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STATEMENT OF
ADMIRAL PATRICK M. WALSH
VICE CHIEF OF NAVAL OPERATIONS
BEFORE THE
HOUSE ARMED SERVICES COMMITTEE
SUBCOMMITTEE ON READINESS
ON
NAVY READINESS AND THE FY10 O&M BUDGET
20 MAY 2009

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NAVY READINESS AND THE FY10 O&M BUDGET

Chairman Ortiz, Congressman Forbes, and distinguished members of the Readiness Subcommittee, I am privileged to appear before you today, along with my Service counterparts, to testify on the readiness of our Navy's forces. The talented men and women, Sailors and civilians, of the United States Navy continue to perform exceptionally well under demanding conditions and Congressional support remains fundamental to their success. Our Navy remains the preeminent maritime power, providing our country a global naval expeditionary force committed to preserving our national security and prosperity.

Today our Navy stands ready with agility, flexibility, capability, and competence to do what no other navy in the world can do. The demand for responsive naval forces in an uncertain world remains high. The U.S. is a maritime nation and our interests in a globalized world depend upon free and secure access to the sea. Our Navy's forward deployed maritime forces provide global presence and engagement that deters aggression, assures our allies, and fosters and sustains cooperative relationships with international partners to enhance global security. This operational flexibility allows our Navy to ensure freedom of access and freedom of action on, under, and above the seas.

Our Navy remains ready today to act as our nation's full spectrum strategic reserve force as well as its first responder. Yet, as Navy leadership has previously testified, the balance among capability, affordability, and executability have necessitated some difficult tradeoffs. This imbalance has increased future risk in our warfighting readiness, personnel, and force structure programs. Our risk is moderate today trending toward significant in the future because of challenges associated with Fleet capacity, increasing operational requirements, and growing manpower, maintenance, and infrastructure costs. The focus of Navy leadership is to ensure we are properly balanced to answer the call now and in the decades to come.

A DAY IN THE NAVY - 23 APRIL 2009

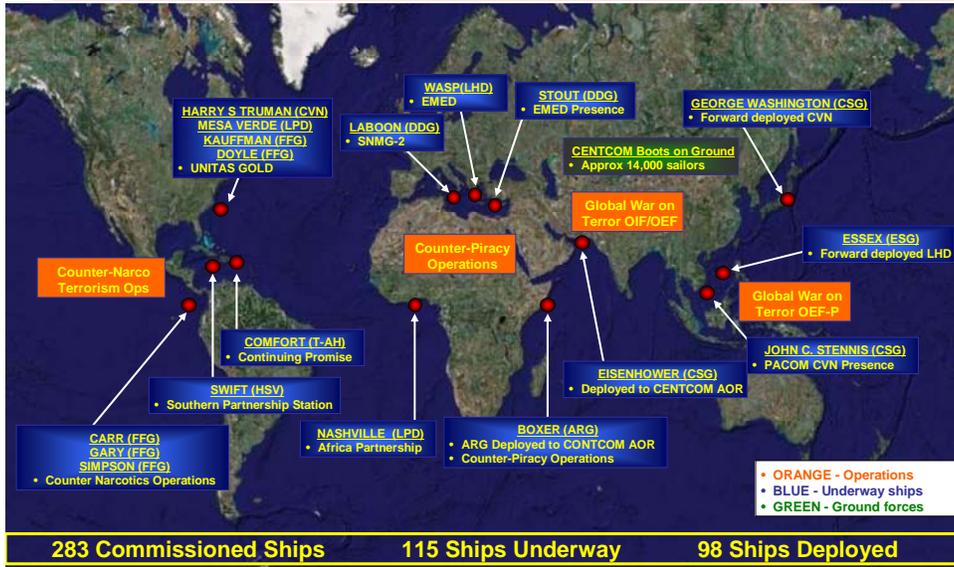
On 23 April 2009, there were 283 active ships in service with 98 ships on deployment (35% of the Fleet) and 115 ships underway (41% of the Fleet) in every theater of operation. This includes three deployed Carrier Strike Groups (CSGs) and two deployed Expeditionary Strike Groups (ESGs). Global Navy presence 24 hours a day, seven days a week is the national security demand our Navy has been fulfilling for the last eight years.

In April 2009, our Navy consisted of 332,289 Active Duty Officers, Sailors and Midshipmen; 66,860 Reserve Component Sailors (6,653 mobilized); and 187,141 Navy civilians. We had more than 4,600 Sailors assigned to expeditionary units such as Seabee construction battalions, Expeditionary Ordnance Disposal teams, and Riverine units, plus 9,902 Individual Augmentees (including 4,986 mobilized Reservists) deployed on the ground in support of operations around the world.



UNCLASSIFIED

Any Day in the Navy



We are a maritime nation that relies heavily upon the vast oceans and littoral waters for our economic and national security. Our country competes for global influence within a security environment today that is characterized neither by absolute warfare nor absolute peace. While defending our citizenry, promoting our interests, and defeating potential adversaries in war remain undeniable ends of seapower, a globalized world demands that seapower be applied more broadly to also promote greater collective security, stability, and trust.

Our Navy remains committed to sustaining a capable force of sufficient capacity to accomplish the six core capabilities of our Maritime Strategy: forward presence, power projection, deterrence, sea control, maritime security, and humanitarian assistance and disaster response. Combatant Commander (COCOM) requirements for ballistic missile defense, theater security cooperation, and global presence and engagement with new partners in Africa, the Black Sea, the Baltic Region, and the Indian Ocean, require a future force of at least 313-ships.

We have the finest shipbuilders in the world, but our industrial base capacity has limited surge capability. Building a 313-ship Navy will require a joint partnership with the shipbuilding industry. Our shipbuilding partners must be responsive to the demands of the dynamic nature of the Navy’s mission and deliver quality products on schedule and at a reasonable cost. However, we must recognize that a stable workload and a reasonable profit are also important to their success.

Fleet Response Plan (FRP)

On September 11 2001, only two Carrier Battle Groups were ready to deploy. This was unsatisfactory. Since then we have dramatically changed our processes to prepare our Navy to deploy and have institutionalized this process as the Fleet Response Plan (FRP). When fully

resourced, the FRP enables us to deploy three CSGs, surge three more in 30 days, and deploy a 7th in 90 days. (3+3+1)

The flexibility that FRP has added to the fleet since September 2001 has allowed us to support two wars while retaining the capability to respond to emergent COCOM requirements that include an expedition to the Black Sea and rescue of an American mariner held hostage by pirates. We have also been involved in important partner building activities that include humanitarian assistance, disaster relief, and community relations visits.

Since 9-11, Navy Operational tempo (OPTEMPO) and surface combatant OPTEMPO has increased. The compounded impact of eight years of heightened operations has degraded the condition of the surface fleet, and over the last few years it has become apparent that surface ship life cycle maintenance needs have not been met. Left unchecked, this trend will jeopardize their ability to reach expected service life, a key underpinning of the Navy's 30-year shipbuilding plan and 313-ship Navy. The Navy has taken several proactive steps to address the decline in surface ship material condition, including re-assessing the resources for surface ship maintenance to ensure surface ships reach their full service life.

Since the attack on our homeland, we have relied on ~\$3-4 billion of supplemental funding to support readiness each year to conduct war time operations, including COCOM presence above pre 9-11 levels, and support required maintenance activities. This operational tempo is no longer just a wartime tempo, it has become the norm.

We remain a ready and capable Navy today, but the stress on our platforms and equipment is increasing. We can meet operational demands today, but we are stretched in our ability to meet additional operational demands while taking care of our people, conducting essential platform maintenance to ensure our Fleet reaches its full service life, and modernizing and procuring the Navy for tomorrow. Our FY10 budget increases our baseline funding, and aligns with the path our Maritime Strategy has set; however, we are progressing at an adjusted pace. We continue to rely on contingency funding to meet our day-to-day baseline requirement and the war demands of Operation Iraqi Freedom (OIF) and Operation Enduring Freedom (OEF). We must identify the true requirements to transition resources from supplemental sources to baseline budgets in order to provide the level of support that has become the "new normal" for our Navy, post 9-11.

The necessary balance between future fleet readiness and current operational requirements has resulted in risk in readiness funding. The Navy's baseline budget does not deliver an adequate FRP posture for the projected security requirements for FY10. Navy relies on baseline budget and Overseas Contingency Operations (OCO) funding to meet COCOM requirements. OCO funding supports a USMC T-Rating¹ of T2.0 and a Navy T-Rating of T2.5. The ship maintenance account will be 96% funded, aviation maintenance at 87%, and Navy Expeditionary Combat Command (NECC) funded at 98% for expeditionary operations (88% in the aggregate). This level of readiness meets the full Navy Presence Requirement but takes risk in the Surge required to meet emergent COCOM requirements and Major Combat Operation (MCO)

¹ T-Rating is a measure of aircrew training proficiency. It is based on the percentage of flight hours flown to complete flights in the Training and Readiness (T&R) Matrix syllabus. A higher percentage of the T&R Matrix completed corresponds to a lower T-Rating (higher readiness). The scale is measured from T-1 to T-4. .

timelines with the required assets. This can be mitigated in the short term but cannot be sustained long term. In the future, we must move our aggregate readiness costs into the baseline budget and decrease our reliance on supplemental funding sources. Balancing readiness priorities will require a wholesale review of how we satisfy current COCOM demands as part of the POM12 process.

Shore Readiness accounts are equally stressed in FY10. The budget places high priority on Base Operating requirements to support our forces. We continue to support Family and Child Development programs as well as increase counseling requirements for our forces returning from combat. As we decrease reliance on supplemental funding for Base Operating Support (BOS), many of our support functions, including Port and Air Operations, Facilities management, and Bachelor Housing operations will see lower levels of service, to include reduced operating hours and deferment of replacement furniture. Years of underfunding shore readiness in favor of fleet readiness and force structure has also contributed to a steady decline in the condition of Shore facilities, increasing the maintenance requirements and the total cost of ownership. Our future shore readiness, particularly the recapitalization of our facilities infrastructure, is at risk.

Before I address our current budget submission and continuing readiness challenges, I will review the many successes achieved against the various challenges this past year.

