[H.A.S.C. No. 110–23]

HEARING

ON

NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2008

AND

OVERSIGHT OF PREVIOUSLY AUTHORIZED PROGRAMS

BEFORE THE

COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES

ONE HUNDRED TENTH CONGRESS

FIRST SESSION

FULL COMMITTEE HEARING

ON

BUDGET REQUEST FROM THE DEPARTMENT OF THE NAVY

HEARING HELD
MARCH 1, 2007

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FISCAL YEAR 2008 NATIONAL DEFENSE AUTHORIZATION ACT—BUDGET REQUEST FROM THE DEPARTMENT OF THE NAVY

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
Washington, DC, Thursday, March 1, 2007.

The committee met, pursuant to call, at 9:34 a.m., in room 2118, Rayburn House Office Building, Hon. Ike Skelton (chairman of the committee) presiding.

OPENING STATEMENT OF HON. IKE SKELTON, A REPRESENTATIVE FROM MISSOURI, CHAIRMAN, COMMITTEE ON ARMED SERVICES

The CHAIRMAN. Good morning.

Let me welcome today's witnesses to our hearing on the 2008 budget request for the Department of the Navy. And we welcome the secretary of the Navy, Dr. Donald Winter; chief of naval operations, Admiral Michael Mullen; the commandant of the Marine Corps, General James Conway.

And we appreciate your appearance, and we thank you for your testimony.

We will ask that your testimony be placed in the record in total, and hopefully you will be able to condense your remarks somewhat.

And our hearing is to consider your department's position of three separate requests: the fiscal year 2007 supplemental, the fiscal year 2008 main budget request, and the 2008 war budget request.

The request for the department in 2008 is $139 billion. When we add funding for the two wars—or, I should say, the two additional requests, it totals $159 billion.

In size and content, these budgets are all very serious matters. It is the military—a military at war. Our Marines are on the front line, and many sailors, naval officers, are serving in front-line roles as well as providing critical support.

Before delving too deeply into the budget before us, let me first mention a personal note, if I may, which I know is familiar with the Admiral. I represent the great state of Missouri in the middle of the country. My hometown of Lexington is on the major body of water, the Missouri River. It is not quite navigable for capital ships, but yet I have always been very proud that my father served aboard the battleship the USS *Missouri*, a ship of the Great White Fleet that predated the battleship, made famous for the signing of the end of the Second World War.

My personal experience, my study of history underscore the importance of a strong and vibrant navy. Our interests are deeply

tied to the maritime, especially international trade, and I believe that our country can only remain a great power if we maintain a strong navy. We must be able to project power and to maintain presence in order to deter potential adversaries and reassure our friends.

It is without question certain of Admiral Mahan's key insights remain equally valid today as they did when he wrote them at the turn of the century.

These beliefs about the need for a navy able to help achieve our range of national security goals drive my concerns about the shrinking size of our ship force structure.

I feel like a bit of a broken record. And I know, Mr. Secretary and Admiral, you have heard me make that point at earlier hearings.

We need to understand what the plan is to accelerate the effort to increase the size of our Navy and to ensure the effort—make sure that it stays on schedule.

This month, the Navy will get down to a low of 274 ships. Members such as I remember participating in the drive to build up our Navy to a 600-ship navy. Two-hundred-seventy-four is a shocking number.

I am encouraged that in 2008 the Navy will commission seven more ships than it decommissions. It will budget for seven more new-construction ships in 2008. And I appreciate the fact that this year's budget request is consistent with the CNO's long-range ship-building plan, which I am sure he will discuss.

But I still remain concerned that cost growth in ship construction could cripple the plan as early as this year.

I know that three of the ships in this year's request are littoral combat ships (LCS), a ship class which recently experienced cost growth so severe that our Navy issued a stop-work order to the contractor.

And despite a cap of $220 million for each sea frame this committee imposed beginning on the fifth LCS in an effort to control costs, the budget request appears to ask for about $300 million per LCS ship, number seven through number nine.

If this is right, simply put, the budget plan doesn't comply with the law. Given that 55 of the ships in the long-range ship-building plan are littoral combat ships, it is critical that we get back in control of the cost.

Turning to our Marine Corps, our Marines remain deeply embroiled in combat in several locations around the world while still providing a significant portion of the Navy's 9/11 capability to respond to unexpected events around the world.

This committee is deeply committed to ensuring that the United States Marine Corps receives all of the resources it needs. And we stand ready to hear about the Marine Corps's budget, and especially its unfunded priorities. All of these total over $3 billion.

On a happier note, I am very pleased to see an increase in the size of the Marine Corps funded in 2008 budget request, and I have been calling for an increase in the size of our ground forces for a number of years, in particular the Army. And I am pleased that both the Army and the Marines hopefully will be beneficiaries.

Our main concern about the impact of current operations, especially the troop increase in Iraq, on Marine Corps readiness—this committee remains deeply committed to meeting our need of our Marines deployed to combat.

We are especially interested in your need for the reset of equipment, which is fast wearing out in the Middle East. This committee, in a bipartisan effort, added almost $6 billion to last year's budget for the Marine Corps equipment reset. We look forward to hearing about what your reset needs are for the coming year.

Let me, last, mention the desire of this committee to do whatever we can to improve force protection. We have focused, among other things, on the mine resistant ambush protected vehicle, known as MRAP, a program which we believe can be accelerated significantly.

With that, let me recognize my friend—instead of our ranking today, our colleague from New Jersey, who is serving as ranking member today, Jim Saxton, for comments he would like to make.

STATEMENT OF HON. JIM SAXTON, A REPRESENTATIVE FROM NEW JERSEY, COMMITTEE ON ARMED SERVICES

Mr. SAXTON. Mr. Chairman, thank you very much. I appreciate being recognized at this time.

Secretary Winter and Admiral Mullen, General Conway, thank you for being with us this morning. We appreciate you being here. And needless to say, we appreciate your service to the country as well as all of those you lead in the Navy and Marine Corps.

It is a pleasure to have you here today to learn more about the fiscal year 2008 budget for the United States Navy and Marine Corps. While hearings like today's may seem pro forma because we do them each year, I believe it is critical for members serving on this committee to have the opportunity to review the budget, then ask the tough questions that we must ask about it so we can ensure that we make the right decisions for not only the 50,000 sailors and Marines serving in the Central Command but also for the Navy and Marine Corps as a whole.

Budgets also tend to serve as signals for policy shifts. Today I hope that you will elaborate on a few key areas of interest to this committee in order to help us understand how the Department of the Navy is addressing some of the tough challenges and how we might see those decisions reflected in the budget.

First, I am pleased with Secretary Gates's decision to increase the Marine Corps end-strength to 202,000. This is a great thing that he has recommended. As a matter of fact, this committee examined the end-strength needs of each of the services last year during our committee's defense review. As a result, we became convinced that such an increase was necessary to relieve stress on the force and enhance the ability of the Marine Corps to effectively respond to any contingency.

Today, Secretary Winter and General Conway, I hope you will expand upon the areas within the budget above and beyond additional personnel costs which reflect funds necessary to ensure that you can accomplish this goal.

Second, I would like you to address the acquisition process from requirements definition through fielding and sustainment. The

question is the same today as it was last year: Why can't we identify a requirement, develop a solution and get it to the war-fighter in a reasonable period of time and at a reasonable cost?

The most frustrating part of this problem is that it seems like we identify the same deficiency on nearly every program that runs into trouble, whether it is requirements creep, failure of the contractor to perform, or unrealistic schedules.

Two glaring examples of this, as the chairman pointed out, the littoral combat ship and also, I might add, the expeditionary fighting vehicle. The third ship in the LCS class has been under a stop-work order, as we all know, since January due to cost growth on the first hull. It is unclear at this time what sort of cost risk we should have on the second LCS.

