetime costs. The CG-47 class ships are able to conduct prompt and sustained combat operations as part of a Carrier Battle Group or Surface Action Group to neutralize or destroy hostile air, missile, surface, and subsurface threats, and defeat simultaneous coordinated attacks by such forces.

DDG-51 GUIDED MISSILE DESTROYER

(\$ in Thousands)

FY 1988

QTY
3

AMT
\$2,196,900

FY 1989

QTY
3

AMT
\$2,204,500

The FY 1988 request provides full funding of \$2,122,300,000 for construction of three DDG-51 Guided Missile Destroyers in FY 1988 and advance procurement of \$74,600,000 long lead government furnished equipment and the multi-year procurement of the 5"54 gun. The FY 1989 request provides full funding of \$2,131,500,000 for three ships and \$73,000,000 of advance procurement funds in support of the 1990 program. The DDG-51 will have a combat system which has the capability to perform simultaneous missions in Anti-air, Strike, Anti-Surface, and Anti-Submarine warfare areas. The ship will operate as an integral part of the Carrier Battle Group. The DDG-51 Class design provides outstanding combat capability and survivability while meeting procurement and lifecycle support constraints.

BUDGET ACTIVITY NO. 3 - AMPHIBIOUS SHIPS

(\$ in Thousands)

FY 1986 Actual	\$1,188,657
FY 1987 Estimate	\$ 35,000
FY 1988 Estimate	\$1,097,100
FY 1989 Estimate	\$ 741,100

PURPOSE AND SCOPE

Budget Activity 3 provides for the construction and conversion of amphibious ships.

JUSTIFICATION OF FUNDS

The funds requested for appropriation for Budget Activity 3 include:

LHD-1 AMPHIBIOUS ASSAULT SHIP

(\$ in Thousands)

<u>FY 1988</u>	<u>QTY</u>	<u>AMT</u>	<u>FY 1989</u>	<u>QTY</u>	<u>AMT</u>
	<u>1</u>	<u>\$772,900</u>		<u>1</u>	<u>\$741,100</u>

The FY 1988 request includes \$740,700,000 for construction of one LHD ship in FY 1988 and \$32,200,000 for advance procurement for the FY 1989 program. The FY 1989 request includes full funding of \$741,100,000 for one ship. The advance funding provides for procurement of priced options for boiler components, turbines and reduction gears, ship service turbine generators, main condensers, and emergency diesel generators. The option price for the FY 89 LHD is contingent upon exercising these items in FY 88. The LHD-1 is a multi-purpose amphibious assault ship which will transport elements of the landing force (personnel, vehicles, cargo and POL), landing craft (LCAC or conventional), VSTOL aircraft, and helicopters in support of an amphibious assault operation. In a convertible role the LHD will have the capability of deploying VSTOL aircraft and helicopters in secondary sea control and power projection missions.

LSD-41 LANDING SHIP DOCK (Cargo Variant)

(\$ in Thousands)

<u>FY 1988</u>	<u>QTY</u>	<u>AMT</u>	<u>FY 1989</u>	<u>QTY</u>	<u>AMT</u>
	<u>1</u>	<u>\$324,200</u>			

The FY 1988 appropriation request includes \$324,200,000 to fund one LSD-41 Class Dock Landing/(Cargo Variant) ship. The LSD will transport and launch amphibious craft and vehicles with their crews and embarked personnel in amphibious assault operations. It will also provide limited docking and repair services for conventional landing craft and Air Cushion Landing Craft (LCAC). The ship will differ from the original LSD-41 in that it will have two less LCAC and additional cargo capacity.

BUDGET ACTIVITY NO. 4 - MINE WARFARE AND PATROL SHIPS

(\$ in Thousands)

FY 1986 Actual	\$342,871
FY 1987 Estimate	-0-
FY 1988 Estimate	\$297,300
FY 1989 Estimate	\$199,000

PURPOSE AND SCOPE

Budget Activity 4 provides for the construction and conversion of ships with minesweeping capability, as well as patrol and escort ships.

