



DEPARTMENT OF THE NAVY
OFFICE OF THE CHIEF OF NAVAL OPERATIONS
2000 NAVY PENTAGON
WASHINGTON, D.C. 20350-2000

IN REPLY REFER TO

FEB 13 2006

Dear Mr. Skelton,

Thank you for your letter of January 19, 2006, concerning Navy's FY 07 Unfunded Program Requirements. While recent increases and supplemental funding initiatives provided by the President of the United States and members of Congress have given some budgetary relief, the enclosed list details additional shortfalls the Department of the Navy (DoN) is facing.

The resources contained in the DoN's FY 07 Budget help us to support the joint war on terror, sustain our combat readiness, and provide quality services and benefits for our Sailors and their families. However, persistent operations related to the Global War on Terrorism and attaining our shipbuilding and aircraft procurement objectives continue to stretch the Navy's resources. As the DoN continues to focus on our new defense strategy and on the emergent challenges of the 21st century, fiscal choices resulted in some important programs being under funded.

For FY 07, Navy unfunded programs total approximately \$4.6 billion. These unfunded items are listed in enclosure (1). If I may be of any further assistance, please let me know.

Sincerely,

A handwritten signature in cursive script, reading "M. G. Mullen", followed by a horizontal line.

M. G. MULLEN
Admiral, U.S. Navy

The Honorable Ike Skelton
House of Representatives
Washington, DC 20515

Enclosure: 1. Navy FY 07 Unfunded Program Requirements

Copy to:

The Honorable Duncan Hunter
The Honorable John W. Warner
The Honorable Carl Levin

FY07 Unfunded Program Requirements List

1	Joint Service & EOD Improvised Explosive Device (IED) Counter Measures (CM)	16.80	Funds required for procurement of Navy specific Systems and Joint Force Protection R&D to counter Radio Controlled (RC) IED's to prevent initiation/detonation. USN has recently been designated as DoD Single Service Manager for Counter Radio Controlled IED Electronic Warfare (CREW).
2	MILPERS Fact of Life Shortfalls	266.70	Emergent, fact of life MPN increases - BAH expenses; Death Gratuity, Unemployment Compensation; PCS Spillover from FY06.
3	Ship/Aviation Ops and Maintenance	515.00	Funds Shortfalls in Ship Ops, Aviation Depot Engines, Surface Ship Depot Maintenance, Aviation Depot Airframes and Flying Hours.
4	LPD 17 Acceleration	1,285.00	Shifts planned FY08 LPD-17 procurement from FY08 to FY07.
5	MH-60S / MH-60R	140.00	MH-60S: Procures 8 additional aircraft for a total of 26 in FY07. Restores PB06 inventory objective providing critical SUJW capability coverage for Carrier and Expeditionary Strike Groups; MH-60R: Procures one additional aircraft for a total of 26 in FY07 allowing initial 60R Carrier Strike Group squadron to deploy with 10 aircraft ensuring full rotary wing capability.
6	Bachelor Enlisted Quarters / Fitness for Life MILCON	185.47	Includes three military construction projects to provide Bachelor Enlisted Quarters in support of operations, reduction of inadequate facilities, and training. Includes four military construction projects for new Fitness Centers.
7	Scan Eagle (SHUAV)	39.70	Leases 3 commercial Scan Eagle (SHUAV) systems (each system contains up to 10 air vehicles) to be rotated between deployed CENTCOM surface combatants in support of the ISR mission.
8	NECC - Riverine Funding	20.00	Accelerates the procurement and training for the 3rd Riverine Squadron from FY08 to FY07.
9	Procure 2 LCS in FY07	520.00	Accelerates littoral combat capability by 2 additional ships in support of GWOT and MIO.
10	T-45C	202.40	Procures 6 additional aircraft (18 total in FY07) to meet Joint Undergraduate Military Flight Officer training syllabus requirement. Maximum production limit is 18 aircraft/year.
11	T-6A	28.87	Procures 5 additional aircraft for 26 total in FY07. Restores inventory lost in PR07 endgame and maximizes USN production limit of 26 aircraft.
12	Thin Line Towed Array Reliability, Operability and Capability Improvements	26.00	Funds development of key technologies needed to provide submarines with a sensor for long range passive detection against quiet diesel submarines in the littorals. Integrates the Thin Line Twin Line Towed Array (similar to SURTASS) capability on submarines. Develops and integrates Field Programmable Gate Arrays which enable thin line towed arrays to fully exploit the passive acoustic environment by adapting to the local environmental conditions. Conducts reliability testing of fiber optic towed arrays and thin line towed arrays.
13	LCS Seafare O&M,N	30.00	No support funding currently programmed for LCS ships during pre-commissioning and prior to PSA. Must pay to fund fleet introduction including transit costs to homeport (San Diego).
14	Operational Support MCON	216.83	Includes three military construction projects to support Navy operations. Berthing Pier 12 replacement Naval Station San Diego (\$88.98) - demolishes decaying existing pier and replaces with new to meet fleet requirements; Waterfront Development, Naval Support Activity Bahrain (\$77.87M) - constructs an access bridge and new waterfront area facilities in support of Explosive Ordnance Disposal, Harbor Patrol, Mine Countermine, and Seal Units. Harden Base Electrical systems, COMNAV/MARIANAS Guam (49.98) - provides hardened electrical systems for critical circuits for Navy facilities and infrastructure.
15	MPS Lease Buyout	487.40	Buys remaining 9 ships.
16	F/A-18E/F	600.40	Procures 12 additional aircraft for a total of 48 in FY07. Maximizes quantity on multi-year contract and mitigates DON TACAIR inventory shortfall and GWOT losses.
TOTAL		4,580.57	