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SERVICES COMMITTEE

STATEMENT OF

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BEFORE THE

HOUSE ARMED SERVICES COMMITTEE

SUBCOMMITTEE

ON

MILITARY READINESS

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Introduction

Mr. Chairman, members of the Committee, thank you for the opportunity to discuss the readiness of our Navy. Congress has been particularly helpful in addressing Navy readiness concerns and we are grateful for your continuing support.

Let me begin by emphasizing that our Navy is by far the best in the world, an outcome of the fact that Congress recognizes that the United States has always been and always will be a maritime nation. But our margin of supremacy, while considerable, is not excessive. We need to continue to be the best Navy on the planet, because the challenges and responsibilities we face outweigh the challenges and responsibilities of any other nation on earth.

This kind of supremacy requires a sustained effort. Our mastery of the seas, made possible by the deployed presence of a substantial U.S. military force, continues to ensure access to our economic, political, and security interests overseas. Today there are approximately 48,000 Sailors and Marines deployed on carrier battle groups, amphibious ready groups, and independent deployers such as submarines and maritime patrol aircraft. These “on station” naval forces promote regional stability, deter aggression, and provide the capability for timely response in crises.

If deterrence fails and crisis becomes war, naval forces provide significant combat power. Immediately employable naval forces, simultaneously controlling the seas while projecting power throughout the battlespace, are necessary to facilitate the entry of forces from outside the theater, assuring access for the joint force, and enabling our sister Services to deploy more rapidly. As the ground-based forces join naval forces already operating forward, the result has to be a joint force that projects offensive power sufficient to serve our national interests.

The Navy provides credible combat-ready forces that can sail anywhere, anytime, as powerful manifestations of American sovereignty. We demonstrate that capability with our forward-deployed forces every day, in the Mediterranean Sea, the Arabian Gulf and the Western Pacific, always ready to directly and decisively influence events ashore, from the sea.

The Chief of Naval Operations (CNO) has outlined before the Armed Services Committees his top five priorities, with manpower as the number one issue. Accordingly, we continue to make a strong commitment to our people, our most vital resource.

Of particular importance to this subcommittee is the CNO's second priority of maintaining current readiness at high levels. Our Navy is a rotational force. That means we need to deploy forces that are ready from the first day of deployment to

respond to tasking from the National Command Authorities. About one-third of our Fleet is deployed every day, and we must ensure that this deployed readiness remains high.

A third priority is future readiness. Because demand for deployed battle groups and amphibious ready groups has not declined proportionately with our decline in force structure, we've seen an increase in our utilization rates, which has exacerbated the wear and tear on our ships and aircraft, requiring more maintenance. Hence, maintaining our future readiness requires that we initiate a recapitalization program that delivers the right number of technologically superior platforms and systems to the Fleet.

Quality of Service is a fourth priority. We need a balanced combination of Quality of Life and Quality of Work to underpin both readiness and mission accomplishment. Pay, bonuses, and other compensations while on active duty, when combined with retirement options, are essential elements of Quality of Life. Quality of Work includes aspects of Sailors' work environment, from the physical condition of the workspace, to the appropriate tools, to adequate spare parts inventories, to the atmosphere in the workplace.

The other key priority is alignment, by which we attempt to ensure that all the elements of our organizations, systems, and processes deliver exactly what they are designed to produce: a

combat capable Navy ready to sail in harm's way. Re-calibrating and adjusting alignment within the Navy's organization will facilitate achievement of warfighting requirements and ensure proper focus on current and future readiness issues.

In the final analysis, every one of the CNO's top five priorities is a readiness issue and all are related. Optimizing readiness requires attention to each of our top five priorities as well as managing second- and third-order effects, as will be explained further.

As you know, the status of the programs discussed here, as well as the associated funding levels, are subject to change as a result of the Secretary of Defense's ongoing strategy review. The administration will develop Fiscal Year (FY) 2002 and outyear funding guidelines when that review is complete. In my view, proposed changes will have to accomplish three things:

1. Revitalize and refurbish the force, to correct deteriorating material conditions and upgrade crumbling infrastructure resulting from chronic underfunding;

2. Achieve national security objectives with a clear demonstration of ability to decisively win any conflict;

3. Prepare and posture the force to deal with future threats.

As the new strategy is developed, we must balance future and current readiness and resist the temptation to look so far

downstream that we overlook the shortfalls that could cause us to fail today.

Current and Future Readiness

I want to start out by stating that the readiness of our forward-deployed naval forces to meet their assigned missions is currently adequate. Let no potential adversary misunderstand that point. Our deployed forces are ready today.