JUSTIFICATION OF FUNDS

The funds requested for appropriation for Budget Activity 4 include:

MCM MINE COUNTERMEASURES SHIP

(\$ in Thousands)

<u>FY 1988</u>	<u>QTY</u>	<u>AMT</u>	<u>FY 1989</u>	<u>QTY</u>	<u>AMT</u>
	3	\$297,300			

The FY 1988 request includes \$297,300,000 for the final three ships of the AVENGER class, which operate in shallow and deep ocean areas. These ships will be built to military standards and will be an effective platform from which to operate new mine hunting and neutralizing equipments. The MCM will also have the capability to conduct mine clearance operations.

MHC COASTAL MINE HUNTER

(\$ in Thousands)

<u>FY 1988</u>	<u>QTY</u>	<u>AMT</u>	<u>FY 1989</u>	<u>QTY</u>	<u>AMT</u>
				2	\$199,000

Appropriation of \$199,000,000 is requested for two MHC ships in FY 1989. The MHC is a new class of coastal minehunting ships capable of mine reconnaissance, classification, and neutralization of moored and bottom mines in a U.S. harbor and coastal environment.

BUDGET ACTIVITY NO. 5 - AUXILIARIES, CRAFT, AND PRIOR YEAR PROGRAM COSTS

(\$ in Thousands)

FY 1986 Actual	\$1,516,375
FY 1987 Estimate	\$1,630,189
FY 1988 Estimate	\$ 837,500
FY 1989 Estimate	\$1,678,200

PURPOSE AND SCOPE

Budget Activity 5 provides for the construction, conversion and acquisition of auxiliary ships and craft, as well as other costs such as outfitting, post delivery, cost growth, and escalation on prior year shipbuilding programs when required.

JUSTIFICATION OF FUNDS

The funds requested for appropriation for Budget Activity 5 include:

TAO FLEET OILER

\$ in Thousands)

<u>FY 1988</u>	<u>QTY</u>	<u>AMT</u>	<u>QTY</u>	<u>AMT</u>
	<u>2</u>	<u>\$279,100</u>	<u>2</u>	<u>\$256,400</u>
				<u>FY 1989</u>

The FY 1988 request of \$279,100,000 provides for two TAO Fleet Oilers. The FY 1989 request of \$256,400,000 includes two additional ships. The Fleet Oiler will operate as a unit of an Underway Replenishment Group or independently, to furnish petroleum (POL) products to operating forces at sea. The ship transports bulk POL from shore depots to AOE's, AORs, AOs, T-AOs and other ships. The ship will be capable of replenishing from five stations simultaneously and will also be capable of replenishment of fleet freight, mail, and personnel.

AO(J) FLEET OILER (JUMBO)

(\$ in Thousands)

<u>FY 1988</u>	<u>QTY</u>	<u>AMT</u>	<u>QTY</u>	<u>AMT</u>
	<u>1</u>	<u>\$44,100</u>	<u>2</u>	<u>\$84,900</u>
				<u>FY 1989</u>

AO(J) FLEET OILER (JUMBO) CONT.

The AO (JUMBO) conversion program is designed to increase the 120,000 barrel fuel capacity of existing AO-177 class ships to 180,000 barrels. The FY 1988 request of \$44,100,000 provides for the conversion of one ship. The FY 1989 request of \$84,900,000 provides for two additional conversions. The mission of the AO(J) is to transport bulk petroleum, oil and lubricants (POL) from shore depots to AOE's, AOR's, AO's, TAO's, and other ships. In addition, the AO(J) is intended to receive and deliver, by connected replenishment, fleet freight, mail and personnel.

TAGOS OCEAN SURVEILLANCE SHIP

(\$ in Thousands)

<u>FY 1988</u>	<u>QTY</u>	<u>AMT</u>	<u>FY 1989</u>	<u>QTY</u>	<u>AMT</u>
				3	\$169,200

Appropriation of \$169,200,000 is requested in FY 1989 for three TAGOS hulls designed with the SWATH (Small Water Plane Area Twin Hull) configuration. TAGOS ships will be used as a unit of the Military Sealift Command to support the towed arrays and data processing/transmitting equipments of the SUPTASS system which collects, processes, and transmits acoustic data.