2008 - A YEAR IN REVIEW

The Navy remains forward deployed around the world executing the strategic imperatives of our maritime strategy, *A Cooperative Strategy for 21st Century Seapower*. It is this forward presence with regionally concentrated, credible combat power that allows naval forces to achieve strategic imperatives to deter major power war, limit regional conflict and when required, win our Nation's wars. But as Secretary Gates recently said, "no one should ever neglect the psychological, cultural, political, and human dimensions of warfare." The Naval force's globally distributed, mission-tailored forces are uniquely equipped to simultaneously achieve other strategic imperatives which contribute to homeland defense in depth, preventing or containing local disruptions, and fostering and sustaining relationships with international partners. As we continue to encounter a blended high-low mix of adversaries and types of conflict throughout the world, the naval force's balance of capability and capacity is enhanced by our forward presence.

The US Navy has made significant contributions to the Joint Force structure by routinely supporting OIF and OEF in 2008. Navy F/A-18 Hornets, launched from the aircraft carrier USS THEODORE ROOSEVELT (CVN 71), and later the carrier USS EISENHOWER (CVN 69), worked in tandem with the US Air Force in Afghanistan to ensure sustained support for ground forces. The US Navy's F/A-18C/E/F, EA-6B, and E-2C aircraft were front and center in an array of air support missions in the US Central Command (CENTCOM) Area of Responsibility (AOR). In excess of 3,000 Missions were flown in the Persian Gulf and over 6,000 Missions were flown in the North Arabian Sea / Gulf of Oman by F/A-18, EA-6B, and E-2C aircraft.

In addition to executing our Maritime Strategy, we continue to support global demand as part of the joint fight. Today there are over 13,000 Sailors ashore in the CENTCOM AOR. Over 8,000 of these are supporting joint and coalition requirements. Many of these Sailors are providing

non-core support² including Detainee Operations, Customs Inspection, Training Teams, Civil Affairs and Provincial Reconstruction Teams. Navy Commanders lead six of the 12 US led Provincial Reconstruction Teams (PRTs) in Afghanistan. The support to adaptive-core³ missions is also making a significant impact. We lead the Counter IED mission and the Counter Rocket, Artillery and Mortar (C-RAM) point defense mission protecting critical infrastructure in Iraq and ISR support. Outside of the CENTCOM AOR, Navy is engaged in missions in the Horn of Africa, Guantanamo Bay and the Philippines. In total we have requirements for 10,500 individual augmentation billets supporting global demand through various RFF and JMD requirements.

Stress on these high demand and limited supply forces requires continuous monitoring and the employment of mitigation strategies to ensure our forces do not exceed CNO Personnel Tempo (PERSTEMPO) redlines. During FY07 the Explosive Ordnance Disposal (EOD) community average Dwell ratio was averaging 1.0:1. In FY08, EOD introduced mitigation options that increased their average Dwell ratio above both Secretary of Defense (SECDEF) and CNO Dwell redlines. Other communities such as Seabees, P-3, Riverine, and EA-6B are holding steady above the minimum of 1.0:1, but below the CNO's goal of 1.0:2 Dwell ratio due to current OPTEMPO.

We continue to find ways to maximize our support of the SECDEF's Intelligence, Surveillance and Reconnaissance (ISR) Task Force (TF) and overall ISR support in OIF/OEF. We will continue to provide traditional ISR support with P-3C Anti-Surface Warfare Improvement Program (AIP) aircraft, EP-3E Aries aircraft and the first operational response to the ISR TF with an expeditionary deployment of S-3B Vikings. This final operational deployment of the S-3 Viking ensured this platform made a significant contribution to the War on Terror (WOT), providing almost 2,000 hours of coverage while forward deployed to Al Asad, Iraq. The Navy also operationalized its GLOBAL HAWK demonstrator, now termed the Broad Area Maritime Surveillance - Demonstrator (BAMS-D), which is operating alongside USAF GLOBAL HAWKS supporting Overseas Contingency Operations. This deployment represents an opportunity to gain operational experience prior to the normal BAMS program of record IOC. The Navy was the sole provider of additional rotary wing assets in support of both the Review of Helicopter Assets (RoHA) and the SECDEF directed increase of OEF Medical Evacuation (MEDEVAC) assets into Afghanistan. An additional four HH-60H Seahawk helicopters were allocated to the Special Operations Force (SOF) effort to support a deployment to Balad, Iraq while two additional MH-60S MEDEVAC aircraft deployed to southern Iraq.

The High Speed Vessel, HSV 2 SWIFT, Dock Landing Ship, USS FORT McHENRY (LSD 43), and fast attack submarine, USS ANNAPOLIS (SSN 760) conducted the Navy's first deployment to Western and Central Africa under the Africa Partnership Station (APS) banner, providing maritime safety and security training and community outreach projects with 14 nations. APS

² Core support refers to capabilities for which the Service is uniquely responsible (Title 10) and has a standard mission-ready, capable military force employment package, to include construction (Seabees), airlift support, cargo handling, maritime and port security, and medical / USMC support. Non-core support activities are capabilities for which Navy does not have a standard military force employment package. Examples include civil affairs, provincial reconstruction teams, and detainee operations.

³ Adaptive-core refers to capabilities for which a service can expand a core capability to perform with additional training and equipping. Examples include counter-IED operations, military police, and base operations.

was planned and executed by a multi-national, multi-agency staff with representation from participating African nations, Western European partners, the US Interagency, and Non-governmental Organizations (NGO). USS ELROD (FFG 55), USS LEYTE GULF (CG 55), and USS NASHVILLE (LPD 13) followed up with similar deployments to maintain continuity of effort. The USS ROBERT G. BRADLEY (FFG 49) began the first ever APS deployment to circumnavigate the African continent conducting maritime safety and security training with nations in South and East Africa.

The Southern Partnership Station in the Caribbean region, USNS GRASP (T-ARS 51) and her civil mariner crew embarked Navy divers on a three-month mission (July 2008 to September 2008) as part of a mission under the Global Fleet Station concept. They conducted joint maritime security dive operations and community relations projects with partner-nation defense forces, and safely disposed of underwater World War II-era unexploded ordnance, and assisted host nations with goodwill projects ashore in seven regional nations. GRASP participated in both basic and advanced joint training evolutions which had combined elements of classroom indoctrination and diving operations. A series of basic and advanced courses on underwater diving and salvage were held in Antigua and Barbados. GRASP'S divers worked together with local divers to conduct antiterrorism / force protection pier inspections on commercial and military piers throughout each island. Similarly, HSV 2 SWIFT deployed to Latin America / Caribbean with Mobile Training Teams (MTT) providing critical maritime safety and security training to seven regional nations.

This year saw the USS RONALD REAGAN CSG and USS THEODORE ROOSEVELT CSG accelerate their deployments as a tool of influence and elevated our carrier presence in the North Arabian Sea. USS WASP surged to support redeployment of 12 USMC MV-22 aircraft after 18 months of operations in Iraq. This surge of assets coincided with the regular deployments of five other CSGs that deployed in support of our National maritime interests: USS ENTERPRISE CSG, USS HARRY S TRUMAN CSG, USS ABRAHAM LINCOLN CSG, USS NIMITZ CSG, and USS GEORGE WASHINGTON CSG.

This past year, the Navy-Marine Corps team worked closely with the State Department and relief agencies as first responders to three natural disasters showcasing Navy's operational agility and logistics expertise. In response to Typhoon Fengshen in the Philippines, the air wing onboard USS RONALD REAGAN (CVN 76), along with the USS CHANCELLORSVILLE (CG 62), USS HOWARD (DDG 83), USS THACH (FFG 43), and USS GRIDLEY (DDG 101) provided heavy lift capabilities, enabling 332 sorties around Panay Island delivering more than 519,000 pounds of supplies.

The Navy continued to proactively and successfully execute Humanitarian Assistance and Disaster Relief missions (HA/DR), examples of "Soft Power" projection, during 2008. The Navy deployed USNS MERCY (T-AH 19), USS BOXER (LHD 4), and USS KEARSARGE (LHD 3) who, visited 81 country sites, treated more than 141,000 medical, 24,000 dental, and 15,000 veterinarian patients; conducted more than 1,700 surgeries; performed more than 50 engineering projects; and invested more than 2,500 man-days in community relations projects in support of HA/DR operations. During Continuing Promise 08, the KEARSARGE mission was diverted to Haiti to conduct health assessments of communities suffering in the aftermath of

tropical storms Fay, Gustav, Hanna, and Hurricane Ike. KEARSARGE provided disaster relief with aircrews flying 464 missions, delivering 85 metric tons of food and hygiene kits.

Our Navy also proudly demonstrated its ability to provide defense support to civilian authorities as part of several NORTHCOM led unified missions. Shore commands provided three expert fire fighting and recovery teams to areas affected by the California wildfires. USS NASSAU (LHA 4) supported a week of recovery effort in Galveston, TX, in response to the destruction of Hurricane Ike. Our Sailors and Marines distributed 16,440 meals, 13,835 cases of water, 25,285 bags of ice, aided in emergency removal of 1,075 cubic yards of debris, and assisted in bringing critical infrastructure, such as the port and airport in Galveston, back online.

Commander, Navy Installations Command (CNIC) provides management and resources for the Navy Emergency Preparedness Liaison Officer (NEPLO) program. This program assigns senior officers (O5/O6) to represent, support, interface and serve as a conduit between Navy commanders and the major military and civil headquarters that have a primary responsibility for planning, coordinating and executing the various civil disaster contingency plans under the Defense Support of Civil Authority (DSCA). Our NEPLOs supported all National DSCA events that occurred in the US during FY08, including hurricanes, wildfires, political conventions and national DSCA exercises.

PIRACY

Somalia is a largely ungoverned country with a shoreline stretching over 1,500 miles – equal to the distance from Miami to Maine. The primary industry and livelihood of coastal Somalia has always been fishing, and Somalis are capable mariners. The lack of governance, poor economic conditions, vast coastline, and numerous vessels along the coast created a situation allowing pirates to mix in with legal fisherman, evade coalition navies, and take merchant vessels hostage with little or no consequences. TRANSCOM reports 33,000 vessels transit the Gulf of Aden per year, and the pirates enjoyed complete freedom of movement both at sea and ashore. Merchant vessels were forced to comply with boardings by pirates brandishing automatic weapons and rocket-propelled grenades (RPGs). Compliant vessels and crews were generally unharmed, and after days or weeks of negotiation, ship owners paid a ransom to have the ships released. As evidenced with the pirating of M/V FAINA (carrying Russian tanks, rocket propelled grenades and anti-air artillery) and M/T SIRIUS STAR (crude oil), the pirates appear emboldened. With the rewards so high (ransoms typically exceed \$1M dollars) and little to no risk of consequences, piracy has become an attractive way of life for some Somalis.

