

Department of the Navy  
Operation and Maintenance, Navy  
2B2G Ship Activations/Inactivations  
FY 2005 President's Budget Submission  
Exhibit OP-5

**I. Description of Operations Financed:**

SHIP ACTIVATIONS/INACTIVATIONS - Inactivation of surface ships includes depot level and hull maintenance to ensure that retention assets are maintained in the highest practical state of material readiness, and that stricken ships are maintained in a safe stow condition that ensures security of the ship and protection of the environment. The program also includes environmental abatement of hazardous materials onboard stricken inactive ships, and ship dismantling and recycling. Inactive ship maintenance provides for the operation of three Government-Owned-Contractor-Operated (GOCO) Inactive Ship On-Site Maintenance Offices (ISMO) at Bremerton, WA, Pearl Harbor, HI, and Philadelphia, PA and one ISMO detachment at Newport, RI; the salaries of civilian personnel at those facilities; the maintenance of inactive ships berthed at these facilities; the preparation of ships for disposal upon CNO N43 change and storage of Navy ships at MARAD facilities. The composition and disposition of inactive ships is reviewed annually by CNO N43 to determine the number of ships to be held for retention. This program does not include costs associated with towing and berthing at Naval Shipyard storage facilities while awaiting final disposition. For ships previously inactivated and currently in safe waterborne storage, this program includes reactor compartment removal and disposal and hull disposal/recycling availabilities. This program also provides for decontamination of nuclear support facilities on surface tenders.

The Nuclear Ship Inactivation and Disposal Program includes inactivation (INACT), reactor compartment disposal (RCD) (submarines), reactor compartment encapsulation and disposal (RCED) (cruisers) and hull recycling (RCYC) of nuclear powered submarines and nuclear powered cruisers and the decontamination (DECON) of nuclear support facilities on submarine (AS) and surface (AD) tenders. The program is responsible for all technical, environmental and international treaty requirements associated with the safe and responsible inactivation and disposal of U.S. Navy nuclear powered ships. Program schedules are determined by Presidential directives for international treaty requirements (START I/II); SECDEF, SECNAV and CNO force level structure decisions; and the need for safe and timely disposal of nuclear powered warships.

Information Resource Management (IRM) funds Information Technology (IT) support at NAVSEA HQ. This includes corporate IT systems within HQ such as AUTODOC which tracks funding documents and will lead to a paperless financial system, and the Command Document Management System (CDMS) to facilitate paperless management. It also supports IT initiatives such as the Standard Procurement System (SPS) and Defense Travel System (DTS). Also included are NAVSEA network services; Naval Message Delivery System; Help Desk Services; IT policy assessment; Technology oversight; Information Assurance services; and Capital Planning to ensure compliance with the Clinger Cohen Act.

**II. Force Structure Summary:**

Activations and Inactivations funding provides for the support of inactivations of surface ships. Funding also supports: 1) the operation of Government-Owned-Contractor-Operated (GOCO) Inactive Ship Maintenance, and disposal of inactive ships at these ISMF; and 2) reimbursing of the Maritime Administration (MARAD) for maintenance and lay-up of Navy assets. In addition, funding provides for the coordination, planning, execution and support of nuclear submarine inactivations and disposal.

IRM supports major NAVSEA IT systems. The entire IT infrastructure of the Command provides critical Fleet Support and interface for all voice, data and message distribution.

Department of the Navy  
 Operation and Maintenance, Navy  
 2B2G Ship Activations/Inactivations  
 FY 2005 President's Budget Submission  
 Exhibit OP-5

**III. Financial Summary (\$ in Thousands):**

**A. Sub-Activity Group Total**

	FY 2003	Budget	FY 2004	Current	FY 2005
	<u>Actuals</u>	<u>Request</u>	<u>Appropriation</u>	<u>Estimate</u>	<u>Estimate</u>
	199,787	167,127	172,623	173,978	212,393