It appears that the major cost drivers in this program were the parallel development of design requirements with the detailed design itself; the drive to meet, launch, and delivery dates over all else; and the lack of qualified Navy technical personnel to oversee the program.

The cost growth of LCS has major impacts on other Navy programs, as well.

Admiral Mullen, as you have told us, that you need support to sustain funding for our ship-building account consistent with the 30-year plan. But you can't get there if every ship in the Navy buy is over-budget. Congress set cost caps on several key ship-building programs for this explicit purpose, to help the Navy control cost.

LCS is nearly 20 percent of our 313-ship Navy. Mr. Secretary, we are waiting to hear what course of action you plan to take on this vital program.

Today I hope our witnesses will tell us how the budget for 2008 reflects their attempts to get this right. What are we going to do in order to change how the Department of the Navy does acquisition? How are you applying lessons learned to another important program, the mine resistant ambush protected vehicle, MRAP?

Once more, you have a program that is attempting to fulfill a critical war-fighting gap, and you have an aggressive schedule to achieve this goal. What steps are you taking to ensure that the same kinds of stumbling blocks—requirement change, imbalance in priorities—leading to poor contractor performance and lack of technical oversight? And we want to make sure that we won't impede your progress with these kinds of problems.

Last, I would like to hear about how the Navy is taking ownership of the missile defense mission. The missile and nuclear developments in Iran and North Korea are a clear and present reminder of the need to get our Nation's missile defense capabilities built, tested, and fielded in sufficient numbers and as soon as possible.

Last October, in the wake of the North Korean nuclear test, we sent a letter to the President urging him to further accelerate the schedule for fielding Aegis ballistic missile defense capabilities, including Standard Missile-2 (SM–2) and Standard Missile-3 (SM–3) interceptors. What options were considered, and what acceleration decisions are reflected in the budget request?

I have been particularly concerned about the transition of missile defense capabilities from the Missile Defense Agency to the services. I am pleased that, starting this year, the Navy has committed

operations and sustainment funding for Aegis ballistic missile defense. However, no missile procurement funds are requested in the budget.

I am a strong supporter of Aegis ballistic missile defense. As such, I would encourage the Navy to identify its Aegis BMD force structure requirements and the resources needed to build these requirements.

With that, Mr. Chairman, I would like to conclude by thanking our witnesses for being here today and, again, for their great leadership capabilities as we move forward.

Thank you, sir.

The CHAIRMAN. Thanks so much, Mr. Saxton.

And welcome, gentlemen.

Secretary Winter.

STATEMENT OF HON. DONALD C. WINTER, SECRETARY OF THE NAVY

Secretary WINTER. Thank you very much, Chairman Skelton, Congressman Saxton. Thank you for the opportunity to appear this morning before this committee.

Today I am joined by Admiral Mullen and General Conway, two outstanding leaders whose dedication to the Navy and Marine Corps is apparent to all who have had the pleasure of working with them.

Each of us has prepared a statement for the record, which we respectfully submit. These documents outline in detail this department's priorities, the strategic thinking behind them, and the funding requests that are necessary to support them.

Our priorities presented in the fiscal year 2008 budget request encompass both long-term and short-term requirements.

The short-term imperatives include supporting Marines and sailors in the field, funding the urgent requirements such as the mine resistant ambush protected vehicle program, and making up for the losses of vehicles, equipment and aircraft that have been incurred in combat operations.

At the same time, we must provide for the critical needs of the Navy and Marine Corps of the future. To that end, the Department of the Navy is pursuing an unprecedented modernization program across the full spectrum of our weapons platforms in both the Navy and Marine Corps. This drive to transform the force is necessary and vital to our national security.

The current transformation entails a shift from a blue-water-centric fleet to one with greater brown-and green-water capability. This shift in focus reflects a greater demand for expeditionary capability, a capability that will allow us to operate in the littorals. The broad transformation now under way includes a new generation of ships, submarines, and aircraft, with programs in development production already in operation with the fleet.

Some of the department's new programs have encountered significant challenges. The Navy's littoral combat ship program and the Marine Corps's expeditionary fighting vehicle program are both innovative weapon platforms incorporating new technologies. We are working on solving the problems that have arisen so that we can deliver vitally needed capabilities to our war-fighters.

Both of these programs represent the kinds of capability that the future Navy and Marine Corps will need to fight and win the wars of tomorrow. Faced with a dangerous, uncertain world, with terrorist enemies, states that actively support or condone them, and rising powers with intentions and capabilities that lack transparency, we have no choice but to improve our own capabilities.

Mr. Chairman, in addition to addressing current and future needs, there are two outstanding issues from last year that I would like to bring to your attention.

First, the basic allowance for housing shortfall must be remedied, for it represents a shortfall of over $500 million and has a direct impact to our sailors, Marines and their families.

Second, the Department of the Navy was given a mandate to execute the BRAC directives, but the Base Realignment and Closure (BRAC) appropriation contained in the revised continuing appropriations resolution for fiscal year 2007 did not include adequate funding to support BRAC activities.

We owe it to the sailors and Marines and their families to find a speedy resolution of these issues.

Mr. Chairman, the Department of the Navy's fiscal year 2008 budget request is critical to both the short-term and the long-term national security of the United States.

Thank you for your continued support for our efforts to meet our constitutional obligations to provide for the common defense of the American people. I look forward to answering your questions.

Thank you very much.

[The prepared statement of Secretary Winter can be found in the Appendix on page 45.]

The CHAIRMAN. Mr. Secretary, thank you very much.

America's number-one sailor, Admiral Mullen.

STATEMENT OF ADM. MICHAEL G. MULLEN, CHIEF OF NAVAL OPERATIONS

Admiral MULLEN. Mr. Chairman, Mr. Saxton, members of this committee, thank you for your continued support of our men and women in uniform and for the opportunity and privilege to appear before you today.

I am honored to join Secretary Winter and General Conway here and consider myself fortunate to serve alongside them at this critical time in our Nation's history.

And it is a critical time, Mr. Chairman. As you said and the secretary said, we are a nation at war, and a maritime nation at war, fighting an elusive and adaptive enemy bent on using terror and irregular tactics to spread hatred and fear across the globe. At the same time, we are confronted by potentially hostile nation-states determined to develop and use sophisticated weapons systems.

Your Navy is ready to meet these challenges. In fact, I would argue that it is more ready, more capable than I have ever seen it in my 38 years of active service.

Through our fleet response plan, we continue to meet the demands of the combatant commanders for trained, flexible and sustained forces with six carrier strike groups available on 30 days' notice and an additional carrier strike group ready to serve within 90 days.

Indeed, nearly 100 of your ships and submarines are at sea today deployed, and more than 60,000 sailors are forward. Fully half of these men and women serve in the Middle East, and almost half of that number are on the ground, in combat and combat support roles. They are performing magnificently, each and every one.

I had the opportunity to visit with many of them over the holidays in the Persian Gulf and Iraq, Afghanistan, Bahrain, and the Horn of Africa. I can tell you they are focused, well-trained, and well-led. They are proud of what they are doing, still prouder of the difference they know they are making.

The best readiness we have ever achieved, the best sailors we have ever recruited, the very best support from absolutely remarkable families—it is an unbeatable combination, sir.

But we have to work hard to sustain this readiness. I remain concerned about high operations tempo (OPTEMPO) and certain shortfalls among our expeditionary forces, SEALs, explosive ordnance disposal personnel, our Seabees, our medical corps, and our naval intelligence community. And, as I testified to the House Appropriations Subcommittee on Defense last month, the accelerated wear and tear on systems and equipment in a harsh physical environment requires immediate attention, especially our Seabee equipment and older models of our expeditionary aircraft.

The sound investments we have made in recent years to improve fleet capacity and capabilities have paid off. We must now re-energize our procurement accounts to maintain those capabilities in the future.