Unfortunately, while we plan that non-deployed forces will be at lower readiness levels than our forward forces, it is my assessment that non-deployed readiness has slipped to levels less than what they should be. This assessment is based on data that indicates significantly more units are reporting major deficiencies in their ability to execute primary missions. Figure 1 indicates the percentage of time Navy units reported C1 or C2 in overall readiness over the last two decades.

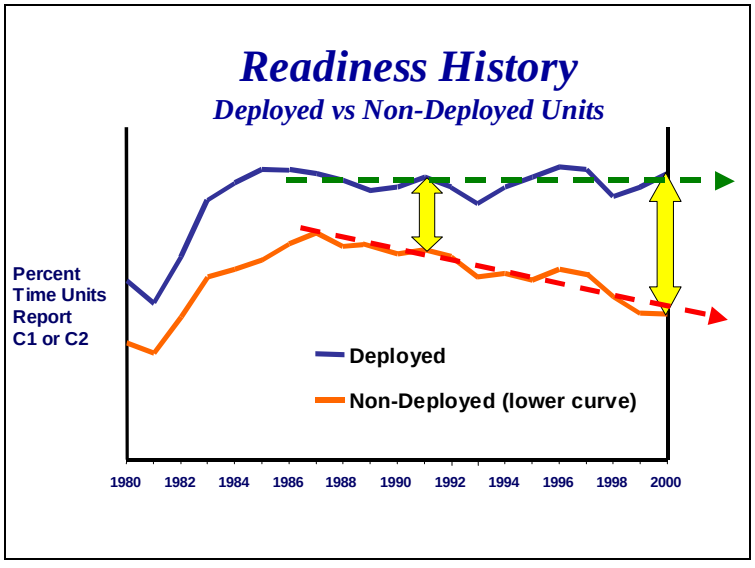

Figure 1

As you can see, the gap between these deployed and non-deployed categories has steadily increased over the last ten years. Many factors contribute to this trend, including constrained budgets, aging platforms, shortages of parts, munitions and trained personnel, as well as the ITEMPO and OPTEMP restrictions which limit the at-sea time we can demand of our forces between deployments (this is one of the second-order effects I noted earlier).

Figure 2 illustrates the consistent tempo of deployed operations with a substantially reduced force structure.

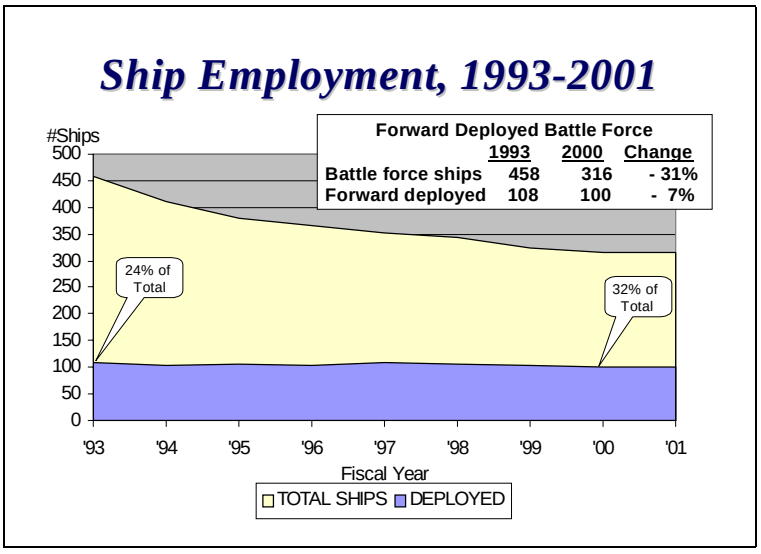

Figure 2

We have also had to sacrifice combat systems modernization and ship and aircraft procurement to fund “must-pay” near term readiness bills. This has resulted in continued underfunding of investment accounts.

Nevertheless, the 160 units (ships, aircraft squadrons, etc.) currently scheduled and preparing for deployment within the next year will be required to repair equipment and train in an environment of difficult budget tradeoffs. If sufficient resources are not made available to keep our equipment in good working order, combat readiness will suffer, as will opportunities for and quality of training, which will in turn affect morale.

For example, fewer mechanically sound aircraft available for non-deployed aircrew training significantly degrades our overall aviation readiness posture. This effect is illustrated as squadrons in later stages of the inter-deployment training cycle (IDTC) with maintenance problems often find it necessary to draw mission-capable aircraft away from squadrons in earlier stages of the IDTC in order to complete their training. Another manifestation of readiness problems is the practice of our Fleet aircraft Replacement Squadrons (FRS) “borrowing” aircraft from fleet squadrons in order to complete student training and qualifications.