**B. Reconciliation Summary**

	<b><u>Change</u></b>	<b><u>Change</u></b>
	<b><u>FY 2004/2004</u></b>	<b><u>FY 2004/2005</u></b>
Baseline Funding	167,127	173,978
Congressional Adjustments - Distributed	7,000	0
Congressional Adjustments - Undistributed	-32	0
Adjustments to Meet Congressional Intent	0	0
Congressional Adjustments - General Provisions	-1,472	0
Subtotal Appropriation Amount	172,623	0
Across-the-board Reduction (Rescission)	0	0
Emergency Supplemental Carryover	0	0
Program Changes (Current Year to Current Year)	1,355	0
Subtotal Baseline Funding	173,978	0
Anticipated Supplemental	0	0
Reprogrammings	0	0
Price Change	0	6,658
Functional Transfers	0	0
Program Changes	0	31,757
Normalized Current Estimate	173,978	0
Current Estimate	0	212,393

Department of the Navy  
 Operation and Maintenance, Navy  
 2B2G Ship Activations/Inactivations  
 FY 2005 President's Budget Submission  
 Exhibit OP-5

**C. Reconciliation of Increases and Decreases**

<b>1. FY 2004 President Budget Request.</b>		<b>167,127</b>
<b>2. Congressional Adjustment (Distributed).</b>		<b>7,000</b>
a) Ship Disposal Program	7,000	
<b>3. Congressional Adjustment (Undistributed).</b>		<b>-32</b>
a) Unobligated Balances	-32	
<b>4. Congressional Adjustment (General Provision).</b>		<b>-1,472</b>
a) Sec. 8101: Reduce IT Development Cost Growth	-167	
b) Sec. 8094: Management Improvements	-503	
c) Sec. 8126: Economic Assumptions	-802	
<b>5. FY 2004 Appropriated Amount.</b>		<b>172,623</b>
<b>6. Program Increases FY 2004 (Emergent Requirements).</b>		<b>1,355</b>
a) Ship Inactivation/Disposal program increased in mission funding requirements due to the transfer of Puget Sound Naval Shipyard (PSNY) from a working capital fund activity to mission funding.	1,355	
<b>7. Baseline Funding (subtotal).</b>		<b>173,978</b>
<b>8. Revised FY 2004 Current Estimate.</b>		<b>173,978</b>
<b>9. Normalized Current Estimate for FY 2004.</b>		<b>173,978</b>
<b>10. FY 2005 Price Change.</b>		<b>6,658</b>
<b>11. Program Growth in FY 2005.</b>		<b>68,914</b>
a) Inactivation/RCED/Recycling of Ex-USS MISSISSIPPI (CGN 40).	35,776	
b) Acceleration of the USS PORTSMOUTH (SSN 707).	23,610	
c) FY05 estimates for the maintenance and repair of facilities and equipment unique to the Nuclear Inactivation Program in transporting and delivering the nuclear reactor compartments to the Hanford Land Burial Site are greater than in FY04.	9,528	
<b>12. One Time FY 2004 Costs.</b>		<b>-7,098</b>
a) One time cost associated with Congressional add in support of Ship Disposals.	-7,098	
<b>13. Program Decrease in FY 2005.</b>		<b>-30,059</b>
a) Activation/Inactivation of Surface Ship program reduction due to fewer inactivations in FY 05, and less advance planning requirements.	-30,059	

Department of the Navy  
Operation and Maintenance, Navy  
2B2G Ship Activations/Inactivations  
FY 2005 President's Budget Submission  
Exhibit OP-5

**14. FY 2005 Budget Request.**

**212,393**

Department of the Navy  
 Operation and Maintenance, Navy  
 2B2G Ship Activations/Inactivations  
 FY 2005 President's Budget Submission  
 Exhibit OP-5

**IV. Performance Criteria and Evaluation Summary :**

	FY03	FY04	FY05
Ship Activation/Inactivation	Units	Units	Units
Inactive Ship Maintenance Support:			
# of Vessels at NISMFs	78	76	74
# of Vessels at MARAD	16	14	13
Activation/Inactivation of Conventional Surface Ships:			
# of Surface Inactivations	17	7	10
# of Ships with Advance Plan/Startup Efforts	9	5	5
# of Ship Disposals	3	2	3
Nuclear Surface Ship Inactivations/Disposals:			
# of Ships requiring Advance Funding Efforts	1	1	1
# of Ships for RCED/Recycling	0	0	1
Submarine Inactivations/Disposals:			
Inactivations w/ RCD/RCYC	0	1	0
Inactivations w/o RCD/RCYC	0	1	1
# of Subs requiring Advance Funding Efforts	4	4	4
# of Subs to undergo RCD/Recycling	2	2	3
# of Subs for Decontamination	1	0	0