In response to the increasing frequency of piracy in August of 2008, US Naval Forces Central Command (NAVCENT) developed and is executing a counter-piracy campaign plan. NAVCENT began by designating a Maritime Security Patrol Area in the Gulf of Aden where merchant vessels could transit with a higher probability of encountering Navy and coalition vessels along the route. We had found that piracy decreases in the vicinity of Navy ships. NAVCENT also energized the commercial shipping industry and interfaced with the International Maritime Organization, providing “best practices” to mariners to avoid being pirated. Initially, relations between navies and industry were strained with each side believing

the other could be doing more to prevent piracy. However, through continued dialogue with concerned stakeholders, cooperation with industry has greatly improved.

NAVCENT garnered the support and participation of several navies who have contributed ships to the campaign. NATO, the European Union, and other countries acting unilaterally have agreed to participate or are already on station conducting counter-piracy operations near Somalia. Countries with naval ships participating in counter-piracy operations include the United States, the United Kingdom, Republic of Korea, Japan, Germany, France, Denmark, Greece, Italy, Turkey, Russia, Pakistan, India, Malaysia, China, Singapore, Jordan, Australia, Spain, Sweden, Netherlands, Belgium, Poland, Norway, Portugal, Canada, Yemen and Saudi Arabia. On 13 January, NAVCENT stood up Coalition Task Force 151 focused on counter-piracy operations and commanded initially by a United States Navy Rear Admiral.

Our Navy has played a critical role in combating the ongoing international piracy crisis. On 25 September 2008, the M/V FAINA was captured by Somali pirates, the twenty-sixth such attack in 2008. USS HOWARD (DDG 83) closed within several hundred yards of M/V FAINA and prevented the unloading of weapons and cargo by the pirates.

There are more than 20 ships operating in the region, demonstrating international willingness to provide assets and expend resources to help. Recent failed piracy attempts have been caused by merchant ships taking evasive actions when being fired upon by pirates, rather than slowing down and allowing themselves to be boarded. In the last two months, there have been 28 successful piracies out of 67 attempts. With increased coalition naval presence, the merchant shipping industry following NAVCENT's advice to limit their chances of being pirated, and local countries such as Kenya agreeing to incarcerate and try suspected pirates, we are making progress off the coast of Somalia.

One recent event that demonstrated the Navy's strength, global reach, intelligence, and professionalism occurred on 12 April 2009 during the rescue of Capt. Richard Phillips, the master of M/V Maersk-Alabama by the team onboard the USS BAINBRIDGE (DDG 96).

In the 252 days of our current campaign from 22 August 2008 to 30 April 2009, 365 Pirates have been encountered, with 182 released, eight killed, 146 turned over for prosecution, and 29 pending (in transit for release/prosecution or status under review). In that time 24 pirate vessels were destroyed and an additional 12 pirate vessels confiscated. During these encounters, coalition forces took custody of 163 small arms, 34 RPG launchers, and 64 RPG projectiles.

In addition to accomplishing and improving relations around the world, the US Navy remains committed to keeping America safe. Secretary Gates said it best: "The United States has ample and untapped combat power in our naval and air forces with the capacity to defeat any adversary who commits an act of aggression." The US Navy has a ready, self-deployable, self-sustainable, and full Spectrum naval force, known as "Ready Combat Forces."

PROCUREMENT DELIVERED IN 2008

In FY08, the Navy took delivery of nine ships: two guided missile destroyers, USS STERETT (DDG 104) and USS STOCKDALE (DDG 106), one littoral combat ship, USS FREEDOM (LCS 1), two nuclear-powered fast attack submarines USS NORTH CAROLINA (SSN 777) and USS NEW HAMPSHIRE (SSN 778), one converted nuclear-powered guided missile submarine GEORGIA (SSGN 729), one amphibious transport dock USS GREEN BAY (LPD 20), and two auxiliary dry cargo ships, USNS RICHARD E. BYRD (T-AKE 4) and USNS ROBERT E. PEARY (T-AKE 5). We deployed our first nuclear-powered guided missile submarines, USS OHIO (SSGN 726) and USS FLORIDA (SSGN 728), less than six years from the start of their conversion from strategic service.

With the inactivation of five ships, the Navy had a net gain of four ships and at the end of FY08 had a battleforce inventory of 282 ships. Our Navy is committed to taking the steps necessary to build the future Fleet and foster the vital trust needed among the Department, Congress and industry to get our Navy to the 313-ship floor.

Overall, Naval Aviation delivered 109 new aircraft to the Fleet including 37 F/A-18E/F Super Hornets on cost and on schedule. We have a total of 374 Super Hornets, and we successfully deployed our first two F/A-18F squadrons with the new APG-79 Active Electronically Scanned Array (AESA) radar. The Joint Strike Fighter (JSF) program has delivered two USMC Short Take Off and Landing (STOVL) aircraft for flight test; and the remaining 16 System Development and Demonstration (SDD) aircraft and nine Low Rate Initial Production (LRIP) aircraft are in production. CF-1 (first CV variant) will roll out in late summer with a first flight anticipated by the end of CY09.

The E-2D Advanced Hawkeye program has completed 91% of its SDD program, one Operational Assessment, with two aircraft in flight test with over 960 total flight hours. We delivered nine EA-18G Growlers to NAS Whidbey Island for training purposes and just completed the Operational Evaluation (OPEVAL). In February 2009 our first squadron, VAQ-132, began the transition process from EA-6B to EA-18G aircraft.

The CH-53K program successfully conducted its Preliminary Design Review in September 2008. The 100th V-22 has been delivered to the Fleet. MV-22B has successfully completed three operational deployments. The MV-22B Fleet is in work-ups for their first Marine Expeditionary Unit (MEU) shipboard deployment. To date, 20 UH-1Y aircraft have been delivered and the first deployment with a Marine Expeditionary Unit is underway.

The Navy delivered several small Tactical Unmanned Air Systems to the Fleet including Raven, Intelligence, Surveillance, and Reconnaissance (ISR) Services, Scan Eagle and Marine Corps Tactical Unmanned Aerial System (MCTUAS). These assets provide: 'over-the-hill' reconnaissance; ISR; target acquisition; Battle Damage Assessment (BDA); and Force Protection to forward deployed Navy and Marine Corps units.

PERSONNEL

Recruiting

In 2008, we were successful in attracting and recruiting high-quality Sailors. We achieved our enlisted and officer goals across both the active and reserve components, while exceeding DoD quality standards in all recruit categories. For the first time in five years, we achieved overall active and reserve medical officer recruiting goals.

Accessions and Quality	FY08		
	Attained	Goal	% Goal Attained
Total Active	38,485	38,419	100.2%
Total Reserve	9,134	9,122	100.1%
HSDG*	35,834	90%	94.4%
TSC** I-III A	27,907	60%	73.5%

*HSDG – High School Diploma Graduate

**TSC – Test Score Category (Aptitude Level)

We also experienced recruiting success among our critical skill ratings, including those within the nuclear, special warfare/special operations (Explosive Ordnance Disposal, Diver, Special Operator, Special Boat Crewman), and combat operations support (intelligence, information warfare, Seabees) areas. In FY08, the Navy attained 100.6 percent of goal for enlisted nuclear ratings. Additionally, we achieved Naval Special Warfare/Special Operations goals for the first time. These ratings provide vital support to joint operations around the world.

Retention

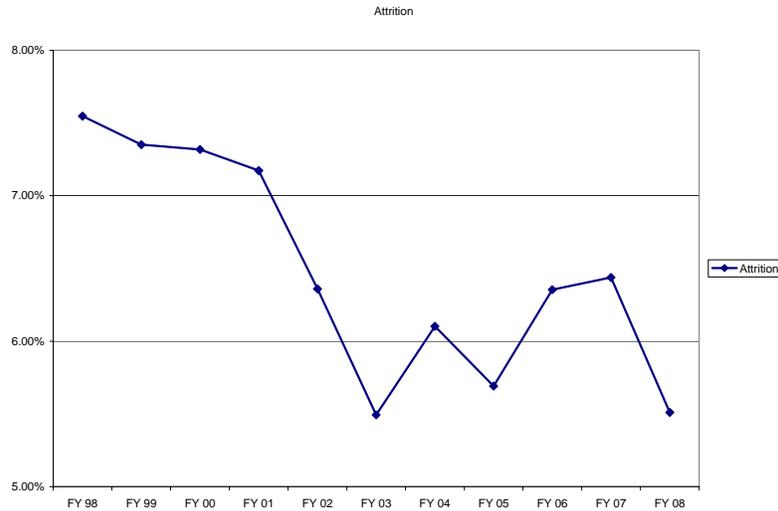
The comprehensive benefits provided to our service members, combined with current economic conditions, resulted in increased retention and lower attrition than predicted for 2008. This behavior was a significant shift from the previous year.

Active enlisted retention was approximately one percent above projections. For Sailors with 10 years of service, reenlistment rates are 9.9 percent higher than the previous two years. Among those Sailors with 10 to 14 years of service, we are experiencing a retention rate that is approximately 2.4 percent higher. We also experienced higher retention rates across the officer force. We have adjusted, and will continue to adjust, monetary incentives to match observed retention behavior, specifically focusing on retaining high-performing Sailors and officers in critical skill ratings and health professions.

Active Navy Enlisted Retention	FY08 Achievement			
	Reenlisted	Mission	FY08	FY08 Goals
Zone A (0-6 yrs)	13,005	12,700	102.4%	12,700
Zone B (6-10 yrs)	8,358	8,500	98.3%	8,500
Zone C (10-14 yrs)	5,147	5,000	102.9%	5,000

Attrition

Overall attrition, defined as Sailors who are discharged prior to the end of their contract has declined approximately 22 percent from the previous year. Specifically, we have seen declines in misconduct related discharges by 24 percent, medical/physical discharges by 16 percent, and training-related discharges by 13 percent. The net effect is over-manning in some specialties in certain year groups. There were 4,221 (14 percent) fewer enlisted attrition losses than anticipated.



FY09 / FY10 HIGHLIGHTS

Force recapitalization

I would like to thank you for your support of the FY09 budget which funded eight ships and 200 aircraft to ensure our Navy will be able to support the Nation's Maritime Strategy. The FY09 budget included the eleventh Virginia class fast attack submarine, the third DDG 1000, two Littoral Combat Ships (LCS), two T-AKE Dry Cargo and Ammunition Ships, the first Joint High Speed Vessel (JHSV) and the tenth LPD 17 class amphibious transport dock. In addition, the FY09 budget allowed for continued planned growth towards Full Rate Production in procurement profiles of JSF, EA-18G, V-22, MH-60R and UH-1Y aircraft.

