

Subject: Hurricane Related Ship Cost Adjustments		DoD Serial Number: FY 08-25 IR
Appropriation Title: Shipbuilding and Conversion, Navy, 06/10		Includes Transfer? No

Component Serial Number:	<i>(Amounts in Thousands of Dollars)</i>							
	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprogramming Action		Revised Program	
Line Item	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

This internal reprogramming action realigns \$70.8 million within the Shipbuilding and Conversion, Navy 06/10, appropriation for proper execution. This action meets all administrative and legal requirements and none of the items have previously been denied by the Congress.

Part I realigns \$38.8 million within the Shipbuilding and Conversion, Navy 06/10, appropriation for proper execution pursuant to the Emergency Supplemental Appropriations Act to Address Hurricanes in the Gulf of Mexico and Pandemic Influenza, 2006, Public Law 109-148. This action does not change the purpose for which the funds were originally appropriated.

Part II realigns \$32.0 million within the Shipbuilding and Conversion, Navy 06/10, appropriation for proper execution pursuant to the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006, Public Law 109-234. This action does not change the purpose for which the funds were originally appropriated.

Part I

Shipbuilding and Conversion, Navy, 06/10

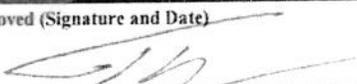
<u>Budget Activity 5: Auxiliaries, Craft and Prior Year Program Costs</u>	-
Completion of Prior Year Shipbuilding Programs	
2,464,000	1,853,320
	+38,800
	1,892,120

Explanation: Funds are required to finance labor rate increases and labor inefficiencies related to the consequences of hurricanes in the Gulf of Mexico during 2005 for LPD 17.

Budget Activity 2: Other Warships

Littoral Combat Ship	440,000	544,800	-38,800	506,000
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Explanation: Funds are no longer required because Littoral Combat Ship (LCS) 3 and 4 were terminated.

Approved (Signature and Date)  APR 3 2008

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Part II

<u>Shipbuilding and Conversion, Navy, 06/10</u>					-
<u>Budget Activity 3: Amphibious Ships</u>					
LHD 1	195,075		279,775	+32,000	311,775

Explanation: Funds are required for the LHD 1 to finance labor rate increases and labor inefficiencies due to critical trade shortages, greater than normal employee turnover, labor disruptions, and profit and general and administrative overhead increases related to the consequences of hurricanes in the Gulf of Mexico during 2005.

<u>Budget Activity 5: Auxiliaries, Craft and Prior Year Program Costs</u>					
<u>Completion of Prior Year Shipbuilding Programs</u>					
	2,464,000		1,892,120	-32,000	1,860,120

Explanation: This action transfers funds for the Completion of Prior Shipbuilding Programs to provide for labor rate increases and labor inefficiencies related to the consequences of hurricanes in the Gulf of Mexico during 2005.