Our fiscal year 2008 budget request helps us do that, calling for the construction of seven new ships, including a Virginia-class submarine, an amphibious transport dock (LPD), and the continued construction of a new aircraft carrier, as well as the addition of 188 new operational aircraft to the inventory—nearly 40 more than we ordered last year.

As you know, we submitted a ship-building plan to Congress last year that will produce a fleet of 313 ships by 2020, a fleet size and balance to meet the challenges we face at the maximum acceptable risk. That plan, submitted again to you with this budget, has not changed.

Still centered on 11 aircraft carriers and a battle force of 48 submarines and commensurate surface combatants, it will provide the Nation more options and more flexibility than ever before, particularly in core war-fighting competencies like mine and undersea warfare and anti-ballistic missile defense.

I appreciate the support we have received from this committee in developing this plan and in building the fleet. It is important that we sustain it.

We continue to evaluate, as we must, the impact global developments have had on the plan's original risk assumptions. The security environment is too dynamic and the pace of change too rapid for us not to do so. But I assure you I remain committed to a stable ship-building program and to pursuing, with our partners in industry and you on the Hill, the efficiencies required to make it affordable.

Three things have definitely not changed, Mr. Chairman: my priorities to sustain combat readiness, build a fleet for the future, and

develop 21st-century leaders. I know the role our Navy must play in helping win the war on terror, while providing a powerful deterrent and meeting our commitment as a vital element of this Nation's strategic reserve.

I know, and I know you know, that a maritime nation such as ours depends in great measure on the overmatching capability, global reach, persistent presence, agility and lethality of a strong navy. We are that Navy, Mr. Chairman. And with your continued support, we will remain that Navy.

Again, on behalf of your sailors, Navy civilians, and their families, I thank you for the opportunity to appear before you and stand ready to answer your questions.

[The prepared statement of Admiral Mullen can be found in the Appendix on page 58.]

The CHAIRMAN. Admiral Mullen, thank you very much.

The commandant of the Marine Corps, General Conway.

STATEMENT OF GEN. JAMES T. CONWAY, COMMANDANT OF THE MARINE CORPS

General CONWAY. Chairman Skelton, Congressman Saxton, the distinguished members of the committee, thank you for the opportunity to report to you today on the status of your Marine Corps.

I pledge to provide you with frank and honest assessments, and I come here today with that thought again in mind.

In the past five years, your Marine Corps has been immersed in what we believe are the first battles of the long war, a generational struggle against Islamic extremists. The Marines in our operating forces are being pushed hard, strained by the operational tempo and the frequency of combat deployments. But their morale has never been higher, because they believe they are making a difference.

Over two-thirds of our Marines have enlisted or re-enlisted since 9/11. They know full well what the Nation expects of its Marines in a time of war, and they are shouldering that duty with selflessness and courage.

They also believe that, through its elected government, the people of the United States are behind them. The evidence of that support is everywhere: tangible support in the feeling of new materiel, the latest equipment to protect them in harm's way, the reset of the force to accomplish follow-on missions throughout the globe, and most recently the proposal to grow our end-strength.

Increasing to 202,000 Marines will greatly reduce the strain both on the individual Marine and on our institution as a whole. The end-strength increase will gradually improve the deployment-to-dwell ratio in some of our most critical units. Currently many of these units are deployed for seven months and home for only seven months, some even less time, before they return to combat.

Our Corps is, by law, to be the most ready when the Nation is least ready: the Nation's shock troops. These additional Marines will allows us the dwell time needed to train and sharpen the skills that will be required of us in the next contingency, thereby reducing future operational and strategic risks.

Over 70 percent of our proposed end-strength increase is comprised of first-term Marines, so we are making the necessary in-

creases in recruiting and retention. This will be a challenge, but our standards will remain high. We will need your continued support for enlistment bonuses and other recruiting programs, such as advertising, which are essential for us to continue to bring aboard the best that America has to offer.

Turning to the plus-up operations in Iraq, we have approximately 4,000 Marines affected.

First I would like to correct the misunderstanding by some in the media that our end-strength increase is directly tied to the plus-up in Iraq. This is not the case. Our request for additional Marines is separate from—indeed, it predated it by several weeks—the announcement of the plus-up operation.

I also want to assure you that all Marines going into the al-Anbar province will be properly trained. Units that have been accelerated in the rotation have indeed had their training schedules adjusted. But those schedules include all five phases of our predeployment training package.

They will be properly equipped. We have identified their only equipment shortfalls, which is a result of manufacturer nonavailability, and those are the latest generation sniper and spotter scopes.

Ladies and gentlemen, your Marines recognize that this is an important time in history to serve our country. They are truly a special breed of America's warriors. It is on their behalf that I come before you today to answer your questions and help all understand how we can best support these tremendous young Marines and sailors in combat.

I look forward to your questions.

[The prepared statement of General Conway can be found in the Appendix on page 122.]

The CHAIRMAN. General, thank you very much.

And, Mr. Secretary, before I ask any questions and turn it over to the members, I think it is incumbent upon me to note that there are so many here on this committee that represent port cities. And what they don't know is that I represent a port city. Lexington, Missouri, was the largest port in western Missouri during the latter part of the 1930's and the 1940's and the 1950's. And it was the War Between the States that shut down our port operations. So I think that those that represent port cities should take note of my nautical interest along the Missouri River. [Laughter.]

I will reserve my questions for a moment later.

Mr. Ortiz.

Let me mention this. The five-minute rule is still in effect. Everyone is doing well. Please do your best to abide by it, we appreciate it, so everybody can get their questions in. Thank you.

Mr. Ortiz.

Mr. ORTIZ. Thank you, Mr. Chairman.

Mr. Secretary, Admiral, General, thank you so much for joining us today.

Admiral, in your testimony you state, "Within our own hemisphere, some leaders have become increasingly vocal in their opposition to policies of the United States."

Now, I would like to know, how does the Navy's strategy plan, given that after BRAC there will be no longer Navy ships in the

Gulf region—you know, we have a lot of refineries, we have the commercial sea lanes, we have a lot of Gulf oil-drilling. And how do you address that?

Admiral MULLEN. Clearly——

Mr. ORTIZ. Let me, before I finish, because we are limited. And then I saw in some testimony that we are about to give some minehunters ships to Lithuania, which I think is good, to Turkey, which is good. They might be old, but we are not going to have anything on the Gulf Coast. And that concerns me, and I hope that you can address this question, Mr. Admiral.

Admiral MULLEN. Certainly. I understand the concern, Mr. Ortiz. And the statement in my testimony was focused on certain evolving events and rhetoric coming from the countries south of us.

We have ships in that area of responsibility (AOR) routinely. They come from our ports on both coasts. And the way they are both dispersed and operated right now, I am not overly concerned that they can't respond to the need in that part of the world.

My general philosophy there is to engage these countries both militarily and diplomatically. And so, my take on that is we are a long way from any kind of military engagement, based on what is going on in that part of the world.

With regard to the minehunters, the ships to which I think you are referring, we have decommissioned those and recommended they be transferred based on the fact that I don't have a capability requirement for hunting mines. My warfare problem is in sweeping mines right now, as far as ships are concerned, which is why we both decommissioned them and are recommending they be transferred.

Their original mission was tied to port breakout, which would be applicable were we to be concerned about getting out of our ports. I don't see that as a concern in the near term or the far term, which is why I think those ships should be transferred.

Mr. ORTIZ. We are still having problems with Katrina on the Gulf Coast. And the first ship that responded was from our home port, which was Ingleside. We were on the verge of developing some new technology to do away with the minehunters and put them on the ships, you know. Where is that technology today? Have they been—do we have it?