The FY10 Navy budget reflects the diverse challenges of a dynamic and global environment. It is a commitment to deliver worldwide presence, credible deterrence and dissuasion capability, the ability to project power from Navy Platforms anywhere on the globe, and the ability to win at sea. The budget begins to rebalance our investment programs in order to institutionalize and enhance our capabilities to fight the wars of today and the most-likely scenarios in the future, while at the same time providing a hedge against other risks and contingencies.

The Navy program also begins the process of ensuring that our contemporary wartime requirements receive steady long-term funding similar to our conventional modernization programs. The increased procurement of the Littoral Combat Ship (LCS) and Intelligence,

Surveillance and Reconnaissance (ISR) Unmanned Aerial Vehicles (UAV's) and other programs that support irregular warfare reflect that shift.

Shipbuilding programs

The Department's FY10 budget provides platforms that are multi-capable, agile, and able to respond to the dynamic nature of current and future threats. The FY10 shipbuilding budget funds eight ships, including the twelfth Virginia class fast attack submarine (SSN 774), three Littoral Combat Ships (LCS), two T-AKE Dry Cargo and Ammunition Ships and the second Joint High Speed Vessel (JHSV) for the Navy. The eighth ship, a DDG 51 class guided missile destroyer, restarts the DDG 51 program. The budget also funds the third increment of the lead CVN 21 aircraft carrier, the GERALD R. FORD (CVN 78), some advanced procurement funding for CVN 79, and the balance of LPD 26 and DDG 1002. An integral part of the joint force application capability, the carriers, surface combatants and submarines that make up tomorrow's Navy provide the ability to maneuver to engage, insert, influence and secure by kinetic and non-kinetic means. Bringing the potent logistics to the joint force commander; T-AKE and JHSV provide the ability to move, maintain and sustain the joint force.

The Navy is responding to emergent COCOM requirements by placing more emphasis on capacity for ballistic missile defense, integrated air and missile defense, and open ocean anti-submarine warfare (ASW). In order to align our surface combatant investment strategy with these requirements, the Navy plans to truncate the DDG 1000 program at three ships and reopen the DDG 51 production line. This plan best aligns our surface combatant investment strategy to meet Navy and COCOM warfighting needs. The reason for the change to the Navy's DDG Plan is to prioritize relevant combat capability. In this plan, the Navy addresses the changing security environment, the dynamic capability requirements of the Fleet and provides for maximum stability for the industrial base. Modernizing the Fleet's cruisers and destroyers and executing an affordable shipbuilding plan are crucial to constructing and maintaining a 313 ship Navy with the capacity and capability to meet our country's global maritime needs. The Navy plan is based on requirements and needed warfighting capability and capacity.

The FY10 budget includes funds for the two Guided Missile Cruiser (CG) modifications and two Guided Missile Destroyer (DDG) modifications designed to extend the service life of these platforms to 35 years, and funds advanced procurement for modernizations of three Guided Missile Destroyers (DDG) in FY11. Additionally, the FY10 budget continues the Landing Craft Air Cushion (LCAC) modernization program by funding service life extensions for three craft.

The budget includes \$495 million in FY10 for research and development for the replacement of the OHIO Class ballistic missile submarine. These funds support cooperative development of a Common Missile Compartment with the United Kingdom, continuing longstanding strategic agreements, and initial development of advanced engineering and propulsion systems. In addition, FY10 funds advance procurement for LPD 27, Mobile Landing Platform (MLP), two SSN 774s and two DDG 51 class destroyers.

The procurement of major ships is outlined in Figure 1.

Shipbuilding Programs

	FY09	FY10
CVN 21	-	-
SSN 774	1	1
DDG 1000	1	*
DDG 51	-	1
LCS	2	3
LPD 17	1	*
T-AKE	2	2
JHSV	1	1
Total	8	8

* FY10 will complete funding for the 3rd DDG-1000 and 10th LPD 17

Figure 1

Ship Weapons

The FY10 budget continues full rate production of the Tactical Tomahawk missile which provides a premier attack capability against long range, medium range and tactical targets on land and can be launched from both surface ships and submarines. Acquisition of major ship weapons systems are outlined in Figure 2.

Major Ship Weapons Quantities

	FY09	FY10
Trident II	24	24
Tactical Tomahawk	207	196
Standard Missile (SM-2/SM-6)	70	62
Rolling Airframe Missile (RAM)	90	90
Evolved Sea Sparrow Missile (ESSM)	75	50
Lightweight Torpedoes	120	120
Heavyweight Torpedoes upgrade kits	83	85

Figure 2

Aviation programs

Navy and Marine Corps Aviation continues to provide forward deployed air presence in support of our national strategy. The FY10 budget continues to decrease the average age of our aircraft inventory from a high above 20 years in the 1990s to 18.2 years in 2009 to 17.8 years in 2010. Our aviation plan balances aviation capabilities through cost-wise investments in recapitalization, sustainment, and modernization programs. One of the issues we will deal with in the Quadrennial Defense Review (QDR) is anticipated decrease in carrier strike fighter capacity of approximately 70 aircraft from 2016 to 2020. The advanced procurement budget will increase \$4 billion from FY09 to FY10. Multi-year procurement contracts for MH-60R/S and MV-22B continue to provide significant savings and stretch available procurement funds. Development funding continues for F-35, P-8A, CH-53K, and BAMS UAS. The FY10 budget includes the first LRIP of four Joint Strike Fighter carrier variant (CV) and six P-8A Multi-mission Maritime Aircraft (MMA). The budget reflects procurement of 203 aircraft in FY10, an

increase of 20 aircraft over FY08 levels as Navy continues planned growth towards Full Rate Production profiles of JSF, EA-18G, and MH-60R (Figure 3).

Aircraft Programs		
	FY09	FY10
F-35B (STOVL JSF)	7	16
F-35C (CV JSF)	-	4
F/A-18E/F	23	9
EA-18G	22	22
MV-22B	30	30
AH-1Z/UH-1Y	16	28
MH-60S	18	18
MH-60R	31	24
E-2D AHE	2	2
KC-130J (NAVY)	-	-
KC-130J (USMC)	2	-
C-40A	2	1
T-6A/B (JPATS)	44	38
BAMS UAS	-	-
CH-53K (HLR)	-	-
VH-71A	-	-
P-8A (MMA)	-	6
MQ-8B (VTUAV)	3	5
TOTAL	200	203

Figure 3

Aircraft Weapons

Aircraft weapons in the Force Application Capability Portfolio arm the warfighter with lethal, interoperable, and cost effective weapons systems. The continued procurement of the AIM-9X (Sidewinder) missile enables the Department to maintain air superiority in the short-range air-to-air missile arena through the missile's ability to counter current and emerging countermeasures. The AIM-9X compliments the Advanced Medium Range Air-to-Air Missile (AMRAAM), a next generation missile designed to counter existing air vehicle threats having advanced electronic attack capabilities operating at high or low altitude. Procurement of major aviation weapons quantities are outlined in Figure 4.

Major Aviation Weapons Quantities		
	FY09	FY10
AMRAAM	57	69
AIM-9X	144	161
JSOW C	496	430
HELLFIRE	1068	818
AARGM	39	35

Figure 4

Expeditionary Forces

The FY10 budget continues to support Irregular Warfare (IW) requirements and promote synergy with USMC and USCG. NECC broadened its ability to deter and defeat threats in the irregular environment through expansion of operations ashore, adaptation of forces to execute maritime tasks, and rebalanced investments to deliver forces to the fight. The budget funds Navy Special Warfare (NSW) common equipment and continues to support balanced readiness requirements for Naval Coastal Warfare, EOD and Seabees. In addition the FY10 budget increases funding for Counter Radio Controlled IED Electronic Warfare (CREW) requirements, Joint Service EOD Unmanned Undersea Vehicle (JSEOD UUV), Advanced Robotics, EOD Diver Safety, Future Radiographic Systems, and EOD UAS programs. We plan to increase research and development funding for Weapons of Mass Destruction (WMD) Identification, exploiting Commercial Off-the-Shelf (COTS), non-COTS devices, and fund the National Center for Small Unit Excellence.

FLEET READINESS

Fleet Response Plan (FRP)

The FRP is the Navy's force generation construct and is an operational framework of four phases (maintenance, basic, integrated and sustainment), designed to optimize the return on training and maintenance investments, maintain Sailor Quality of Service, and ensure units and forces are trained and certified in defined, progressive levels of employable and deployable capability. An FRP cycle is the time from the end of a Maintenance Phase to the end of the next Maintenance Phase. For surface combatants, an FRP cycle is nominally 24-27 months. Maintenance completed under FRP supports the appropriate readiness during all phases of the FRP. Personnel processes within the FRP maintain appropriate unit manning levels throughout the entire readiness cycle rather than driving personnel readiness to a peak before scheduled deployment. Training processes in the FRP provide required levels of mission readiness earlier in the training cycle and sustain targeted, deliberate readiness levels throughout the phases of the FRP. In the aggregate, the FRP provides Navy forces with the capability to respond to the full spectrum of Navy roles and missions, and evolving national defense needs.

The 21st century security environment has created new demands for Navy forces, from individual units to strike groups, requiring a more agile and flexible capacity to respond to the request for forces from geographic combatant commanders. While reaffirming the importance of the rotational base of Navy forward presence, changes in the global landscape have demonstrated the need for a deliberate process to ensure continuous availability of trained, ready Navy forces capable of a surge response, forward, on short notice. The FRP ensures continuous availability of well-maintained, properly manned, and appropriately trained Navy forces to deploy for forward presence missions and supply scalable capacity to surge if requested. By definition, and construct, the FRP is an inherently self-sustainable plan. Risk in achieving any given level of presence or surge is determined by force structure decisions, the utilization rate of assets, and the length of a given Fleet Response Training Plan (FRTP) cycle.

We remain committed to being an FRP-based, surge capable Navy. Over the past several years, we have matured and extended the FRP to include not just CSGs, but the full range of platforms supporting today's Maritime Strategy mission sets. The FRP is applied to every unit and group that generates readiness via time-phased training. The required Navy readiness levels are stated by combining average adjudicated Global Force Management (GFM) Plan requirements and the surge requirements needed to support the most stressing OPLAN. The top readiness priority is ensuring that forces are fully trained and ready to deploy and remain supported while deployed.

Funding constraints may require risk in annual FRP operational availability. (A_o)⁴ Our FY10 baseline budget and overseas contingency operations funding, maintain presence of three CSGs, but assumes risk in FRP surge.