AOE FAST COMBAT SUPPORT SHIP

(\$ in Thousands)

<u>FY 1988</u>	<u>QTY</u>	<u>AMT</u>	<u>FY 1989</u>	<u>QTY</u>	<u>AMT</u>
				1	\$425,400

The FY 1989 appropriation request includes \$425,400,000 for one AOE Fast Combat Support Ship. The AOE will deliver on-station munitions, bulk POL, and dry and frozen provisions to battle groups underway in hostile environments. The AOE significantly extends the endurance of the Battle Group for combat operations.

AGOR/TAGS OCEANOGRAPHIC RESEARCH VESSEL

(\$ in Thousands)

FY 1988

QTY

AMT

FY 1989

QTY

AMT
\$49,000

The Oceanographic Research Ship program provides for two separate missions: ocean research, performed by AGOR class ships, and ocean survey, performed by TAGS class ships. Both AGOR and TAGS classes include two hull-types, monohull and SWATH (Small Waterplane Area Twin Hull). The FY 1989 request includes two for construction of one TAGS (SWATH) Oceanographic Research Vessel. The TAGS (SWATH) will provide an ocean survey data collection capability worldwide, performing operations which satisfy a broad spectrum of oceanographic requirements, including launching, towing, and recovery of a variety of large and heavy equipments.

SERVICE CRAFT

(\$ in Thousands)

FY 1988

QTY

AMT
\$12,500

FY 1989

QTY

AMT

Appropriation of \$12,500,000 is requested in FY 1988 for thirteen open lighters (YC), one dredge (YM), and three aircraft transportation lighters (YCV).

STRATEGIC SEALIFT (RRF) READY RESERVE FORCE

(\$ in Thousands)

FY 1988

QTY

AMT
\$43,400

FY 1989

QTY

AMT
\$35,400

The FY 1988 appropriation request includes \$43,400,000 for the acquisition of ships for the Ready Reserve Force (RRF). Appropriation of \$35,400,000 is also requested for the acquisition of additional ships for the Ready Reserve Force in FY 1989. The Ready Reserve Force is a sub-element of the National Defense Reserve Fleet which provides timely sealift capability to promptly outload and transport those forces that may be expected to be deployed in a contingency or reinforcement scenario. The ships which will be acquired are suitable for military support operations. These funds will permit the Department to take advantage of the currently favorable market for purchase of sealift vessels.

LCAC LANDING CRAFT AIR CUSHION

(\$ in Thousands)

<u>FY 1988</u>	<u>QTY</u>	<u>AMT</u>	<u>FY 1989</u>	<u>QTY</u>	<u>AMT</u>
		<u>\$43,700</u>		<u>9</u>	<u>\$229,200</u>

The FY 1988 request includes \$43,700,000 for advance procurement of long lead materials for the FY 1989 program. Advance procurement is required to minimize the effect of production line breaks for craft components such as engine and transmission assemblies, and to maintain craft delivery schedules necessary to meet amphibious lift requirements. The FY 1989 request includes \$165,400,000 for full funding of nine LCACs and \$63,800,000 for advance procurement in support of the FY 1990 program (12 craft). The Landing Craft Air Cushion (LCAC) is a fully amphibious air cushion vehicle capable of operating from existing and planned well deck ships. The LCAC transports weapons systems, equipment, cargo, and personnel of the assault elements of the Marine Air/Ground Task Force both from ship to shore and across the beach.

SEALIFT ENHANCEMENT: CRAFTS (CIVIL RESERVE AUXILIARY FLEET SHIPS) PROGRAM

(\$ in Thousands)

<u>FY 1988</u>	<u>QTY</u>	<u>AMT</u>	<u>FY 1989</u>	<u>QTY</u>	<u>AMT</u>
		<u>\$17,800</u>			<u>\$21,500</u>

The FY 1988 appropriation request of \$17,800,000 provides for installation of sealift enhancement features on U.S. flag commercial ships. This program supports the Civil Reserve Auxiliary Fleet Ships (CRAFTS) program modelled after the highly successful Air Force Civil Reserve Air Fleet program. The program here is intended to stimulate growth in the U.S. Flag Fleet, install militarily useful features on new construction ships, reduce the need to lay-up ships in the RRF, and provide increased employment for mariners to ensure an adequate manpower pool for sealift forces in time of mobilization. Under the CRAFTS program, potential operators and builders of ships would be encouraged by the Navy to state their intent to build a ship in a U.S. yard. The Navy would pay for the installation of any sealift enhancement features and support their maintenance and pay any operating penalty (fuel costs) due to increased dead weight for the next 15 years. Appropriation of \$21,500,000 is requested to continue this program in FY 1989. Sealift enhancement features will enable commercial ships to have military useful features at mobilization.

