



DEPARTMENT OF THE NAVY  
OFFICE OF THE CHIEF OF NAVAL OPERATIONS  
2000 NAVY PENTAGON  
WASHINGTON, DC 20350-2000

IN REPLY REFER TO

PR07  
Ser N8/2004U797243  
18 Oct 04

MEMORANDUM FOR DISTRIBUTION

Subj: PROGRAM REVIEW (PR07) SERIAL NO. 3: PHASE 1 EVENTS

Ref: (a) DNS memo PR07-04 Serial No. 1

Encl: (1) Content of PR07 Events

1. Purpose. To provide amplifying guidance on the content of briefings and events planned for the "Front End Assessment" phase of Navy's PR07 process (reference (a) pertains).
2. Action. As we corporately prepare for the PR07 review, Resource Sponsors should ensure that, at a minimum, the specified points outlined in enclosure (1) are included in their presentations.

A handwritten signature in black ink that reads "Cutler Dawson".

CUTLER DAWSON  
Vice Admiral, U.S. Navy  
Deputy Chief of Naval Operations  
(Resources, Requirements and  
Assessments (N8))

## CONTENT OF PR07 EVENTS

### 1. N1: Manpower Status, October 2004

a. INPUTS: N1 develop a briefing to address the following questions:

(1) Can we execute the current draw down profile?

(2) If Force Shaping Tools are not authorized, what will it take to execute the POR?

What are the costs in dollars? What is the risk to readiness of employing severe policy actions to meet POR end strength?

(3) What changes do we expect in the rates? Identify a preliminary manpower rate and bound, as nearly as possible, the expected pricing for PR07.

(4) Identify if more manpower reductions are possible and--if so--how much.

b. OUTPUTS: N8 and N1 will capture the pricing changes and any manpower guidance in a Manpower Review Document following the 3-star and CNO briefing described above.

### 2. N00T: Training Update, October 2004

a. INPUTS: N00T develop a briefing to update training issues.

(1) Discuss what are the major "cross Resource Sponsor seams" issues such as funding for pilot training, RTC funding, trainer facility upgrades, etc., that will affect other Resource Sponsors' Programs.

b. OUTPUTS: Briefing for 3-star BOD and CNO.

### 3. N4: Readiness Overview, November 2004

a. INPUTS: N4 will provide a briefing to review the readiness program of record. Program of Record funding for both Fleet and Shore Readiness accounts assume acceptable risk based on cost mitigation strategies incorporated in the Program. Accordingly, N4, working with Fleet and Shore Readiness domains will:

(1) Assess the ability of the Program of Record contained in the FY06 President's Budget to achieve CNO approved Fleet and Shore Readiness outputs;

(2) Assess the progress and achievability of currently programmed mitigations;

(3) Identify new cost mitigation strategies for incorporation in PR-07. Outline any expected cost increases such as spares, consumables, overhauls, etc. Include a discussion of the root cause of these increases and potential mitigations.

(a) This assessment should include the status of efficiencies gained:

- from the standup of CNI to include manning/staffing levels & consolidation efforts, and

- from conversion to Mission Funding of Public Shipyards.

(4) Describe any potential offsets to cover any shortfalls, and describe the output and/or outcome tradeoffs.

(5) Describe the assumptions that will be entered in the models for PR07 such as the number of flying hours, steaming hours, training days, major maintenance periods, etc., and the justifications for using these assumptions.

The overall effort will focus on achieving the POM06 CNO approved readiness outputs within the Program of Record. N4 will measure any PR07 changes from the POM06 POR as opposed to any other level of funding.

b. OUTPUTS:

- (1) N4: Briefing on readiness POR for 3-star BoD and CNO.
- (2) N8: Overall affordability assessment of readiness program based on N4's presentation.