Ship Operations

The ship operations account covers fuel, utilities, repair parts, consumables, counter terrorism, travel and per diem costs for all ships and submarines. Historically, the ship operations requirement was simply based on a number of deployed / non-deployed steaming days per quarter per ship class. There was no direct connection between programmed steaming days and what was actually required to prepare for and execute the operational schedule. To address this disconnect, Task Force Readiness was formed under the joint sponsorship of the Office of the Chief of Naval Operations (OPNAV) and United States Fleet Forces (USFF) Command. Task Force Readiness set out to determine readiness levels in terms of FRP A_o, link readiness to required funding, and assess the readiness impact of funding shortfalls.

The FY10 Ship Operations baseline budget funds 45 steaming days per quarter for deployed forces and 20 days per quarter for non-deployed forces. Expected OCO funding will provide an additional 13 steaming days per quarter for deployed forces (total of 58 days per quarter) and 24 days per quarter for non-deployed forces. Historically, Ship Operations account shortfalls have been mitigated by reducing non-deployed steaming and repair parts which delays training until required to support deployment creating a readiness deficiency.

Flying Hours Program

The Flying Hour Program (FHP) account provides for the operation, maintenance, and training of ten Navy carrier air wings (CVWs), three Marine Corps air wings, Fleet Air Support (FAS) squadrons, training commands, Reserve forces and various enabling activities. TACAIR (Tactical Aviation) squadrons conduct strike operations, provide flexibility in dealing with a wide range of threats, and provide long range and local protection against airborne surface, and sub-surface threats. FAS squadrons provide vital Fleet logistics and intelligence. Chief of Naval Air Training (CNATRA) trains entry level pilots and Fleet Replacement Squadrons (FRS) provide training to transition aviators to Fleet operations. The Reserve Component (RC) aviation provides adversary and logistics air support, makes central contributions to the counter-narcotics efforts, conducts mine warfare, and augments Maritime Patrol, Electronic Warfare, and Special Operations Support to OCO missions. Figure 5 depicts the Aviation inventory.

⁴ The Operational Availability (A_o) metric measures readiness output levels where "x+y+z" indicates units ready for tasking with x=units immediately available, y=units available within 30 days, and z=units available within 90 days.

DON Aircraft Force Structure

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
<u>Active Forces</u>	21	21	21
Navy Carrier Air Wings	10	10	10
Marine Air Wings	3	3	3
Patrol Wings	4	4	4
Helicopter Anti-Submarine Light Wing	2	2	2
Helicopter Combat Support Wings	2	2	2
<u>Primary Authorized Aircraft (PAA) - Active</u>	3,220	3,340	3,401
Navy	2,138	2,120	2,187
Marine Corps	1,082	1,220	1,214
<u>Total Aircraft Inventory (TAI)</u>	3,744	3,839	3,905
Active	3,439	3,538	3,599

Figure 5

The FY10 FHP baseline budget funds TACAIR to provide a USN T-Rating of T2.5 and a USMC T-rating of T2.0. The addition of expected OCO funding will be used to achieve a CVW FRP A₀ of 3+3+1.

T-Rating is a measure of aircrew training proficiency. It is based on the percentage of flight hours flown to complete flights in the Training and Readiness (T&R) Matrix syllabus. A higher percentage of the T&R matrix completed corresponds to a lower T-Rating (higher readiness). The Navy uses a tiered readiness plan tied to the FRP. The Global Force Management (GFM) Schedule determines the required percentage of the T&R matrix that must be completed which in turns drives flight hour requirements. As air crew complete the various training cycles and flying hours associated with the basic, intermediate and integrated training phases, their T-ratings improve, ultimately reaching a T-Rating of T2.0 when they are ready to deploy as part of a CSG. The Navy's overall T-Rating is an average of the T-Ratings associated with all air wings based on their position in the FRP cycle. Thus the average Navy required T-Rating is generally around T2.3. Degrading a T-Rating worse than 2.5 results in a force that is significantly less ready to support current and future operational commitments. The Marine Corps' goal of a T-Rating of T2.0 is based on their requirement to be rapidly and effectively deployed on short notice for OPLAN or contingency operations. Figure 6 displays active flying hour readiness indicators.

DON Flying Hour Program

	FY 2008	FY 2009	FY 2010	GOAL
<u>Active</u>				
TACAIR- Navy	T-2.3	T-2.6	T-2.5	T-2.5
TACAIR- USMC	T-2.0	T-2.2	T-2.0	T-2.0
Fleet Replacement Squadrons (%)	94%	89%	87%	94%
Monthly Flying Hours per Crew (USN & USMC)	18.3	17.8	19.0	N/A
with overseas contingency operations	22.7	22.2	22.9	N/A

Figure 6

Ship Maintenance

The Navy requires a minimum fleet of 313 ships by 2019. 215 of those 313 ships are already in-service today. The foundation of the Navy's 30-year shipbuilding plan and sustainment of a forward deployed, surge-ready naval force is our ability to reach the expected service life for each of our ships. Reaching full service life demands an integrated engineering approach to ensure the right maintenance is planned and executed over a ship's lifetime as well as the resources necessary to execute those plans. The Chief of Naval Operations is committed to the right level of maintenance to provide continued readiness of our Naval Forces and ensure all platforms reach their expected service life.

The Ship Maintenance account provides funding for repair work associated with ship and submarine scheduled and unscheduled maintenance efforts conducted by both public shipyards and our private sector partners. Maintenance account requirements are based on class maintenance plans which are engineered to ensure that ships and submarines remain operational and capable throughout expected service life. The cyclical nature of ship and submarine CNO availabilities accounts for variations in annual funding levels. Budget years with multiple ship docking availabilities significantly increase required funding, as do years in which more maintenance is scheduled for private sector accomplishment.

Surface ship availabilities are conducted almost exclusively in the private sector. Nuclear submarine and Aircraft Carrier availabilities are primarily conducted in the public sector with selected availabilities completed by nuclear capable private shipyards (Electric Boat (Subs) and Northrop Grumman Shipbuilding (Subs/Carriers)). Whenever practical the maintenance is performed in the ship's homeport to minimize the impact on our Sailors and their families. The Navy recognizes that both Public and Private sector maintenance organizations need a stable and level workload to maximize efficient execution and works to level the workload to the maximum extent possible within operational constraints.

The FY10 budget, including OCO, resources the Ship Maintenance account to 96% overall.

Significant Event Repairs

Since the USS SAN FRANCISCO (SSN 711) catastrophic submerged grounding in 2005, the Navy has experienced several more accidents that have called for extraordinary efforts in ship repair. Those accidents include the USS NEWPORT NEWS (SSN 750) collision with a Japanese tanker in 2007, the fire onboard the USS GEORGE WASHINGTON (CVN 73) in 2008, the USS PORT ROYAL (CG 73) grounding in 2009, and the USS HARTFORD (SSN 768) collision with the USS NEW ORLEANS (LPD 18) in 2009. While unfortunate, these events have demonstrated the ability of our ship repair industrial base to respond to unplanned requirements, as would be the case in conflict. Each repair has to be fit into a previously planned maintenance workload, taking resources and funding from other work while minimizing the impact on that work. Our ability to conduct these complex, significant repairs is a reflection of the exceptional skills within our public and private ship repair industrial base. It is vital that we maintain the capability and capacity to produce, and repair, the high quality systems our Sailors and our nation deserve. Maintaining a steady workflow and the health of the shipbuilding industry is of national, strategic importance. We must maintain both our ship new construction and repair industry to ensure that we have the ability to both build and maintain the future fleet.

Surface Ship Life Cycle Maintenance

Surface ship class maintenance plans are undergoing a detailed technical review to make certain we understand the full maintenance requirement necessary to reach expected service life for these platforms. Until recently, surface ships have also not had a dedicated life cycle organization responsible for maintaining the Integrated Class Maintenance Plans, building availability work packages, or providing technical oversight/approval for Fleet work deferral requests. Fleet priorities, the unambiguous maintenance requirements of aircraft carriers and submarines, and the lack of an updated/technically validated surface ship class maintenance plan has resulted in surface ship maintenance being the area where we have historically taken funding risk in a resource constrained environment.

Together, lack of updated class maintenance plans and a dedicated life cycle organizations make surface ship material condition susceptible to changes in OPTEMPO. If allowed to persist, these material discrepancies will ultimately impact our future readiness and shorten the service life of our surface ships. To contend with the lack of technical rigor in surface ship maintenance, the Naval Sea Systems Command established the Deputy Commander for Surface Warfare (SEA 21). SEA 21, in concert with the Surface Warfare Enterprise has moved quickly to address the above issues. Mitigations include the establishment of a life cycle engineering organization responsible for class maintenance similar to ones that already exist for submarines and aircraft carriers. The Surface Ship Life Cycle Maintenance Activity (SSLCMA) was officially stood up on 8 May 2009 and is devoting significant effort to updating surface ship class maintenance plans.

Surface Forces Back to Basics

A number of high profile incidents, including INSURV failures on USS CHOSIN (CG 65) and USS STOUT (DDG 55), and the grounding and collision described earlier have focused national attention on Navy Operations and Maintenance. The Surface Warfare Community has instituted a ‘Back to Basics’ campaign based on the principals of self-assessment, effective training, procedural compliance, adherence to high standards, and ownership. Implementation has been via a series of messages to the Fleet which emphasized the Maintenance, Material, Management (3M) system, Zone Inspections, Personnel Readiness, and Seamanship and Navigation. The Surface Warfare Community leadership is directly engaged in waterfront operations, the enforcement of best practices, and is keeping Surface Ship Commanding Officers informed of current initiatives and lessons learned.

Getting Maintenance Requirements Right

Ship and Submarine maintenance plans are continuously updated based on operational experience and engineering analysis of ship condition. As we build new ships and grow our force back towards a floor of 313-ships, we recognize that most of the ships that will make up that 313-ship Navy in 2020 are already in the fleet today. These ships must be both maintained and modernized to ensure they maintain the material condition needed to support future operations. This recognition has resulted in increased emphasis on mid-life surface ship availabilities designed to provide sufficient depot time to allow deep structure maintenance and the installation of complicated system upgrades. Whether it is 50 years for our nuclear carriers to 35-40 for our surface combatants we must drive to a deep understanding of the maintenance requirements and a full funding of the maintenance costs as a matter of principle.