OUTFITTING MATERIAL

(\$ in Thousands)

<u>FY 1988</u>	<u>QTY</u>	<u>AMT</u>	<u>FY 1989</u>	<u>QTY</u>	<u>AMT</u>
		\$202,900			\$240,200

The FY 1988 and FY 1989 appropriation requests provide for outfitting material consisting of government furnished spares, repair parts, and other material required to fill ships' initial allowance of storeroom and operating space items.

POST DELIVERY

(\$ in Thousands)

<u>FY 1988</u>	<u>QTY</u>	<u>AMT</u>	<u>FY 1989</u>	<u>QTY</u>	<u>AMT</u>
		\$140,900			\$112,000

The FY 1988 request includes \$140,900,000 for Post Delivery. Appropriation of \$112,000,000 is requested in FY 1989. Post Delivery costs include the design, planning, government furnished material, and related labor costs required to correct ship deficiencies defined during acceptance and shakedown trials. It is limited to the work which can be accomplished within eleven to fifteen months following Completion of Fitting Out. All funds required for correction of deficiencies for a particular ship are budgeted in the first fiscal year in which funding is required.

TACS AUXILIARY CRANE SHIP (CONVERSION)

(\$ in Thousands)

	<u>FY 1988</u>		<u>FY 1989</u>
	<u>QTY</u>		<u>QTY</u>
	2		2
	<u>AMT</u>		<u>AMT</u>
	\$53,100		\$55,000

The FY 1988 request includes \$53,100,000 for the modification of two ships to the TACS crane ship configuration. The request in FY 1989 will provide \$55,000,000 to modify two follow-on TACS ships. The TACS primary mission is to offload non-self-sustaining container ships brought alongside in moderate conditions of sea and swells. The TACS ships will permit offloading of container ships at locations where container facilities do not exist or are inoperable.

COMPARISON OF FY 1986 PROGRAM REQUIREMENTS AS REFLECTED
IN FY 1987 BUDGET WITH FY 1986 PROGRAM REQUIREMENTS AS
SHOWN IN FY 1988 BUDGET

SUMMARY OF REQUIREMENT (\$ IN THOUSANDS OF DOLLARS)

	Total Program Requirements Per 1987 Budget	Program Requirements Per 1988 Budget	Increase (+) or Decrease (-)
Fleet Ballistic Missile Ships	1,309,400	1,231,739	- 77,661
Other Warships	5,748,200	5,332,799	- 415,401
Amphibious Ships	1,641,700	1,188,657	- 453,043
Mine Warfare and Patrol Ships	381,700	342,871	- 38,829
Auxiliaries, Craft and PY Program Costs	1,759,400	1,516,375	- 243,025
Reimbursable Program	1,050	0	- 1,050
Total Fiscal Year Program	10,841,450	9,612,441	-1,229,009

EXPLANATION BY BUDGET ACTIVITY
(\$ IN THOUSANDS)

1. FLEET BALLISTIC MISSILE SHIPS (\$-77,661) - The FY 1988 budget submission reflects Gramm-Rudman-Hollings reductions of \$64,161, including \$56,414 from the TRIDENT program and \$7,747 from TRIDENT AP funds. Prior year rescissions included in the FY 1987 Appropriation Act decreased TRIDENT program funds by an additional \$13,500.
2. OTHER WARSHIPS (\$-415,401) - The FY 1988 budget submission reflects Gramm-Rudman-Hollings reductions of \$261,301 from: SSN (\$-100,671), SSN AP (\$-23,834), CV SLEP AP (\$-2,548), BB (\$-2,620), CG-47 (\$-128,002) and DDG-51 AP (\$-3,626) line items. Prior year rescissions in the FY 1987 Appropriation Act totaled \$-145,700, reducing SSN (\$-101,300), BB (\$-11,100), and CG-47 (\$-33,300). This activity also includes a decrease of \$8,400 for the SSN program which reflects a redistribution of the FY 1986 Congressional undistributed inflation cut.
3. AMPHIBIOUS SHIPS (\$-453,043) - The FY 1988 budget submission reflects Gramm-Rudman-Hollings reductions of \$80,443 from: LSD (\$-18,297), LHD (\$-54,032) and LHD AP (\$-8,114) line items. Prior year rescissions in the FY 1987 Appropriation Act totaled \$381,000, reducing LSD (\$-3,600), LHD (\$-219,914) and LHD AP (\$-157,486) line items. In addition to Gramm-Rudman-Hollings reductions and the FY 1987 rescissions, the LSD program includes an increase of \$8,400 due to the realignment of the FY 1986 Congressional undistributed inflation cut.