**4. Targeted Shipbuilding/Major Program Pricing Update - November 2004**

a. INPUTS:

- (1) N6/7, in coordination with N8, will perform a cost/capability
- (2) Review for DD(X), LHA(R) Flight 1, MPF(F), and any other large acquisition program where affordability is a major concern. The purpose of the review is to provide a quick assessment of the added warfighting value of the selected programs given known/expected cost increases. The review will offer informed cost and capability perspectives for Navy leadership, and offer alternative to consider during the PR, such as descoping or changing requirements to improve/control affordability.

b. OUTPUTS:

- (1) N6/7 provide briefing.
- (2) N8 incorporate into PR07 guidance as appropriate.
- (3) N80/N70, given the results of the review above and the PB06 end-game decisions on shipbuilding, perform a review of shipbuilding to reflect latest pricing concerns and outline issues for PR07 shipbuilding.

**5. N8 Fiscal Guidance, November 2004**

a. INPUTS: Having been informed by the readiness and manpower reviews, N8 will provide an initial allocation of resources among the Resource Sponsors. This allocation will be based upon known programmatic and capability concerns and will be updated as appropriate as fiscal conditions change during the POM06 end-game.

b. OUTPUTS: N8 - Issue resource allocation with periodic updates as required through end-game of POM06 submission. Briefing, if required, will occur on updated Fiscal Guidance following submission of PRESBUD 06 (January 2007).

## **6. N8 Net Assessment Update, December 2004**

a. **INPUTS:** N8 will assess changes that have occurred since the POM06 submission to OSD, as adjusted by Program Decision Memorandums and Program Budget Decisions, including a “quicklook re-assessment” of POM06 identified warfighting gaps, readiness risks, manpower plans and executability 2Concepts (JICs) and COCOM submitted Integrated Priority Lists (IPLs) will be assessed. Finally, the blueprint for the March 2005 Net Assessment will be presented to ensure that areas to be assessed have visibility throughout the OPNAV staff. Specific taskings include:

(1) POM06 Re-assessment. Analysis of funded and unfunded requirements in POM06, including changes (Congress, OSD, etc) since the August 2004 Navy POM submission, to determine capability gaps (warfighting, readiness, manpower, etc.) and priorities. Analysis will include incorporation of Commander Fleet Forces Command (CFFC) issues and priorities. Included will be an N81 POM06 Net Assessment update to review which recommendations were funded, which require further study/analysis, and which were not acted on and why.

(2) COCOM IPLs Assessment. IPLs are due to OSD 15 November 2004 and will include “longer-term strategic planning issues in the years 2012 and beyond.” N81/N00X will compare COCOM IPL issues against the POM06 submission to determine if any additional capability gaps have been introduced.

(3) JIC Assessment. Analysis of the impact of JICs (Seabasing, Global Strike, Integrated Air and Missile Defense, Joint Forcible Entry Operations and Joint Underwater Superiority) on planned capabilities associated with the POM06 submission.

(4) Spring Net Assessment Way Ahead. N8 will identify potential analysis issues for the PR07 Spring Net Assessment.

b. **OUTPUTS:** As described above.

## **7. N3/5: 3 Star BoD/CNO Forum for AT-FP & NCIS, December 2004**

a. **INPUTS:** N3/N5 will provide a briefing to highlight AT-FP & NCIS capability, capability gaps and prioritization of resources, risk analysis of trade-offs and funding shortfalls (if any). The intent is to obtain senior Navy leadership approval for the AT-FP and NCIS programs and their associated funding profile. N3/5 will identify any funding shortfalls during the brief so that N8 can assign the appropriate N-code funding responsibility before January 2005.

b. **OUTPUTS:**

(1) N3/N5: Approved AT-FP & NCIS program.

(2) N8: Assessment of the proposed AT-FP & NCIS program; assignment of funding responsibility for any funding shortfall.

## **8. Initial CNO Guidance, December 2004**

a. **INPUTS:**

- (1) N1: Manpower Update
- (2) N00T: Training Update
- (3) N4: Readiness Update
- (4) N8: Net Assessment Update and Fiscal Guidance
- (5) N6/7: Cost / Capability and Major Program Pricing Update
- (6) N3/N5: AT/FP and NCIS Update

**b. OUTPUTS:**

- (1) N8: Formulate and issue initial CNO Guidance for PR07. Include:
  - (a) Programming Guidance
  - (b) Major Funding Issues
  - (c) Pricing Model Concerns