Aviation Maintenance

The Aviation Depot Maintenance account funds repairs required to ensure operational units have sufficient numbers of airframes, engines, and repairables to support achieving the quantity of aircraft ready for tasking to execute assigned missions. The FY10 budget, including OCO, resources the Aviation Depot Maintenance account to 87% overall, and ensures deployed squadrons have 100% of their Primary Authorized Aircraft (PAA) prior to and for the duration of their deployment. Likewise the budget supports achieving 97% of the zero bare firewall engine goal, aided by engineering improvements increasing engine “time on wing” as depicted in Figure 7. The Navy Aviation Enterprise (NAE) AIRSpeed strategy continues to deliver cost-wise readiness by focusing efforts on reducing the cost of business, increasing productivity, and improving customer satisfaction.

DON Aircraft Depot Maintenance

<i>(Dollars in Millions)</i>	FY 2008	<u>% at</u> <u>Goal</u>	FY 2009	<u>% at</u> <u>Goal</u>	FY 2010	<u>% at</u> <u>Goal</u>
<u>Active Forces</u>						
Airframes	576		600		569	
Engines	331		366		277	
Other Components	107		159		212	
Baseline Active Aircraft Depot Maintenance	1,014		1,125		1,058	
Overseas Contingency Operations	197		151		159	
Total	1,211		1,276		1,217	
<u>Airframes - Active Forces</u>						
Deployed Squadrons meeting goal of 100% PAA	105	100%	111	100%	111	100%
Non-Deployed Squadrons meeting goal of 90% PAA	186	100%	181	100%	176	97%
<u>Engines - Active Forces</u>						
Engine TMS meeting Zero Bare Firewall goal	34	98%	32	97%	32	97%
Engine TMS meeting RFI spares goal of 90%	50	70%	55	83%	44	62%

Figure 7

P-3C Red stripe

In December of 2007, based on an on-going airframe fatigue study, Naval Air Systems Command issued a grounding notice for P-3C Orion aircraft. Of the population of 154 P-3C aircraft in the inventory, 92 are available to the fleet for operations, 43 are in depot for repair, and 19 are awaiting repair. Congress provided \$289.3 million to our Navy in the FY08 Supplemental to fund the initial phase of the recovery program. For FY09, operational availability remains on schedule but ongoing production challenges at the government depot and contract negotiations with two commercial depots could delay recovery in FY10-11. Commander, Naval Air Systems Command team is actively engaged in improving productivity and resolving contract negotiations to ensure the program stays on schedule.

Expeditionary Forces

Our Navy continues to place significant emphasis on strengthening its expeditionary warfare forces to counter the rising global irregular warfare threat. The budget provides for the manning, operations, training, and maintenance of expeditionary forces under the purview of the NECC including: the Naval Construction Force (NCF), Explosive Ordnance Disposal (EOD)/Mobile Diving and Salvage (MDS), Riverine Forces, Maritime Expeditionary Security Forces (MESF), Navy Expeditionary Logistics Support Group (NAVELSG), Expeditionary Combat Readiness Center (ECRC), Maritime Civil Affairs Group (MCAG), and Combat Camera.

This FY10 baseline budget provides for 60% of NECC's operations and maintenance requirements (71% of operations / 5% of maintenance). Evolving warfighting missions and increases in Theater Security Cooperation Programs (TSCPs) supporting COCOM demand have driven expanded training and operational requirements for NECC Forces in every theater and

challenge the Navy's budget. To meet these important training and operational requirements, NECC leverages supplemental OCO funding to reduce the risk and provide the critical training and outfitting required to deliver ready expeditionary forces for the dynamic missions they execute across every theater on the globe. With the expected OCO funding requested, NECC will be funded to 88% overall (98% operations).

Based on GFM requirements, NECC will deploy mission-specific units to fulfill JFMCC/NCC demands by using both the existing solid foundation of core capabilities in the Navy Expeditionary Force and emerging new mission capabilities that have been developed over the last several years. Combining the functional command of these forces under a single command structure increases the overall readiness and responsiveness of the Navy to support existing and evolving irregular warfare missions in major combat operations (MCO), Maritime Security Operations (MSO) or maritime homeland security/defense (M-HLS/D).

This FY10 baseline budget, augmented with OCO funding, provides for critical construction and force protection equipment maintenance programs for NECC. Predictably, the equipment used by NECC units, such as the Seabees, EOD, Riverine, and MESF, is operating in diverse locations throughout the globe including the harsh environments of Iraq, Afghanistan, Kuwait, and the Horn of Africa. These operations drive requirements for field level and intermediate level maintenance programs to sustain critical operations and optimize equipment service life.

Navy Energy Approach

Our Navy is actively pursuing ways to reduce our energy consumption and improve energy efficiency in our operations and at our shore installations. Our emerging Navy Energy Strategy spans three key areas, afloat and on shore: 1) an energy security strategy to make certain of an adequate, reliable, and sustainable supply; 2) a robust investment strategy in alternative renewable sources of energy and energy conservation technologies; and 3) policy and doctrine changes that are aimed at changing behavior to reduce consumption.

We will propose goals to the Secretary of the Navy to increase energy independence in our shore installations, increase the use of alternative fuels afloat and reduce tactical petroleum consumption, and to reduce our carbon footprint and green house gas emissions. We are leveraging available investment dollars and current technological advances to employ technology that reduces energy demand and increases our ability to use alternative and renewable forms of energy for shore facilities and in our logistics processes. This technology improves energy options for our Navy today and in the future. Our initial interactions with industry and the academic institutions over the past few months have generated an enthusiastic response to our emerging strategy.

Fleet Synthetic Training

Fleet Synthetic Training (FST) provides realistic operational training with seamless integration of geographically dispersed Navy, Joint, and Coalition forces and optimizes the Fleet Response Training Plan (FRTP). A reduction in energy consumption and green house gas emissions are secondary, but key benefits, of this program. FST is integrated in all phases of the FRTP,

providing Unit through Strike Force level warfare proficiency training, mission rehearsal training, and joint interoperability training through a series of evaluated training events. To achieve this, FST employs shore-based and ship-embedded simulation and stimulation systems linked by distributed networks. FST also provides the means to conduct force readiness assessments using Joint and Navy Mission Essential Task Lists, integrates simulation systems to support Fleet training, qualifications and mission rehearsal capabilities, and facilitate Operation Plans, Contingency Plans, and Concept of Operations validation and the development of Doctrine, Tactics, Techniques, Procedures, advanced capabilities testing and/or experimentation. Although one hour of FST does not equal one hour flying or steaming, as the fiscal budget realities unfold and steaming days and flying hours are potentially decreased, realistic live, virtual and constructive Fleet training will be even more important to Navy readiness.

MANPOWER, PERSONNEL, TRAINING AND EDUCATION

In FY09, Navy has been successful in attracting, recruiting, and retaining a diverse, talented workforce. We will continue to make targeted investments in critical skill areas, while stabilizing the force, to deliver the proper balance of seniority, experience, and skills to meet current and projected requirements.

Recruiting

We expect continued overall success in officer recruiting in FY09 to include health professionals. To support the increased demand for health professionals in support of combat operations, we have implemented a multi-faceted approach. This includes:

- Increasing Critical Wartime Skills Accessions Bonus (CWSAB)
- Increasing incentive and retention pays for critical healthcare specialties
- Increasing the monthly stipend for medical and dental Health Professions Scholarship Program (HPSP) recipients
- Exploring a one-year pilot program to access qualified legal non-citizens
- Expanding the Defense Health Program's Health Professions Loan Repayment opportunities for critical medical specialties.

As of 1 April 2009, we have attained 63 percent of the FY09 active medical officer recruiting goal and 58 percent of the reserve goal, positioning Navy to meet or exceed all active and reserve medical officer goals in FY09.

In the enlisted force, we have met our active and reserve recruiting goals each month, and our Delayed Entry Program (DEP) is 99.5 percent full as of 1 April 2009. We are exceeding quality standards in all recruit categories: 94.2 percent have high school diplomas—four percent above the Department of Defense (DoD) standard; and 75 percent meet Test Score Category I-III standards—15 percent above DoD standards.

Retention

Retention rates continue to rise across the force. In the officer corps, we continue to pay special attention to the medical and Naval Nuclear Propulsion communities. While incentives and bonuses have contributed to increased retention select subspecialties continue to require attention, including: dentistry, clinical psychology, social work, psychiatry, general surgery, and perioperative nursing. The technical, leadership, and management expertise developed in the Naval Nuclear Propulsion Program are highly valued in the civilian workforce. Consequently, nuclear officer retention remains a challenge. Special and incentive pays are critical to retaining these professionals.

In the enlisted force, we are exceeding our retention goals and continue to see a significant reduction in attrition. For Sailors with 10 years of service, reenlistment rates are 9.9 percent higher than the previous two years. Among Sailors with 10 to 14 years of service, we are experiencing a retention rate that is approximately 2.4 percent higher. Overall attrition, defined as Sailors who are discharged prior to the end of their contract, has declined approximately 22 percent from the previous year. Specifically, we have seen declines in misconduct related discharges by 24 percent, medical/physical discharges by 16 percent, and training-related discharges by 13 percent. The net effect is over-manning in some specialties in certain year groups.

We continue to focus on retaining Sailors in critical skills ratings. This fiscal year we have met all monthly nuclear rating retention goals and are on track to meet this year's target but still have a total inventory shortfall of 827 Sailors. We have also attained 100 percent of our Special Warfare/Special Operations ratings each month this fiscal year. Monetary incentives continue to be critical to this success.

In the reserve force, we anticipate higher retention in both the enlisted and officer populations. Our goal is to finish the fiscal year with a stable, balanced inventory of reserve Sailors matched to fleet demand.

Force Stabilization

The Navy is transitioning from a posture of reducing end strength to one of 'stabilizing the force.' Since 2003, Navy active duty end strength declined from 382,235 to 332,228 at the end of 2008, at a rate of approximately 10,000 per year. While end strength declined, we have increased operational availability through the Fleet Response Plan, supported new missions for the joint force, and introduced the Maritime Strategy.

To meet these demands, maintain required Fleet manning levels, and minimize stress on the force, the Secretary of the Navy authorized the force to over-execute end strength in FY09. We anticipate that we will finish this fiscal year within two percent above our authorized level of 326,323.

The FY10 budget seeks an active component end strength of 328,800 (324,400 in the baseline budget and 4,400 through OCO request). This end strength level is sufficient to support Fleet

manning levels and the OCO mission with minimal risk. This level also includes end strength to begin reversing 2,383 previously planned military-to-civilian health profession billet conversions scheduled for FY10-FY12. We anticipate the full reversal and restoration of 4,204 billets will be completed by FY13.

Navy Reserve end strength has declined by approximately 20,000 Sailors from 2003 through 2008 (88,156 Sailors in 2003 to 68,136 Sailors in 2008). The anticipated steady-state end strength is approximately 66,000 in FY13.