4. MINE WARFARE AND PATROL SHIPS (\$-38,829) - The FY 1988 budget submission reflects Gramm-Rudman-Hollings reductions of \$17,229 from the MCM (\$-8,188) and MSH (\$-9,041) line items. A prior year rescission in the FY 1987 Appropriation Act reduced the MSH by \$175,459 and added the MHC for \$120,059. Additionally the mine warfare program includes a Congressional prior approval reprogramming request which would transfer \$33,800 from the Service Craft and Outfitting line items (Budget Activity 5) into the MCM program.
5. AUXILIARIES, CRAFT, AND PRIOR YEAR PROGRAM COSTS (\$-243,025) - The FY 1988 budget submission reflects Gramm-Rudman-Hollings reductions of \$66,925 from: AG (\$-2,793), TAO (\$-7,549), TAGOS (\$-5,581), TAGOS AP (\$-59), TACS (\$-4,042), TAVB (\$-806), MTSD (\$-1,300), LCAC (\$-13,534), LCAC AP (\$-1,509), Service Craft (\$-1,847), Sealift (\$-11,192), Outfitting (\$-11,196) and Post Delivery (\$-5,517) line items. Prior year rescissions in the FY 1987 Appropriation Act totaled \$142,300, reducing TAO (\$-7,700), one TAGOS Swath ship (\$-69,000), TACS (\$-7,500), LCAC (\$-6,409), LCAC AP (\$-29,291), MTSD (\$-3,700), Service Craft (\$-1,200), Outfitting (\$-12,000), and Post Delivery (\$-5,500) line items. This budget activity also includes a Congressional prior approval request which would transfer \$23,801 from the Service Craft line item and \$9,999 from the outfitting line item into the MCM (Budget Activity 4) program. Similarly, an approved reprogramming is reflected which transferred \$4,193 from the TACS line item into the TAVB program.
6. REIMBURSABLE PROGRAM (\$-1,050) - Deletion of anticipated reimbursable requirements.

COMPARISON OF FY 1987 PROGRAM REQUIREMENTS AS REFLECTED
IN FY 1987 BUDGET WITH FY 1987 PROGRAM REQUIREMENTS AS
SHOWN IN FY 1988 BUDGET

SUMMARY OF REQUIREMENT (\$ IN THOUSANDS OF DOLLARS)

	Total Program Requirements Per 1987 Budget	Program Requirements Per 1988 Budget	Increase (+) or Decrease (-)
Fleet Ballistic Missile Ships	1,509,100	1,432,100	- 77,000
Other Warships	7,322,500	7,113,700	- 208,800
Amphibious Ships	255,100	35,000	- 220,100
Mine Warfare and Patrol Ships	196,100	0	- 196,100
Auxiliaries, Craft and PY Program Costs	1,763,400	1,630,189	- 133,211
Reimbursable Program	1,100	1,100	0
Total Fiscal Year Program	11,047,300	10,212,089	- 835,211

EXPLANATION BY BUDGET ACTIVITY
(\$ IN THOUSANDS)

1. FLEET BALLISTIC MISSILE SHIPS (\$-77,000) - Congressional action on the FY 1987 budget reduced TRIDENT full funding by \$77,000 (including \$-14,300 as part of the undistributed inflation reduction).
2. OTHER WARSHIPS (\$-208,800) - Congressional action on the FY 1987 budget included reductions to the SSN-21 AP (\$-79,300), and SSN-688 (\$-81,800) line items. Congressional action also deleted one DDG-51 destroyer (\$-777,700) and provided for one additional CG-47 cruiser ship in FY 1987 (\$+801,200). An additional reduction was applied to the SSN-688 (\$-21,600), CG-47 (\$-29,900) and DDG-51 (\$-19,700) as part of the undistributed Congressional inflation reduction.
3. AMPHIBIOUS SHIPS (\$-220,100) - Congressional action on the FY 1987 budget included reductions to the LHD-1 AP (\$-197,000) and the LPD SLEP AP (\$-23,100) line items.
4. MINE WARFARE AND PATROL SHIPS (\$-196,100) - Congressional action on the FY 1987 budget eliminated four MSH ships (\$-196,100).