Admiral MULLEN. Sir, the future mine warfare plan integrates many of the capabilities that we are developing on the littoral combat ship, the mine warfare module. And clearly the response of the ships, the minehunters in particular in Katrina, which was terrific in clearing ports, shows the flexibility that we have in platforms which go to sea, whether they are Navy or Coast Guard. But it has not been their principal mission.

And as I try to balance the books overall, that is with the—what is the current war-fighting requirement? That is why we made the decision to decommission those ships.

Mr. ORTIZ. But that is the future plan. I am talking about now, what do we have. I mean, we are still waiting on the technology, because you are talking about a future plan. Am I correct?

Admiral MULLEN. In terms of mine warfare?

Mr. ORTIZ. Yes, sir.

Admiral MULLEN. Yes, sir, we are actually fielding that plan right now. I mean, we have developed a number of technologies over the last ten years which we will field in the next couple of years. And the modules coming with LCS are a significant part of that. But it is not just on ships; it is in aviation as well.

Mr. ORTIZ. I just want you all to know that I am very concerned. Some of this fuel, as you well know, is used by our military. And all this takes is one strike, and then with nobody protecting the Gulf Coast and the Gulf of Mexico—I am very, very concerned about this. And I just wanted to mention this to——

Admiral MULLEN. Yes, sir. I understand.

Mr. ORTIZ [continuing]. Our leadership this morning today. So thank you so much. I am running out of time.

Admiral MULLEN. Thank you, sir.

The CHAIRMAN. I thank the gentleman.

In lieu of the ranking member, Mr. Saxton.

Mr. SAXTON. Thank you, Mr. Chairman.

Admiral and General Conway, you both made reference in your opening statements to something that I would just like to make note of, particularly General Conway, when you said that we are in the first few battles of this long struggle. And it reminded me of some thoughts that have been occurring to many of us, to some of us at least, in the last period of time.

And that is this: As time goes on and technology changes, our war-fighting capabilities change and the threat changes. And we are going to talk today about LCS and the mine resistant ambush protected vehicle and probably some other things. And that is because warfare has again changed. And the weapons being used against us have changed. We hear about improvised explosive devices (IEDs).

But maybe one of the things that we haven't realized sufficiently is that our enemies are using a different kind of weapon against us today, different types of weapons that we ourselves developed and made available to them: information technology and television.

Let me point out what I think is the best example of their smart use of this. Vice President Cheney went to Afghanistan recently. He stayed overnight at Bagram Air Force Base. He had in tow a contingent of the press. The bad guys decided they could make a statement. They got a guy with a suicide vest. He found his way to the gate of Bagram military base, or at least near it, got himself ensconced among 20 civilians and one American soldier, and pulled the cord on his vest. It was the biggest story in this country this week: an attempt on the vice president's life.

I am pretty much convinced that wasn't an attempt on the vice president's life. I am convinced that that was a statement and a story sent to the American people. Bad news. And so, this information-technology world that we live in today is being used as a weapon to try to convince the leaders of this country and the American people that this war is not worth fighting. And I am here to say that we have no choice but to fight it successfully.

Now I would like to talk about LCS.

Mr. Secretary, at the time that the 90-day stop-work order was issued for LCS 3, you told the committee that you were targeting 45 days for the review. And that time, of course, has now passed.

What is the current status of your review, and when do you expect to resolve the stop-work order? And is the Navy Program Management Assist Group's assessment complete?

Secretary WINTER. Sir, we have made, I think, very good progress, in terms of the overall assessment. There are a few other data requests that I had made and a few additional briefings that will take us on through the better part of next week. But that should complete the period of assessment.

And I believe that, with the data that I am being provided, at that time we will be in a position to make a rapid assessment of the appropriate courses of action for at least the flight zero, the first four of the LCS vessels. I intend to take that immediately to the under secretary for acquisition, technology, and logistics (AT&L) and the Deputy Secretary of Defense, get their approval, and then come back here to you, to Congress, to inform you of what I would like to do on the LCS program.

Mr. SAXTON. Do you have a timeframe by which you will be able to make that information available to us?

Secretary WINTER. Sir, I expect that that will be in the next two to three weeks.

Mr. SAXTON. Very good.

Let me go on here a little. A highly puzzling set of press stories on the LCS program appeared yesterday, in which "high-ranking Navy sources" first predicted the second LCS ship being built by General Dynamics at its Austal shipyard would cost in the neighborhood of $350 million, which is close to the estimated cost of the LCS 1, being built by Lockheed Martin.

Then later in the day, we saw a sort of retraction, implying the Navy misstated the cost estimates of both LCS 1 and LCS 2 and is apparently unsure of what the General Dynamics ship will cost.

Please help us understand, is the second contractor's ship coming in at costs similar to LCS 1, which led you to issue the stop-work order? Or is the Navy again unaware what the true cost is for the ship that is approximately 40 percent complete?

Secretary WINTER. Sir, we are watching it very carefully. As you have just indicated, LCS 2 under construction under General Dynamics' prime contract is only 40 percent complete, as opposed to LCS 1, the Lockheed vessel, which is around 75 or 80 percent complete at this point in time.

We obviously have a little bit better understanding of the cost posture on LCS 1 as a result of that advanced stage.

On LCS 2, the indications right now are that there are some increases in cost. But we have not seen anything approaching the numbers that were indicated in the press. The numbers are significantly less than that. But it is a matter that we want to watch very carefully.

I would also note that we have not seen certain specific issues that have been problematic with LCS 1. We do not have an issue with the reduction gear. LCS 2 also is manufactured principally out of aluminum as opposed to steel and, as a consequence, has experienced less of a cost growth in raw materials. And also, because LCS started a bit later, it has not suffered from the same degree of concurrency in the design and construction activities.

We are hopeful that those factors will contribute to a lower cost than we are experiencing on LCS 1. We will watch this very, very carefully, sir. And I expect to get further cost estimates in the week to come.

Mr. SAXTON. What is your current estimate of the cost of the first LCS ship?

Secretary WINTER. At this point in time, we believe, assuming we are able to continue the current progress, in the $350 million to $375 million range.

Mr. SAXTON. Finally, if both contractors' ships appear to experience cost growth, are you concerned that the problem may lie with how the Navy is managing the program?

Secretary WINTER. I think the cost growth is due to several factors. First of all, a general over-optimism at the beginning of the contract, regarding both cost and schedule. And that was exacerbated, if you will, by the use of a cost-reimbursable contract. This was further complicated by some limitations in Navy oversight and some performance issues on the part of the contractors.

That is something we are going to have to look at. And, in particular, in terms of future acquisitions, I expect to make some significant changes to the overall acquisition process.

Mr. SAXTON. Thank you, Mr. Secretary.

Mr. Chairman, I have some other questions, but I will be glad to withhold them until later in the day.

The CHAIRMAN. You bet. Thank you very much.

The gentleman from Mississippi, Mr. Taylor, Gene Taylor.

Mr. TAYLOR. Thank you, Mr. Chairman.

I want to thank all of you gentlemen for being here.

Secretary Winter, I am, for one, particularly disappointed in the whole design build concept. I think it has been a miserable failure. I think it is completely contrary to the investment our Nation makes, starting with sending young people to Annapolis, working on their advanced degrees. It completely ignores the life skills that these young ensigns, who become lieutenants, who become commanders, who become captains—they are the ones who ought to be coming up with the plans for the next generations of ships.

And I would hope that you would take to heart the failure of this program, not let it be repeated in the Destroyer (Experimental) (DD(X)) program or any other program.

I am also disappointed—although I understand you have to tow the company line, as an appointee of the President—that once again the President of the United States is asking for seven ships. Even in the best of times, when ships lasted for 30 years, seven times 30 would translate to a 210-ship fleet.

Given that many of these ships, including the coastal minehunters that are included in your testimony, the block–1 cruisers, are being retired at less than 20 years, this 7-ship acquisition times 20 would lead us to about a 140-ship fleet. And that is unacceptable.