Tone of the Force

The tone of the force remains positive in FY09. We poll extensively and track statistics on personal and family-related indicators such as stress, financial health, and command climate, as well as Sailor and family satisfaction with the Navy. The results indicate that Sailors are satisfied with the morale of their command, leadership, education benefits, health care, and compensation. Despite the current economic situation, the majority of our Sailors are not experiencing severe financial stress. We will continue to monitor survey results and stand ready to respond to any change.

Sailor and Family Support

Looking ahead, we will continue our commitment to Sailor and family support programs. In particular, we will continue to expand our Safe Harbor, Operational Stress Control, and Returning Warrior Workshop programs as critical components of Navy's "continuum of care" to support the full spectrum of needs for Sailors and their families. In particular, we will focus our efforts on suicide prevention and recognition and support for those with psychological health stress related injuries such as Post-Traumatic Stress Disorder (PTSD).

Individual Augmentees (IA)

As the strategy in Iraq shifts in focus to an Advise and Training role, we expect to continue to support and play a significant role. Navy's support resides in the Combat Support and Combat Service Support⁵ enabler support. Until "specific missions" such as Detainee Guards, Base Support, Customs and C-RAM are transitioned to the Government of Iraq, we expect our level of effort to remain the same.

As the Department transitions from Iraq to Afghanistan, we will increase our Afghanistan IA contribution from our current level of ~ 2,300 to ~ 3,600 over the next year, which includes our support to the Marine Corps. Support in Afghanistan focuses on PRTs, Embedded Training

⁵ Combat support - (DOD-JP 4-0) Fire support and operational assistance provided to combat elements (ratings include HM-Fleet Marine Force, cryptology, intelligence, and Seabees). Combat service support - (DOD-JP 4-0) The essential capabilities, functions, activities, and tasks necessary to sustain all elements of operating forces in theater at all levels of war. Within the national and theater logistic systems, it includes but is not limited to that support rendered by service forces in ensuring the aspects of supply, maintenance, transportation, health services, and other services required by aviation and ground combat troops to permit those units to accomplish their missions in combat. Combat service support encompasses those activities at all levels of war that produce sustainment to all operating forces on the battlefield (ratings include administration, pay and personnel, supply, and logistics).

Teams (ETTs), Detainee Guards, Seabees executing infrastructure buildup in support of surge operations, Medical and Headquarters Staffs support. The Navy currently funds 14,400 IAs worldwide.

Of significance since last year, Navy designated US Fleet Force Command (USFF) as the Executive Agent for Individual Augmentation. This assigned most functions to reside under one command. OPNAV will continue to provide oversight and coordination with Joint Staff and the Office of the Secretary of Defense (OSD). Through USFF, notification to our Sailors has improved dramatically and our “family support” program is stronger.

SHORE READINESS

Our shore infrastructure enables our operational and combat readiness and is essential to the quality of life and quality of work for our Sailors, Navy civilians, and their families. For years, increased operational demands, rising manpower costs, and an aging Fleet have driven our Navy to underfund shore readiness to increase investments in our people, afloat readiness, and future force structure. As a result, maintenance and recapitalization requirements have been unrealized, the shore’s condition and capability have declined, and the cost of ownership for our shore infrastructure has increased. Today, shore readiness depends upon workarounds to meet mission requirements. At current investment levels, our future shore readiness, particularly recapitalization of our facilities infrastructure, is at risk.

In an effort to mitigate this risk in a constrained fiscal environment, we are executing a Shore Investment Strategy that uses informed, capabilities-based investment decisions to target our shore investments where they will have the greatest impact to our strategic and operational objectives. I appreciate the enthusiastic support and confidence of Congress in the Navy through the inclusion of Navy projects in the American Reinvestment and Recovery Act. Through the Recovery Act, you enabled our Navy to address some of our most pressing needs for Child Development Centers, barracks, dry dock repairs, and energy improvements. These Navy projects are located in 22 states and territories and fully support the President’s objectives of rapid and pervasive stimulus efforts in local economies. Our Navy leadership is committed to further improvements in our shore infrastructure and must balance this need against our priorities of afloat readiness, manpower, and future force structure.

American Recovery & Reinvestment Act (ARRA)

Through the Recovery Act, you provided the Navy \$280 million in MILCON, \$657 million in O&MN, \$55 million in O&MN, R, \$75 million in Energy RDT&E, and \$29 million in OSD’s Energy Conservation Investment Program (ECIP) funding. We will use the MILCON funding to address some of our most pressing needs for Child Development Centers, Barracks, and Energy. Similarly, the O&M funding will support projects with the greatest impact on mission requirements and QOL. Recovery Act funding will construct new Bachelor Housing at Naval Air Station North Island and Child Care Centers at Naval Support Activity Mid-South, Naval Station Mayport, Naval Air Station Lemoore, and Naval Bases Point Loma and Coronado. It will also provide for major repairs for dry docks at Naval Base Kitsap, Navy Operational Support Center Facilities in El Paso, TX, and Bronx, NY, and barracks, airfields and utility infrastructure

at several Navy shore activities. Finally, the Recovery Act will enable us to focus on energy-related projects and facility improvements that increase energy conservation and improve facility efficiency and enable us to develop alternative and renewable energy sources. All of our Recovery Act projects meet Congress' intent to create jobs in the local economy and address critical requirements. All of these projects are being quickly and prudently executed to inject capital into local communities while improving mission readiness and Quality of Life for our Sailors and families.

Base Operating Support (BOS)

Base Operations Support (BOS) funding provides the fundamental services required to operate the Navy installations worldwide. These resources sustain mission capability, ensure quality-of-life, enhance work force productivity, and fund personnel and infrastructure support. Personnel support includes food and housing services, religious activities, payroll support, and morale, welfare, and recreation services to military families. Infrastructure support includes utility systems operations; installation equipment maintenance, engineering services, custodial services, and lease of real property, security, and transportation operations.

The Shore Readiness accounts are significantly pressurized in FY10. As we decrease our reliance on supplemental funding for Base Operating Support, the service level of many functional areas will be reduced. As a matter of priority, we will continue to support Family and Child Development programs as well as increased counseling requirements for our forces returning from combat. Support of Overseas Contingency Operations, especially in Djibouti, will continue to rely on supplemental funding.

Facility Sustainment, Restoration and Modernization (FSRM)

Appropriate investments of facility sustainment, recapitalization, and demolition are necessary to maintain Navy's inventory of facilities in good working order and preclude premature degradation. Navy uses an industry-based Shore Facility Investment Model (SFIM) to optimize its shore investments through a top-down, CNO driven Shore Investment Strategy.

Facilities sustainment provides resources for necessary maintenance and repair to keep infrastructure in good working order over its design service life. It includes inspections, preventive maintenance, emergency response, service calls for minor repairs, as well as major repairs or replacement of facility components. Sustainment is measured against OSD's Facilities Sustainment Model (FSM) benchmark which projects annual shore facility requirements. We have funded this account at 90% of the assessed requirement, the OSD standard.

Restoration and Modernization provide resources for facility improvement. Restoration includes repair and replacement work to restore damaged facilities attributable to inadequate sustainment, excessive age, natural disaster, fire, accident, or other causes. Modernization includes alteration of facilities to implement new or higher standards, including regulatory changes, to accommodate new functions or to replace building components. Our FY10 budget request focuses on the recapitalization of our worst condition and outdated facilities supporting the most critical Navy mission functions, leaving a portion of our infrastructure below acceptable

condition/configuration ratings. The Navy continues its targeted approach to maximize limited funding.

Installations are strongly encouraged to consolidate, move out of costly leased facilities, and to eliminate the Navy's most inefficient facilities. Demolition and disposal of excess and/or obsolete facilities reduces operation and maintenance costs, eliminates potential installation safety hazards, making our installations much more efficient and effective and better places to live and work.

In June 2008, the CNO tasked Navy senior leaders to aggressively evaluate our facility inventory to integrate shore infrastructure requirements and to identify excess infrastructure. Through this effort, we identified 40 million square feet of infrastructure for footprint reduction, which could potentially reduce recurring carrying costs by as much as \$325 million annually. We are identifying our best targets of opportunity to reduce this infrastructure. However, given the current fiscal environment it will be a challenge to make significant investment in this area.

Military Construction (MILCON)

Our Navy shore infrastructure is a critical enabler of our operational capabilities. From our bases, we attract, recruit, train, and equip the world's finest Sailors. It is also where we develop and maintain the most sophisticated weapons, technologies, and platforms and where we deploy to provide presence or respond to crises around the world. Our shore infrastructure must be ready and fully capable to support our warfighters' missions and their QOL. We will fully consider manpower and shore support costs in each of our major acquisition and modernization programs.

In developing the MILCON program for FY10, we incorporated requirements identified in Global Shore Infrastructure Plans (GSIP) for each Warfighting and Provider enterprise. These GSIPs provided a global view of facilities support requirements throughout the Navy. These requirements, incorporated into the local installation and Region integration plans, form the basis of our MILCON Requirements. We have aligned and prioritized these requirements based on the CNO guidance in the Shore Investment Strategy. This guidance seeks to arrest and reverse the decline in capability, condition and readiness of the Shore by aligning investments with warfighting requirements and Sailor and family readiness. Key elements of this strategy are:

- “Implement a systematic approach to assessing the material condition of our shore establishment....”
- “Informed, Capabilities-Based Investment... a systems based approach...to deliver the required readiness at the lowest life cycle cost.”
- “Mission Alignment and Readiness...Navy Shore Infrastructure properly sized and configured ...it will support the Fleet's warfighting capabilities and operational availability.”
- “Quality of Service...capability to maintain our warfighting platforms, train our Sailors and provide the support facilities/network for the needs of our Navy families.”

- “Joint and Community Integration...Navy Shore Infrastructure investments, operations and Joint Warfighting capabilities are optimized...effective partnering with surrounding communities.”

The FY10 Military Construction-Navy baseline budget requests appropriations of \$1,085 million including thirty-six projects for the Active Component and two projects for the Reserve Component. Three projects I would like to highlight are the bachelor quarters projects in Newport, Pensacola, and Eglin which will greatly improve living conditions for our Sailors and will directly lead to improved readiness across the Fleet. Also of note, our budget request includes a Submarine Training Facility and Exercise Support Facilities in Guam to improve the operational capabilities of our submarine forces in the Pacific.