EXPLANATION BY BUDGET ACTIVITY CONT.
(\$ IN THOUSANDS)

5. AUXILIARIES, CRAFT AND PRIOR YEAR PROGRAM COSTS (\$-133,211) - Congressional action on the FY 1987 budget included reductions to the TAO (\$-16,500), AO JUMBO (\$-22,300), AOE (\$-113,700), Outfitting (\$-8,511), Post Delivery (\$-8,500) line items, disapproval of Sealift Enhancement (\$-20,700) and transfer of the Contract Design (\$-69,400) line item to RDT&E. An additional reduction was applied to the TAO (\$-2,000) and TAGOS (\$-36,500) as part of the undistributed Congressional inflation reduction. Congressional action also increased the number of TAGOS ships from three to four (+79,900) due to rescission of the FY 86 SWATH hull, increased funding for Service Craft (\$+35,000) for Coastal Hydrographic Vessels and provided for an addition of \$50,000 to the Strategic Sealift program.

6. REIMBURSABLE PROGRAM (\$0) - No change.

COMPARISON OF FY 1986 FINANCING AS REFLECTED
IN FY 1986 BUDGET WITH FY 1986 FINANCING AS
SHOWN IN FY 1988 BUDGET
(\$ IN THOUSANDS)

	Financing Per FY 1987 Budget	Financing Per FY 1988 Budget	Increase (+) or Decrease (-)
Program Requirements (Total)	\$10,841,450	\$9,612,441	\$-1,229,009
Program Requirements (Service Account)	(\$10,840,400)	(\$9,612,441)	(\$-1,227,959)
Program Requirements (Reimbursable)	(\$1,050)	(0)	(\$-1,050)
Less: Anticipated Reimbursements	\$ 1,050	\$ 0	\$- 1,050
Plus: Unobligated Balance Available to Finance Subsequent Year Budget	\$ 0	\$ 737,900	\$+ 737,900
Appropriation (Adjusted)	\$10,840,400	\$10,350,341	\$- 490,059

EXPLANATION OF CHANGES IN FINANCING

The Fiscal Year 1986 budget has changed since the presentation of the FY 1987 budget as noted below:

1. Program Requirements. There has been a decrease of\$-1,229,009
Service Account.....\$-1,227,959
reimbursable.....\$- 1,050

2. The new program requirement change of \$1,229,009 reflects the Gramm-Rudman-Hollings reduction of \$-490,059 and rescissions of \$-737,900 included in the FY 1987 Appropriation Act and deletion of the reimbursable requirements.

COMPARISON OF FY 1987 FINANCING AS REFLECTED
 IN FY 1987 BUDGET WITH FY 1987 FINANCING AS
 SHOWN IN FY 1988 BUDGET
 (\$ IN THOUSANDS)

	Financing Per FY 1987 ----- Budget	Financing Per FY 1988 ----- Budget	Increase (+) or Decrease (-)
Program Requirements (Total)	\$11,047,300	\$10,212,089	\$-835,211
Program Requirements (Service Account)	(\$11,046,200)	(\$10,210,989)	(\$-835,211)
Program Requirements (Reimbursable)	(\$1,100)	(\$1,100)	(0)
Less:			
Anticipated Reimbursements	\$ 1,100	\$ 1,100	0
Appropriation (Adjusted)	\$11,046,200	\$10,210,989	\$-835,211

EXPLANATION OF CHANGES IN FINANCING

The Fiscal Year 1987 budget has changed since the presentation of the FY 1987 budget as noted below:

1. Program requirements. There has been a decrease of \$-835,211 to reflect the approved appropriation vice the amount requested.