Department of the Navy  
 Operation and Maintenance, Navy  
 2B2G Ship Activations/Inactivations  
 FY 2005 President's Budget Submission  
 Exhibit OP-5

V. Personnel Summary :

	FY 2003	FY 2004	Change FY 2004 to FY 2005	FY 2005
End Strength	ES	ES		ES
Direct Hire, U.S.	37	39	0	39
TOTAL CIVPERS	37	39	0	39
Active Military				
Officers	0	0	0	0
Enlisted	0	0	0	0
Reservists on Full-Time Active Duty				
Officers	0	0	0	0
Enlisted	0	0	0	0
TOTAL MILPERS	0	0	0	0
	FY 2003	FY 2004	Change FY 2004 to FY 2005	FY 2005
Workyears	WY	WY		WY
Direct Hire, U.S.	37	39	0	39
TOTAL CIVPERS	37	39	0	39
Direct Hire, U.S.	37	39	0	39
1173/	0	0	0	0
TOTAL MILPERS	37	39	0	39

Department of the Navy  
 Operation and Maintenance, Navy  
 2B2G Ship Activations/Inactivations  
 FY 2005 President's Budget Submission  
 Exhibit OP-5

**VI. Summary of Price and Program Growth (OP-32):**

	<b>FY-03 Program Total</b>	<b>FY-04 Price Growth</b>	<b>FY-04 Program Growth</b>	<b>FY-04 Program Total</b>	<b>FY-05 Price Growth</b>	<b>FY-05 Program Growth</b>	<b>FY-05 Program Total</b>
<b>2B2G</b>							
01 Civilian Personnel Compensation							
0101 Exec Gen & Spec Schedules	2,784	110	84	2,978	54	0	3,032
0106 Benefits to Former Employees	29	0	-29	0	0	0	0
TOTAL 01 Civilian Personnel Compensation	2,813	110	55	2,978	54	0	3,032
03 Travel							
0308 Travel of Persons	502	6	-103	405	5	99	509
TOTAL 03 Travel	502	6	-103	405	5	99	509
04 WCF Supplies & Materials Purchases							
0412 Navy Managed Purchases	72	4	-2	74	0	7	81
0415 DLA Managed Purchases	500	-15	16	501	5	11	517
0416 GSA Managed Supplies and Materials	175	2	0	177	2	1	180
TOTAL 04 WCF Supplies & Materials Purchases	747	-9	14	752	7	19	778
06 Other WCF Purchases (Excl Transportation)							
0635 Naval Public Works Ctr (Other)	934	9	93	1,036	12	18	1,066
0637 Naval Shipyards	71,985	-2,592	-32,064	37,329	4,741	-3,236	38,834
TOTAL 06 Other WCF Purchases (Excl Transportation)	72,919	-2,583	-31,971	38,365	4,753	-3,218	39,900
<b>09 OTHER PURCHASES</b>							
0915 Rents	249	3	-4	248	3	1	252
0920 Supplies & Materials (Non WCF)	173	2	-1	174	3	-1	176
0921 Printing and Reproduction	12	0	3	15	0	0	15
0922 Equip Maintenance by Contract	185	2	17	204	3	0	207
0923 FAC maint by contract	519	7	45	571	8	0	579

Department of the Navy  
 Operation and Maintenance, Navy  
 2B2G Ship Activations/Inactivations  
 FY 2005 President's Budget Submission  
 Exhibit OP-5

0925 Equipment Purchases	29	0	0	29	0	0	29
0930 Other Depot Maintenance (Non WCF)	800	10	890	1,700	24	-1,724	0
0934 Engineering & Tech Svcs	3,300	43	-148	3,195	45	-205	3,035
0987 Other Intragovernmental Purchases	109,722	1,427	6,207	117,356	1,642	36,699	155,697
0989 Other Contracts	7,817	101	68	7,986	111	87	8,184
<b>TOTAL 09 OTHER PURCHASES</b>	<b>122,806</b>	<b>1,595</b>	<b>7,077</b>	<b>131,478</b>	<b>1,839</b>	<b>34,857</b>	<b>168,174</b>
Total 2B2G Ship Activations/Inactivations	199,787	-881	-24,928	173,978	6,658	31,757	212,393