I am very pleased that our colleague on the Appropriations Committee has expressed an interest in trying to fund 12 ships this year. If the Bush Administration won't ask for them, then Congress is going to fulfill our constitutional responsibility to build a navy.

Given the willingness of the appropriators to make that happen, given that you have only asked for five, if we are able to find the funds—which is going to be a challenge; we are going to have to find about $5 billion—what would you like to see those other five ships look like?

Secretary WINTER. Congressman, thank you for the question.

If the additional funds are made available—and I have to emphasize that, because I think within the current funding we have made a proper optimization of the overall department's budget. But if the additional funds are available, I will note, first of all, that CNO has indicated his highest priority is for an additional LPD–17.

And I would support that from a requirements perspective, although I will note that it may create some issues in terms of the workforce availability down at Pascagoula, given the post-Katrina issues that have been faced by that yard.

Mr. TAYLOR. Let's worry about the fleet.

Secretary WINTER. Yes, sir.

Mr. TAYLOR. We will make everything else fall in place.

Secretary WINTER. I understand.

Mr. TAYLOR. Good.

Secretary WINTER. The second item that I would note, perhaps the easiest one to work, would be to accelerate the additional production of T–AKEs. We have, in the past, produced those at a two-a-year basis. The current plan is a one-a-year basis. And so, given the yard capability there, accelerating that production back up to two would appear to make sense.

One of the other areas of particular interest, I recognize, on the part of many of the members of this committee, has to do with the Virginia class. There we are right now at a one-per-year production rate with a plan to go to two a year in 2020.

The Virginia-class submarines require us to start with a two-year advanced procurement, to be able to provide for the nuclear power plant that supports them. So we would need to start two years in advance. What that says is, if we were able to start in 2008 with advanced procurement, we could accelerate, potentially, the two a year to 2010.

I would make two specific requests, however, relative to any acceleration in Virginia class. First of all is we have been working very, very hard to provide a degree of stability for the shipyards. If we are going to go to two a year in 2010, we really need to go to two a year for 2010, 2011 and out from there on. We don't want to go to two a year and then back to one a year. I think that would create too much stress into the workforce there.

The other thing is that we do need to have multi-year approval on the Virginia class to be able to achieve the efficiencies that we are looking for, in terms of that class of vessels. And that multi-year would have to encompass any additional vessels here.

Mr. TAYLOR. Commandant, your force has taken a very ambitious stance toward the MRAP. It is my understanding that they are going to try to have 4,000 of those vehicles in the inventory sometime around the first of the year.

I want to applaud the Marines. I would hope that you would encourage your colleagues in the Army to work with you on that. And

I would ask for your personal involvement in this, to see that the ambitious goals that have been set by the Marines are fulfilled.

General CONWAY. You have it, sir.

Mr. TAYLOR. Thank you, sir.

The CHAIRMAN. Thank you.

Mr. Forbes, the gentleman from Virginia.

Mr. FORBES. Thank you, Mr. Chairman.

And, first of all, let me thank you, Admiral and General and Mr. Secretary, for the great job you do in defending our country and keeping us free.

As you know, I have the privilege of serving with my colleague from California as one of the co-chairs of the Navy-Marine Corps Caucus. She is a great champion for your issues.

And we understand that—and we respect your integrity, first of all, as you come before us and thank you for that. We also know you have enormous competing demands that you must reconcile. And we just wish we had a day that we could do nothing but bring in all the wonderful, good things that you do, so that we could make sure that they were clear to the American people.

But today, I would like to ask you just three questions, and I will just throw them out there and then see if you have time to answer them.

One of the things that continues to just worry me is what we are seeing with asymmetrical warfare challenges, especially situations like we had with the Cole and the recent anti-satellite test (ASAT) situation from the Chinese and looking at the destruction of our communications capability.

And the first question I would ask you is, do you feel comfortable with our response to those asymmetrical threats? Is there anything that we don't have in the budget that you need to be able to deal with those threats, number one?

The second one, I continue to be concerned—and I know it is just a difficult situation—but how we deal with the escalating cost of ships. We are continuing to price ourselves out of the market. That is something that I know requires a partnership, that we kind of put our arms around and see what we can do. Is there more that we can do in that area?

And the third thing—and, General, this is yours—with the MRAP, as Mr. Taylor mentioned, I know that we have got a shortfall there. And if you get the funding for that, are you able to obligate that funding in 2007? And the last part of that, how are we working to make sure that the interoperability of those units function?

And so, with those three questions I would just ask your insight.

Admiral MULLEN. Thanks, Mr. Forbes.

On the asymmetric piece, and, clearly, in some of the previous testimony today, there has been discussion about force protection. And that generally, these days, is focused on ground forces. But it is equally of concern to me, and Cole would be an example of that. And we have continued to invest in the technology and in the procedures and exercises, if you will, to make sure that we get that right for the future.

We are going to talk, probably a lot, about LCS today. But LCS, the urgency of that need was generated by the Navy because of the

asymmetric kinds of threats that it can address, not exclusively, but it clearly allows us to address, for instance, the waves-of-small-boats kind of attacks that could be loaded with explosives, as well, as an example.

And so, we are working on the Navy side to transform how our people are trained and what their skill sets are for the future, how our ships are both put to sea and the technologies that are inserted in them, as well as expanding from the blue water to the brown water, which gets to—we are deploying our first riverine squadron literally this month to Haditha Dam to relieve the Marines. But we have not got three squadrons, and you have supported that well, and we need that continued support.

So there is a people piece of this, a capability piece, and a technology piece. Which we find ourselves in the middle of transforming, literally, in so many ways, to meet the threat.

Networks are also a concern and how we operate with them and without them, for instance, is another one.

So your concern is well-founded. We are in pretty good shape in this budget, with respect to the investment to get where we need to go.

Secretary WINTER. Sir, regarding the escalating cost of ships, I would just identify three specific items that we are trying to work on right now, one of which is the stability to plan.

And you heard today that we are very pleased that the 30-year ship-building plan that we just submitted to you is the same exactly in 2008 and 2009 and almost the same in the out-years as what was submitted last year. And this gives the industrial base the opportunity to properly plan for those activities.

Second of all, we are making a greater attempt to stabilize the requirements. We clearly need to make a great investment in working these requirements up front, so that we have a definitive set of requirements before we start a program and then we manage any changes very carefully once the program has initiated.

Third, we are looking very, very hard at the actual contract process here. And, in this regard, I fully expect that we will make a material change in our contracting approach, going further in terms of the requirements maturation process before we go into the actual construction, and then use a different contract vehicle, most likely a fixed-price incentive contract vehicle, for the actual construction phase.

Relative to the MRAP activity, I will just say that we are initiating activities with nine vendors to acquire test articles so that we can develop a great industrial base than we have currently used to date. And these additional test articles will be used to evaluate both the operability characteristics and the survivability characteristics of their proposed offerings and give us the opportunity to flex in terms of our production capability as the requirements continue to evolve.

The CHAIRMAN. I thank the gentleman.

Dr. Snyder from Arkansas.

Dr. SNYDER. Thank you, Mr. Chairman.

I wanted to ask several questions but one quick question to our service chiefs, Admiral Mullen and General Conway.

Starting with you, Admiral, and you can answer this very briefly: Goldwater-Nichols did a lot of good things. There are some that feel we need to revisit—there is a lot of frustration in this town and country about our acquisition process and procurement process.

Do we need to revisit the provisions in terms of the participation of the service chiefs in the acquisition process?

Admiral MULLEN. The short answer is yes. Although, clearly, in the team that I am in right now with Secretary Winter, the service chief is very much included. But that is because of this leadership team. It isn't always the case, in terms of service chief inclusion from beginning to end.

Dr. SNYDER. Statutorily you have some restrictions, in terms of being in the sign-off process on some of the acquisitions.