Thus a second-order effect: because those squadrons just beginning their IDTC must then train with fewer aircraft, they enter the later stages of their training cycle in a lower state of readiness than they should.

A third-order effect is the requirement for even more time and more ready aircraft to get back on step than predecessor squadrons, which causes them to draw proportionately more airplanes from other squadrons just entering the training cycle.

A fourth order effect might be the precipitation of a violation of Individual Tempo (ITEMPO) limits, due to a need to conduct more intensive training late in a predeployment cycle triggering increased costs of operations in the form of ITEMPO payments (not to mention the demands on our people).

This series of events have put us in a downward spiral. As you might also expect, managing these unintended consequences and competing demands is challenging.

Conditions like these have infected our fleet with what the CNO has labeled a “psychology of deficiency,” by which our Sailors have come to believe that resource shortfalls are a normal condition. Left unchecked, this perception will adversely affect retention and the readiness of our force. Sailors need to see that our nation is committed to providing them the tools necessary to carry out the missions our nation assigns to them.

The Navy continues to face significant challenges in funding our operating accounts as the force ages. And there will likely be other times in the future when new shortfalls or changed priorities make it necessary to tap readiness accounts

to pay other obligations. These diversions are likely to continue as operations and maintenance accounts remain the Services' only large source of unobligated funds.

As it is, we have been able to make ends meet only through the intervention and considerable help of the Congress in providing supplemental funding. I would therefore like to thank you for your support again this year. Navy's allocation of the supplemental, when combined with a modest reprogramming request for readiness and personnel accounts, should address essential and urgent requirements to fulfill our estimated remaining Fiscal Year 01 requirements.

Specifically, and of note to this subcommittee, this critical infusion will be allocated to fund the increased costs of the Flying Hour Program, utilities, base operations costs, force protection projects, and recovery operations for the EHIME MARU.

ITEMPO

The FY00 National Defense Authorization Act (NDAA) requires military services to track deployment of members on an individual basis, and to provide payments to service members who exceed specified days deployed. It's now becoming clear that these ITEMPO restrictions may have some unintended consequences.

What we're finding is that this legislation, as enacted, presents the Navy with a dilemma. Many of our Sailors, for example, prefer to remain at sea even when doing so keeps them deployed for long periods of time (deployed 401 or more days out of the preceding 730 days). Some Sailors like to stay deployed in the Western Pacific where they can remain closer to the lands of their birth. Other Sailors opt for back-to-back sea duty as a way to remain in the same homeport for reasons of family stability. Still others joined the Navy because they actually like going to sea. Were Navy to accede to these desires of our people, given current deployment requirements, very large additional costs would result at a time when we are trying to limit expenditures. Analysis of this situation is ongoing and we will make the results known to this subcommittee as soon as possible.

Material Readiness

Aging systems often require significantly increased maintenance. Older systems experience increased breakdown rates, require more frequent repairs, and thus consume more spare parts. The pace of operations and deployments, and the consequent accelerated aging of systems and infrastructure are outpacing our ability to maintain readiness levels. While we have made progress reducing material shortfalls over the past

three years, equipment and supply readiness for non-deployed units remains a significant readiness challenge.

Account shortfalls currently exist in the areas of ship depot maintenance, aviation material support and precision-guided munitions. We have shifted funds from ship and aircraft procurement accounts to pay these bills, but this trend cannot continue indefinitely.

Ship Depot Maintenance

Emergent costs associated with ship depot maintenance continue to grow as we have deferred past maintenance. Unfortunately, this has produced recurring shortfalls in this account. These shortfalls have been manifest in cancelled, de-scoped, or deferred scheduled repairs. This in turn has caused degradation in some mission capabilities, increased probability of component failure and subsequent cost to replace failed components.

In 1999, a lack of maintenance funds in the ship depot maintenance account was a key factor in one of our combat logistic ships failing a major material inspection. In analyzing the factors which contributed to this failure, the CNO pointed to our cultural tendency to underestimate the requirement, and to then underfund the underestimated requirement. He has therefore committed to identifying the full

requirement for Ship Depot Maintenance in future budgets and then funding to ensure success.

Since then, the fleets have reassessed their positions, reporting the need for a significant growth in a number of scheduled availabilities, which has resulted in a larger shortfall this year than originally projected.