Per OMB policy, the Navy has fully funded Pier 5 at Norfolk Naval Shipyard. This project is vital to the readiness of National Strategic Assets and our planning will limit impact to the maintenance and availability schedule for the Shipyard. The Navy has also fully funded the final increment of the critical Nuclear Weapons Security enclave project to ensure the highest protection is afforded for our nuclear weapons.

In FY 2010, the Department will start preparations to make Mayport capable of hosting a nuclear-powered aircraft carrier. This alternative port will provide a safe haven for an aircraft carrier at sea if a man made or natural disaster closes the Norfolk Naval Base or the surrounding sea approaches. The Department intends to dredge the channel at Mayport to allow nuclear-powered aircraft carriers to dock at Mayport in an emergency or other contingency. I will fully support the Quadrennial Defense Review (QDR) for assessing the need to make Naval Station Mayport a CVN homeport.

Recapitalization

Recapitalization includes replacement, major renovation, and reconstruction activities required to keep existing facilities modern and relevant. Recapitalization extends the service life of facilities or restores lost service life. A critical piece of the Navy's Shore Investment Strategy is recapitalization of existing infrastructure. To sustain a modern Navy, new construction and modernization is an essential element. Equally important is the recapitalization of our existing inventory. Recapitalization is executed through both the Restoration and Modernization account where the existing facility is structurally sound and can be renovated and the MILCON program for when the structure is not configured to meet future missions or the facilities can no longer be economically repaired.

The Navy has historically underfunded shore readiness resulting in the continual deferment of facilities recapitalization and a steady decline in the condition of Shore facilities. The result has been increased risk in the shore infrastructure, through increased maintenance requirements and life cycle costs.

In our FY10 budget request, we will invest in over 40 projects that recapitalize operational facilities (wharfs, dry docks, airfields, and maintenance hangars), improve QOL by renovating

galleys and BEQs, and support base operations by repairing warehouses, perimeter fences, and bridges.

Bachelor Housing

The Navy has made significant progress in our housing program and this success would not be possible without your strong and continuous support. We maintain our commitment to improving living conditions and providing safe, affordable, and comfortable housing for our Sailors and their families.

The Navy is committed to our Homeport Ashore initiative, which provides improved quality of life for our junior Sailors on sea duty (E1 through E4 with less than four years of service). We continue to work towards providing housing ashore for these Sailors. Last year, we estimated that we had 9,000 junior sea duty Sailors without ashore accommodations and that we would reduce that number to 2,100 by the end of 2010. After conducting a more detailed analysis of our infrastructure and resources, we will be unable to meet our 2010 goal. At the end of 2009, we will have reduced the number of junior Sailors living on board ships to approximately 5,000 Sailors in San Diego, Coronado, Norfolk, Mayport, Yokosuka, Everett, and Sasebo. CNO has directed that we provide housing ashore for all our junior sea duty Sailors by 2016 at the Interim Assignment Policy standard (55 square feet of space per person). Our long term goal is to achieve the OSD private sleeping room standard (90 square feet per person).

To address our most critical requirements, this past summer Installation Commanders were directed to inspect every Navy barracks and personally identify unacceptable living conditions. Through this room-by-room review, we identified that over 42 percent of our bachelor housing is in substandard condition, principally due to the age of the facilities, and will require significant, sustained investment to recapitalize. Despite today's fiscal challenges, the CNO has directed the sustained targeted investment to reverse our barracks deteriorating conditions. Specifically, this plan will target recapitalization of our worst barracks first with sustained investment for the foreseeable future to get our barracks into acceptable condition.

Both of these actions, Homeport Ashore and recapitalization of our existing Bachelor housing in the worst condition, will require significant targeted investments to ensure we provide adequate housing for our single Sailors. Through the Recovery Act, we have started these investments this year and will program these requirements starting in FY11. We appreciate your support in this area and we stand ready to make progress at every opportunity.

I had the pleasure of participating in the ribbon cutting of the Navy's unaccompanied housing privatization project site, Pacific Beacon, in San Diego. Pacific Beacon includes 258 conveyed units targeted for unaccompanied E1-E4 Sailors and 941 newly constructed dual master suite units targeted for unaccompanied E4-E6 Sailors. This project provides units that include private bedrooms with walk-in closets, bathrooms, and study nooks, as well as a shared common living room and kitchen with full-size refrigerators, ranges, dishwashers, and washer/dryers. Additionally, the facilities include a swimming pool, state of the art fitness center, outdoor theater, classrooms, and a WI-FI café. These quarters are impressive and the best enlisted bachelor quarters I have seen in my Navy career.

The Navy has executed a second unaccompanied housing privatization project in Hampton Roads. This agreement was signed in December 2007 and included the conveyance of 723 units in seven buildings on Naval Station and Naval Support Activity Norfolk and the construction of 1,190 dual master suite units. The first of three construction sites was opened November 2008 and the remaining units are scheduled to be complete by 2010.

Training Encroachment

The Navy's ability to train using active sonar remains a persistent and critical readiness issue. Submarines with improving stealth and attack capability - particularly modern diesel attack submarines with air independent propulsion - are proliferating world-wide at an alarming rate. Locating these relatively inexpensive but extremely quiet boats presents our Navy with a formidable challenge and frequently requires the use of active sonar.

Until recently, the Navy's use of active sonar in training at sea was being challenged in five separate lawsuits. Today there is no pending sonar-related litigation against the Navy. However, certain nongovernment organizations (NGOs) have voiced concerns over recently completed and ongoing Navy environmental analyses for our training ranges and operating areas, and we anticipate the possibility of future litigation. We also recognize and share the legitimate interests of the American public in continued protection of the marine environment as the Navy carries out its national security mission.

We believe the Navy's best approach to avoid future litigation and to address public concerns is to employ marine mammal protective measures when using active sonar on our training ranges and operating areas. These measures are based on the best available science, and they are effective. We greatly appreciate the leadership of the National Marine Fisheries Service, which has worked closely with us to develop these measures that allow us to train while protecting marine life.

Marine mammal research is essential to our efforts to protect marine life. We have invested approximately \$100 million in marine mammal research over the past five years and anticipate that we will continue this level of effort into the future. We have funded the best independent researchers in the world to help us understand effects of sound on marine mammals, so that we can improve our marine mammal protective measures and lessen potential effects from active sonar. The most promising and most difficult of the research being accomplished is the behavioral response studies that are designed to enable scientists to estimate what responses marine mammals exhibit at various sound receive levels from sources similar to mid-frequency active sonar.

The Navy is making a concerted effort to provide the public with current information on our marine mammal research and our environmental stewardship, and we will seek to strengthen our coordination with nongovernmental organizations interested in this area. All of these efforts will help preserve the Navy's continuing ability to provide combat-ready naval forces, while training in an environmentally responsible manner.

Another training encroachment issue is related to Naval Auxiliary Landing Field (NALF) Fentress, which is the primary Field Carrier Landing Practice (FCLP) facility for carrier-based fixed-wing aircraft stationed at and transient to NAS Oceana and NS Norfolk. The Navy requires expanded OLF capacity in the mid-Atlantic region to support FCLP training requirements during both routine operations and under surge conditions in support of the Fleet Response Plan. NALF Fentress is also limited operationally by urban encroachment that affects the quality of FCLP training; noise concerns have led to modifications of the FCLP pattern at NALF Fentress. These modifications, coupled with increased levels of ambient light, detract from training fidelity, and do not provide a training environment consistent with at-sea operating conditions. Consequently, in addition to providing the needed training capacity, the additional OLF will provide higher fidelity training by enabling aircraft to fly a realistic FCLP pattern with minimal ambient light. If adequate solutions to the OLF issue are not found, the Navy will continue to be challenged in the timely support of the Fleet Response Plan.

RESET THE FORCE

The Navy's support of OIF/OEF and other Overseas Contingency Operations continue to require a higher OPTEMPO than planned for during peace-time operations. In the near term, this translates to greater operational costs (maintenance, parts, and fuel). Longer-term impacts are under close evaluation, but aircraft and ground equipment returning from war will require additional intermediate and depot-level attention to remain responsive to emerging threats.

The Navy continues to evaluate reset requirements as our high OPTEMPO continues and the equipment is used more extensively than originally planned. Replacement equipment and aircraft are essential to preclude near-to-midterm capability gaps. Deferring reset requirements will equate to increased risk in the future.

CONTINUED SUPPORT

Carrier Force Structure

The Navy is fully committed to maintaining an aircraft carrier force of 11. However, legislative relief is required, to temporarily reduce the carrier force to 10 during the intermediate period between the planned inactivation of USS ENTERPRISE (CVN 65) in November 2012 and the 2015 delivery of USS GERALD R. FORD (CVN 78). Extending ENTERPRISE to 2015 involves significant technical risk, challenges manpower and industrial bases, and requires expenditures of at least \$2.8 billion, and would result in only a minor gain in carrier operational availability and adversely impact carrier maintenance periods and operational availability in future years. We are adjusting carrier maintenance schedules to support the FRP and ensure a responsive carrier force for the nation during this proposed 10-carrier period; I urge your support for this legislative proposal.

CONCLUSION

Investment in Navy Readiness buys the nation the following:

- Flexible response to new challenges
- Demonstration of American strength and generosity
- Establishing conditions for peace through friendship
- Persistent presence in critical areas of the world
- Security for our maritime nation

The security challenges of the 21st Century are complex and varied. They range from the irregular, asymmetric threats of terrorists, self proclaimed Jihadist organizations, and rogue states and belligerent nations, to the conventional and highly sophisticated militarized nation states. There are requirements to project foreign policy, demonstrate democracy, protect the innocent, provide humanitarian and disaster relief, safeguard waterways, control the sea and skies above, and meet any threat situation with the application of controlled and measurable force. There is only one entity capable of satisfying all of these requirements, and their infinite variations. Our Navy stands ready today, dependable tomorrow, and able to meet the complex circumstances and global challenges that arise in the future. The Navy can and will provide swift solutions from the sea.

The Navy is operating forward, conducting essential global missions, but that level of security comes at a cost to our people, our current readiness, and the future fleet. Our Navy's capabilities and capacity must be balanced with the resources we are provided to address these wide range strategic challenges.

Our Navy provides a high rate of return on your investment, costing the taxpayers less than 1% of the GDP. Although we are increasingly stretched, the Navy remains the preeminent maritime force and our people are remarkable. As we strive to sustain combat readiness, build the future fleet and develop 21st Century leaders, we cannot allow ourselves to take freedom for granted. The Navy readiness story is one of military might but speaks volumes about generosity and humanity. We must be ready today to meet and thwart any future threat in order to guarantee freedom and establish global peace.