Admiral MULLEN. Yes, sir.

Dr. SNYDER. Is that the problem?

Admiral MULLEN. Yes, sir.

Dr. SNYDER. General Conway, have you formed an opinion about that issue?

General CONWAY. Sir, I agree with the CNO. That has been my observation in the short three months.

Dr. SNYDER. And, again, a question for our service chiefs: There is a lot of attention, and will be on months and years to come, on the events at Walter Reed and the fact that—I think probably driven by medical holds, people get past their acute phase but then weeks and months go by as things are trying to be determined by outpatient care.

Have you all looked at what is going on at Camp Pendleton and other places and the different hospitals that you all are responsible for, in terms of being sure that you don't have similar situations of people being, kind of, caught in a limbo?

Again, Admiral Mullen and General Conway.

Admiral MULLEN. Certainly the articles that have been out there and this issue, which has been widely spoken to, was a concern to me immediately. Although I personally have made many visits to Bethesda and have not seen those kinds of things.

That said, we did take a very rapid look to see if we have the same problems, and we don't. We have very few that are in that after-care kind of—on the Navy side, and I will let General Conway speak for the Marine Corps.

That said, the secretary has directed an assessment over the next couple of months to make sure that through the Department of the Navy institutions that we have this right. It is a big organization, and we want to make sure that we get it right for those who serve so nobly and, when they get hurt, to make sure they are cared for exceptionally well throughout the system.

Dr. SNYDER. General Conway? And, of course, not just at Bethesda. You have got medical facilities at Camp Pendleton. Have you all looked at this issue?

General CONWAY. Yes, sir. And it has been one of my priorities, sir, in the short time, again, I have been the commandant, to get around and visit these facilities.

And I think what is being presented with regard to Walter Reed is an anomaly. I don't see that same kind of issue anywhere else in the country in the hospitals that I have visited.

And I would add that Marines who go to Walter Reed for treatment do not stay in Building 18, but they are generally pretty pleased with the quality of the work, primarily prosthetics, that they receive there.

Dr. SNYDER. The issue that has been of concern—we had this several years ago with reserve component folks—is when they get in some kind of a medical hold status. Everybody agrees the acute case is excellent. It is what happens after that. And I assume you all have a process of making sure you don't have enclaves of people at Camp Pendleton or other places that——

General CONWAY. Sir, we are creating in the Marine Corps what we call the Wounded Warrior Regiment, with battalion headquarters on both coasts, that are going to get after the organization aspect of what you are describing. The battalions in particular will have a tracking responsibility for Marines, wherever they are in the country, be it in a hospital, be it on convalescent leave, perhaps even if they are out of the service and have needs. We want to understand what those needs are and try to match up the generosity we see in the country with these people.

Dr. SNYDER. We need you to keep us informed about that.

General Conway, one final question. I have heard the description of what is going on with our troops in Iraq now is that you, the troops, our fighting men and women, are like the offensive line in a ball game, but other government agencies are like the backfield.

A high-ranking officer described it to me, "It is great, great people, but it is like we have got soccer players coming in that weren't really trained and equipped to play football," that the State Department and other agencies are really having trouble fielding the kind of team that you all need to be doing the redevelopment and political stuff.

Is that a fair metaphor for what you are seeing in western Iraq?

General CONWAY. Sir, I think it is close. My concern is more with quantity than quality. Those individuals that I worked with in Iraq really were pretty good at what they did; there just was not nearly enough of them from the various agencies.

Dr. SNYDER. Not enough, yes.

Thank you.

The CHAIRMAN. I thank the gentleman.

Before I call on Mr. Kline, let me ask Secretary Winter: As I understand it, the Navy seeks to cut 901 medical personnel, 100 of which are doctors. Is that correct?

Secretary WINTER. Sir, are you referring to the civilian conversion process?

The CHAIRMAN. Yes.

Secretary WINTER. I don't know the exact numbers offhand, but that sounds directionally correct.

The CHAIRMAN. Well, think on these things. We will discuss it a bit later. All right?

Secretary WINTER. Yes, sir.

The CHAIRMAN. Mr. Kline.

Mr. KLINE. Thank you, Mr. Chairman.

Thank you, gentlemen, for being here.

I have so many questions. But I want to pick up where Dr. Snyder left off, if I could, General Conway, with the Wounded Warrior Regiment.

I heard you explain this at an earlier caucus briefing or something a couple weeks ago. I think it is a terrific idea. But we clearly have a horrific disconnect in our care for soldiers and Marines that are coming back from Iraq. And sometimes it is in the hand-off between the Navy-Army medical system and Veterans Affairs (VA).

We had just a horrific, tragic case occur in Minnesota in the last few weeks. A Marine reservist had been to Iraq, come back, had difficulties, was in the V.A. medical system, and yet he committed suicide. And the V.A. has got an I.G. investigation going now, as they should, to see if there is something, a process particularly, that needs to be corrected.

And so, I am very excited about this Wounded Warrior Regiment and the battalions.

The question is, not for you to explain the whole system—I think it is terrific, and if you would like to add anything you can—but is there something that you need from us? Money I am sure, but if there is something you need from us in the way of statute or authority or anything we can do to make that better, because if it is in my head what is in your head, it is absolutely the model for what we should be doing in all the services everywhere.

What do you need?

General CONWAY. Sir, I have taken a brief at Quantico about two weeks ago, and there were some costs associated with the requirement. It involved principally new construction. And I am just not sure, at this point, that we have to have what is being requested in order to satisfy the requirement.

We selected this week the commanding officer of the regiment. He is a regimental commander currently in Hawaii, coming this way. I am going to toss this football to him and have him to give me a second analysis, if you will.

At this point, I think we can field the requirements within our own resources. But I would like to put a raincheck on the table and say we might be back to you asking for some more.

Mr. KLINE. When you say field it, when do you expect this to take place? You have got the regimental commander inbound; he is obviously not briefed up and ready to go yet. When will you have these two functioning battalions——

General CONWAY. Sir, I think by the end of spring we will be fully operational. Elements of it are in place right now in our wounded warrior barracks on both coasts. And I suspect, at least in one case, a lieutenant colonel operating there will be named as that battalion commander, simply because of his expertise.

What we will need are the organization aspects of assigning our wounded Marines to a battalion headquarters, the methodology for checking on them weekly and that manner of thing to see what their needs are.

I think where we drop, sir, is really when a Marine goes out on convalescent leave. And he then has to go to the local medical facility for his treatment. There is not a Marine in the chain. I don't know that they receive the priority we would like to see them have. And those are some of the things we are going to work on.

Mr. KLINE. Well, I think it is absolutely outstanding. And if it does not continue the tracking through convalescent leave and then as they are taken up in the V.A. system, then it will not have done what I think you have in mind and certainly what I have in mind.

General CONWAY. I agree with you.

Mr. KLINE. We owe it to these Marines, to all the service men and women, we owe it to them to make sure they are not falling through the cracks. And clearly, they are falling through the cracks.

It has been my belief for a long time, maybe because I served all my life on active duty, that when the Marine stays on active duty he has got a family there with him, he stays, in the case of the Marines, in the Navy medical system, and he has got a lot of support built right in. It is the Marine reservists and the Marines who are leaving where the problem occurs.

And if this Wounded Warrior Regiment does what you have envisioned, I think it is terrific, and I hope it will be the model for everyone.

And, Mr. Chairman, I have a lot of questions having to do with reset and MV–22s and things, but I will just defer them and yield back my time. Thank you.

The CHAIRMAN. I thank the gentleman.

The gentlelady from California, Ms. Davis.

Ms. DAVIS OF CALIFORNIA. Thank you. Thank you, Mr. Chairman.

Thank you to all of you for being here, Mr. Secretary, General Conway, and Admiral Mullen.