Aviation Readiness

Our aviation force now contains, on average, the oldest mix of type/model/series aircraft in naval history. For the first time, our average aircraft age exceeds the average age of our combatant ships. And as the average age of the aviation force has increased, there has been a corresponding increase in the costs of operations and maintenance of aircraft. Specifically, the cost of Aviation Depot Level Repairables (AVDLRs), which is driving the cost of maintaining our aircraft, has risen an average of 13.8 percent per year over the period FY96-99.

In addition, the increasing demands of recent operational tempo also affect our ability to maintain our aircraft. For example, The F/A-18 has been flown well in excess of planned utilization rates. As a result, more than 300 aircraft will now require a service life extension earlier than originally planned or budgeted for.

The single most influential factor in supporting near term aviation readiness is the health of our Flying Hour Program, which includes fuel, consumable spare parts, and AVDLRs. Depot level repairables, which account for over half of the program's resources, have been the biggest challenge to the flying hour program in recent years. Despite our focused attempts to alleviate shortages in AVDLRs, we continue to experience shortfalls.

Shortages also exist in aviation mission critical items, such as targeting pods and repair equipment on aircraft carriers. Again, our deployed air wings are receiving the aviation material support they need to ensure that they are mission ready, but it has come at the expense of non-deployed units. Without the FY 2001 Supplemental, the current Flying Hour Program shortfall will result in Navy and Marine Corps pilots unable to fly sufficient hours to maintain adequate training readiness levels.

Precision-Guided Munitions

The inventory levels of precision-guided munitions (PGMs) continues to be a concern. PGMs were originally developed and procured to allow for precise attacks on specific categories of targets to reduce risk for our aircrews. Stockpiles were then sized appropriate to the limited target sets for which they were designed.

In practice, however, it has become routine to use these weapons in ways we didn't foresee when we developed our procurement plans. For example, we now use PGMs to minimize collateral damage even when less expensive and more plentiful weapons would be effective from a weaponeering point of view.

Hence, the requirement for PGMs has grown significantly and we face an inventory shortfall. A second order effect is that as we have diverted funds to accelerate the delivery rate of PGMs, we have impacted our ability to fund other ordnance maintenance, resulting in an increased backlog of "not ready for issue" weapons. A third order effect is that we may have to compensate by limiting the Fleet's training allowance, as well as significantly reducing funding for development of future weapons.

Our increased investment in PGM procurement is moving us in the right direction but we remain considerably short of the warfighting requirement associated with our current strategy. Because these weapons greatly reduce risk to our forces and to non-combatants, additional funds may be necessary in the areas of weapons development, maintenance, and procurement to sustain acceptable levels of both warfighting and training munitions required by the new strategy.

Training, Encroachment, and Live Fire Exercises

Success or failure in combat and the risk that we ask our Sailors to shoulder is a direct function of the preparation we afford them prior to combat. Shortfalls in manpower, equipment, and supply readiness directly affect training readiness among naval forces. Issues such as encroachment and restricted access to training ranges also constrain our ability to train, fight, and win and I'm sure are well understood by this subcommittee. Training and testing ranges are central to continued military readiness, yet we increasingly face encroachment problems.

Experience with live ordnance and exposure to live fire conditions are essential to combat readiness and are prerequisites for Sailors who may be called to engage in combat. Forgoing this experience, for whatever reason, is likely to result in increased casualties and suboptimized performance in battle.

While a growing amount of training and testing can be accomplished using computer simulations and other information technology solutions, technology has not yet produced a mechanism which can simulate the complex, end-to-end series of procedures associated with the preparation and launching of live ordnance, then assessing the results. Likewise, the handling and use of live ammunition, and the danger, noise, shock, and visual effects associated with the impact of live ordnance, generates a psychological response which simulation cannot replicate. There

is no realistic simulation for this experience. Hence, for the foreseeable future, we will not be able to replace all live training with simulation and request your continued support of ranges.

Conclusion

The essence of our Navy is the Fleet, and the Fleet remains the focal point of our efforts. We must maintain the Fleet at the highest possible level of readiness and training– able to fight and win today. Our trademark must remain combat-ready, forward-deployed forces, manned by dedicated, well-trained, well-led Sailors, motivated by a sense of mission, as committed to their Navy as their Navy is committed to them, operating modern, well-maintained equipment and platforms with the right capability, constantly patrolling the world’s trouble spots. Your continued commitment to improving Navy life and mission accomplishment has made a significant difference. Our Sailors and their families appreciate it, and the Navy is most grateful for your enduring support.