

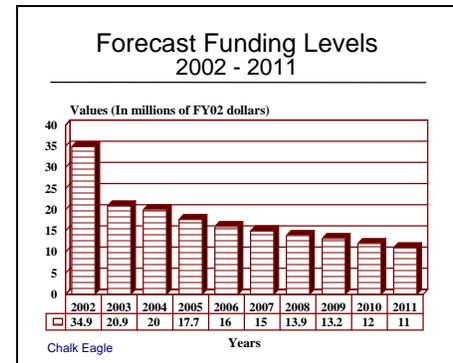
ARCHIVED REPORT

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Chalk Eagle - Archived 11/2003

Outlook

- U.S. Navy classified tactical reconnaissance/surveillance program
- Funding decreasing significantly each year
- Program likely to continue beyond forecast period



Orientation

Description. Chalk Eagle is a classified U.S. Navy advanced development demonstration and validation program believed to involve surface naval warfare tactical reconnaissance and surveillance.

Sponsor. U.S. Navy

Contractors. Classified

Status. Advanced development, demonstration, validation, and acquisition appear ongoing, although funding requests have decreased in recent years.

Total Produced. Classified

Application. Classified

Price Range. Classified

Technical Data

Classified

Variants/Upgrades

The age of the program would indicate that a number of improvements have been made to the hardware and software packages of Chalk Eagle. However, due to the classified nature of the program this cannot be verified.

Program Review

Background. Though scant information is available for this program, it is known that RDT&E funding was begun in FY83. Substantial funds were being received at least through 1999; however, since that time, requests

for future funding have been decreasing significantly. Yet, it is highly unlikely that Chalk Eagle will disappear from the budget entirely. New technology is liable to add funding to this program in future years.

Funding

Initial funding in FY83 was U.S.\$6.4 million. Funding levels, which began to increase into the early 1990s, reached a height of U.S.\$133.7 million in FY92 and then began a rapid decline between FY93 and FY95. In FY96, the request for U.S.\$114.2 million (double the FY95 amount) indicated a dramatic rise in program activity. Funding for FY97 was nearly triple that of FY95, which seemed to indicate heavy advanced developmental work. The likelihood existed that a prototype engineering and manufacturing development model was being fabricated and tested. Through FY98, the amount of funding allocated to Chalk Eagle appeared to remain steady, possibly indicating acquisition purchases. FY99-FY02 funding requests showed significant decreases from previous years, indicating that, while the program will remain active, it is definitely over its peak period. Additionally, the amount requested for FY03 is significantly lower than FY02's request, indicating that for the moment the program is tapering off.

	<u>U.S. FUNDING</u>							
	<u>FY00</u>		<u>FY01</u>		<u>FY02</u>		<u>FY03</u>	
	<u>QTY</u>	<u>AMT</u>	<u>QTY</u>	<u>AMT</u>	<u>QTY</u>	<u>AMT</u>	<u>QTY</u>	<u>AMT</u>
RDT&E (U.S. Navy)								
PE#0603576N								
Chalk Eagle	-	89.512	-	58.379	-	34.96	-	20.978

All U.S.\$ are in millions.

Source: U.S. Department of the Navy FY2003 RDT&E Programs (R-1)

Recent Contracts

Classified. No public source documents available at this time.

Timetable

<u>Year</u>	<u>Major Development</u>
FY83	Chalk Eagle RDT&E funding start
	Outside of funding, all elements of this program are classified
FY96	Dramatic increase in RDT&E funding
FY98	Funding stabilizes at approximately U.S.\$130 million per year
FY99	Funding requests decrease
FY03	Funding requests continue to drop

Worldwide Distribution

This appears to be a U.S. Navy program only.

Forecast Rationale

The U.S. Navy's Chalk Eagle program receives millions of dollars of funding each year, yet it is difficult to find any mention of the program in public documents except for its title. Even the name was kept secret until 1983, when it appeared as a line item in funding and basic applications budgets. For all practical purposes, Chalk Eagle appears to be one of those "black" programs that

is off-limits in the Department of Defense budget. Judging from the little information that could be gathered, Chalk Eagle appears to be an advanced development demonstration and validation program involving surface naval warfare tactical reconnaissance and surveillance.

It is interesting to observe that there has been little congressional criticism of the Chalk Eagle program during each budget session, which indicates not only that the program is a significant one but also that it has not encountered any developmental problems. Furthermore, not only does the program appear to have weathered the defense budget cuts of the 1990s extremely well, but it also saw an overall increase in funding levels for several years.

The market intelligence forecast for this report indicates a continuing budget for the Chalk Eagle program, although funding does appear to be decreasing dramatically with each coming year. Funding levels spiked in FY97, demonstrating that production or

additional advanced development might be occurring. Subsequent years stabilized at the U.S.\$130 million mark, indicating some type of procurement. All figures in the outer years should be treated as highly speculative. These figures, derived from the historical averaging of previous Chalk Eagle funding, represent a best guess. So sensitive is Chalk Eagle that even the completion date is unknown and will probably not be known until new R-1s show a drastic drop in Chalk Eagle funding. FY00 through FY03 R-1 budget requests appear to indicate that such a drop may not be far off. At the moment, not much can be said for this program other than that it always gets a lot funding without question.

Ten-Year Outlook

ESTIMATED CALENDAR YEAR FUNDING (\$ in millions)													
Designation	Application	Thru 01	High Confidence Level				Good Confidence Level				Speculative		Total 02-11
			02	03	04	05	06	07	08	09	10	11	
CHALK EAGLE	SURVEILLANCE & RECONNAISSANCE (U.S. NAVY)	1613.420	34.960	20.978	20.000	17.760	16.300	15.000	13.980	13.200	12.000	11.000	175.178