And I just wanted to thank you, as well, for being so responsive to the Navy-Marine Caucus. I appreciate the kind words of my colleague, Mr. Forbes. And that does give us a chance to, really, in a very informal way, not quite this setting, to talk about the issues that are of concern to all of us. And I appreciate that. Thank you.

I wanted to turn for a second, General Conway, because I have actually had some concerns about the battalion aid stations at Camp Pendleton. And so, I would just ask you to take a look at that.

One of the concerns is that the corpsmen there do not have access to the technology that they need to track many of the Marines there. And the other concern is that they are using Marine Corps dollars as opposed to Navy medical dollars to treat many of the folks there. And if you could take a look at that, that would be helpful.

General CONWAY. I am sorry, can you clarify? Are you talking battalion aid stations in the various regiments, or are you talking about the hospital per se?

Ms. DAVIS OF CALIFORNIA. Well, we are hearing this from the corpsmen at Camp Pendleton.

General CONWAY. Okay. Got it.

[The information referred to can be found in the Appendix beginning on page 164.]

Ms. DAVIS OF CALIFORNIA. Thank you very much.

I think the other concern, really, is the fact that—I think that the chairman has touched on it—that, in fact, we are decreasing

medical professionals and the numbers in the Navy, while the Marine numbers are going to be going up.

And I am wondering how that increased requirement, really, on the Navy is going to be played out as the Marines will have, certainly, more need for medical, even chaplains, in the services that are going to be required.

How are you dealing with that balance, if you will?

Admiral MULLEN. From the medical perspective, I think the concern is a legitimate concern. And I just actually returned earlier this week from a trip out in Lemoore, California, near Fresno, which we have a big naval air station there. And there is concern about the ability to hire certain specialty skills in that area if we were to convert. We are actually short out there in some of the specialties right now.

So I think we have to be very careful about how much military/civilian we do. And as we do it, we are very precise in making sure that, as we distribute those conversions, they are distributed in a way where we can actually hire the care, have the skills on the medical side that would be able to take care of our troops and their families.

And that is probably my biggest concern writ large across all the medical kinds of capabilities that we——

Ms. DAVIS OF CALIFORNIA. Is it also a legitimate concern that, in fact, the Navy is having difficulty recruiting physicians, bringing people I guess into the pool essentially, to go on and perform that very important——

Admiral MULLEN. There are some key areas that we are experiencing difficulties in: anesthesiologists, general surgeons, psychologists, psychiatrists, to name four. There is one more, I just can't recall what it is right now.

And we have been supported before and asked for support this year for expanding the bonus incentive pool to attract these kinds of individuals for scholarships and also to retain the ones who are with us right now.

Ms. DAVIS OF CALIFORNIA. Well, I think, in that regard, we are all interested in how we can be more helpful to try and help out in that area.

If I could turn for a second, I know that we were discussing yesterday the role that many of our airmen are playing in lieu of positions. And you mentioned and we all know how magnificently the Marines are performing. And, in many ways, they are essentially in their role there. But I think for some of the Navy, perhaps, not necessarily in what they actually were trained to do.

Could you respond to that? And are we putting people in positions that puts them more at risk because of that training?

Admiral MULLEN. Certainly being in a combat environment ashore where a war is going on, versus being at sea, there is more risk.

We have generated a tremendous amount of effort to make sure they are trained for where they are going. And the Army, in particular, has worked with us very carefully. And our training is conducted down at Fort Jackson. And I visited there and have been impressed with the—getting our people trained right.

I just, as I indicated in my opening statement, came back from overseas, was ashore. The Navy has got over 5,000 sailors on the ground in Iraq right now in combat support and combat service support roles. They are using about 80 percent of the skills they have in the roles in which they are functioning. So, by and large, we are taking advantage of their skill set. Obviously it is a different environment.

They have had a big impact. General Conway will tell you that; General Schoomaker will tell you that; I get that feedback all the time.

Ms. DAVIS OF CALIFORNIA. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

That is in addition to the 7,500 that the Air Force has doing Army duties?

Admiral MULLEN. Well, I have got 10,500 on the ground—I am sorry. I have got almost 13,000 on the ground in CENTCOM AOR. That is Iraq, Afghanistan, the Horn of Africa, throughout. So it is in addition to, clearly, the ones that the Air Force——

The CHAIRMAN. Hopefully the increase in the size of the Army and the Marines will help put more of them at sea.

Mr. Conaway, to be followed by Mr. Courtney. Mr. Conaway of Texas.

Mr. CONAWAY. Thank you, Mr. Chairman.

I am assuming from your opening remarks that you are trying to get a carrier based down in the Missouri River. [Laughter.]

The CHAIRMAN. We are working on it.

Mr. CONAWAY. Okay, good. You and Madam Bordallo are neck and neck for the next carrier.

The CHAIRMAN. I claim seniority on that one. [Laughter.]

Mr. CONAWAY. I like your position.

Thank you, gentlemen, for coming.

A couple questions on the BRAC funding that was—the continuing resolution that was stripped out, the impact that that is going to have on those issues as it relates to the Navy.

The F–35, lengthening out when we are going to take delivery on that, what impact that has on our carrier wings and how we are going to maintain all the airplanes we need for the carriers that we have got.

And then, Mr. Secretary, the tension that I think is always there between what is on the unfunded list and what is in the baseline, and how do you mitigate, or at least tell us you mitigate, how you put things in the baseline that you have to have and you put things on the needs list that are not necessarily wants but don't fit in the have-to-have category.

Because there is a game we can play by putting the things that you know we will fund on the needs list and funding things that you want in the baseline budget.

Could you talk to us a little bit about that tension and how you mitigate that?

Secretary WINTER. Let me go through these rather quickly here, if I could.

On the BRAC, there is about a $3 billion DOD shortfall. The allocation of that will be made by the OSD, the secretary of defense. We have not seen the specific allocation yet, so it is a little hard

for us to assess the specific impacts it will have. It is likely to have an impact on our ability to meet the prescribed schedule in the BRAC law. The extent of that and the particular areas it would impact I can only speculate on at this point in time.

In terms of the joint strike fighter (JSF) program, the F–35 program, we are watching that very carefully. We are managing that very carefully.

As you probably note in the budget request, we have six of the STOVALs requested for 2008. We are looking for the first flight of the STOVAL configuration coming up here in June of 2008. That will give us the opportunity to go ahead and initiate the first phase of the procurement after that. We are roughly two years away, at this point in time, from the projected first flight of the carrier version of that.

We are managing that activity very carefully. We are looking at what is a prudent acquisition strategy there, given the current, as-experienced development schedule for JSF and also looking at the budgetary constraints on the overall top line.

We are dealing with some of the shortfalls there based on the continuing acquisition of the Super Hornet line. And I would like to say a "no comment" on the overall impact of that, and then perhaps we can get back to the baseline budget, unfunded priority list after that.

Admiral MULLEN. I just want to strongly reaffirm the need for that airplane. It is a very critical airplane to us. And I am anxious to have it deliver on its current schedule and at its current cost.

In the interim, we clearly have accepted some risk, in terms of a shortfall in our F–18 inventory. And, in fact, on the reset requirement, the supplemental, we have asked for additional F–18s. Because our oldest F–18s are now, on average, our legacy F–18s are 16 years old on what is typically about a 20-year expected service life.

And we are buying F–18s E's and F's, which were the new versions now, and there is a balance between purchasing those up to a point and getting them in the fleet until we start JSF. And there is tension there and trying to keep that balance where we are.

I have got additional F–18s that I have actually put in the program to mitigate what looks to be about a 50-aircraft shortfall in the strike fighter world that I can predict right now, based on when JSF comes in.

General CONWAY. Sir, I would like to go back to your first question, if I can, and comment on the continuing resolution.

For my service, it is absolutely critical that we get that through. We, for two decades probably, have consciously not been able to prioritize barracks and living spaces for our Marines in lieu of other things that we simply had to have.

We find ourselves, at this point, pretty much against a wall, with a lot of our troops living in barracks that were built during the Korean era. We have a 108-barracks program through 2011. It will bring us to a two-man room standard, not one, which I think is helpful in terms of conserving resources. But we really do need that kind of support.

Secretary WINTER. Relative to the baseline budget and unfunded priority list, I would just—we can discuss that later.

The CHAIRMAN. I thank the gentleman very much.

The gentleman from Connecticut, Mr. Courtney.

Mr. COURTNEY. Thank you, Mr. Chairman.

I would like to thank the witnesses for being here today.

Admiral Mullen, in the appendix of your testimony, you had some comments regarding the new submarines which have most recently been produced, the Texas and the Hawaii.

I actually visited the Texas back in December, down in Groton, and, like you, was very impressed with the quality of the boat and also the crew and the officers there.

The Hawaii was actually going down the Thames River, being delivered ahead of schedule, just a little bit, but nonetheless still ahead of schedule.

And I think the folks down there are very proud of the fact that there is a good story to tell the taxpayers about what is happening with the Virginia class. That last sub was produced with hundreds of thousands of fewer man-hours than the subs that preceded it.

And I just was wondering if you wanted to comment for a moment about whether or not—I mean, obviously there are issues like energy costs, which are beyond the control of anyone, it seems, these days. But in terms of at least that program, I mean, it really does seem that we are making great strides in terms of getting closer to that target of a $2 billion submarine. Would you agree?

Admiral MULLEN. Yes, sir. We clearly are. Both the secretary and I have sat recently with the program manager and have great confidence in him and the program executive officer (PEO) that are directing this program. And it is clearly a joint effort with industry in this. This is a very proud shipyard. I have visited it before; I know what they do. And they are on a path right now to make this work, so we can get to a submarine which is at $2 billion and get to two in fiscal year 2012.

And when I also think about this, obviously I have to think about cost, but I also think about this great capability. We need this capability out there. Texas and Hawaii and North Carolina to follow—those are all critical assets for us in the future.

Mr. COURTNEY. Admiral Haney actually just finished with the test runs on the Hawaii and was absolutely ecstatic about the performance of that ship.

Admiral MULLEN. Well, I hope to get to sea on her pretty soon.

Mr. COURTNEY. Right. But going back to your initial testimony, written testimony, where you talked about the fact that even in the last year there has been some changing threats across the globe. And one of them, obviously, is the Chinese navy's aggressive plans to increase submarine production.

And looking at the Navy's own stated goals of a 48-ship fleet, I mean, at some point, when you do the math, as Mr. Taylor did earlier, it is clear: If we wait until 2012 to go up to two subs a year, we are going to dip below 48 ships for a fairly substantial period of time.

And I am just wondering how, given the demands already on the submarine fleet, how we are going to juggle that need with the changing situation, again, that you identified in your testimony.

Admiral MULLEN. Sure. I talked about the criticality of the asset. If you look—and I am sure you have—at that 30-year ship-building

plan, you can see that from about 2020 to 2034 or so, based on getting two in fiscal year 2012, we will be below 48 submarines.

As I have previously testified, it is up to me to figure out how to mitigate that shortfall operationally, which is really the critical piece. We have recently completed a review looking at four different ways to do that, which would include things like building the Virginia submarines of the future in less time; changing our operational tempo, not unreasonably but in ways that would mitigate the shortfall forward, which is where you really want to be able to focus; and looking at possibly extending the service life of existing submarines, which has already been done once.

And, actually, I am encouraged. And if we were to do some of that, some or all of that, we would greatly mitigate the years in which that shortfall would occur.

Mr. COURTNEY. Well, again, like Mr. Taylor, I am hoping that we can help you find a way to fill that gap. And certainly we feel that this program, again, is poised to move up its game and it really is ready to take on a different building schedule, as the secretary described earlier.

Admiral MULLEN. Sir, I wouldn't push back on that at all, except to say that, as we look at this gap, as the secretary said, between now and 2012, that can be a bill as high as $5 billion or $6 billion to me inside the program. And we have worked very hard to stabilize this. And that can, if I have to pay that bill and come up with those resources, very badly destabilize that shipbuilding and conversion, Navy (SCN) plan.

Mr. COURTNEY. I see my light is on here, so I am just going to ask real—was that the gavel? Okay. [Laughter.]

Thank you. I will follow up later with some additional questions.

The CHAIRMAN. Thank you.

The last person on the before-the-gavel list is Mr. Cummings. Then we go to the after-gavel.

Mr. Cummings.

Mr. CUMMINGS. Thank you very much, Mr. Chairman.

I don't know how many of you all saw the Bob Woodruff piece on ABC News, but it was one of the most chilling things I have even seen, when he talked with people who had been brain-damaged in some way or another.

And, you know, when I think about all the things that we are doing trying to recruit, one of the things that I think that is so important to recruiting is for people to know that if they go into battle they are going to be equipped, they are going to be trained, and if they are injured, that they are going to be treated with the best of care.

One of the issues that came up during the Woodruff piece over and over again is that the soldiers might have brain damage; then they get treated, and they are treated pretty good. But then when they need follow-up and they go back to all of these rural areas, the care is not there.

And I am telling you, I just think that—and I am just wondering, what are we doing about that?

I heard you, General Conway, talk about prosthetics and that your people were very pleased about, you know, if they were injured, they were taken care of.

But I am talking about this, something that—and a lot of these people had kids. And they were basically on—they had one fellow on a farm, and there was just no way to get treatment. And it was clear that it was not an isolated incident.

And I guess I just want to make sure that we are doing the right things by our veterans—not veterans, but, you know, folks that are injured. And I just want you all to comment on that, please.

General CONWAY. Sir, I will comment. Your instincts were exactly right. I think, within the service and within the hospitals, certainly Bethesda but to include Walter Reed and other major facilities, we are doing pretty good. We may be understrength some in our psychologists and psychiatrists, but the counseling and that type of thing is a priority and is being worked pretty well.

As I commented, though, to Congressman Kline, I think that when that young Marine or soldier goes out to the farm, he is a long way away from that kind of support. The immediacy of the need, the availability of the counseling—they get it, but they get it on a schedule months away. And I think it is widely believed that the sooner you get the counseling, the sooner you are going to get well. And there is a window there that should be taken advantage of.

So it is a shortfall. I don't know exactly how to address it from a service perspective, except to identify it and request that those follow-on agencies do a better job in providing counseling.

Mr. CUMMINGS. General Winter, did you have a comment?

Secretary WINTER. Sir, one of the items that we have put as a core aspect of the assessment that we are conducting internal to the Navy relative to this continuing care is to make sure that we have an understanding of how that care continues during and after various transitions of responsibility.

And I think many of the issues that you are addressing here right now, very correctly, are part of what we are trying to get at.

We think we have got a basic process established. We want to make sure that we are providing the best possible care. They deserve it; there is no question about that. We need to make sure we understand where and where we are not achieving the expectations.

Mr. CUMMINGS. I think that program probably did substantial damage to recruiting efforts. You know why? Because it looked as if the person goes out there, he fights for his country, gives it everything they got; when they are injured, they are left alone. And I am just telling you, that is how it came off.

And I talked to my staff and so many other people about it. And the reason why I am bringing this up is because we can sit here and we can talk about—first of all, I applaud our military for all you are doing.

But I am telling you, I am on the Naval Academy Board of Visitors, and when I sit with those young people this Monday after the board meeting and I look at those wonderful, brilliant, young people, I want to make sure that when they go on that field, go out there, that they are equipped, that they are trained and have got the best equipment possible.

Last question: As far as head injuries, is there anything else we can do? I know about the Humvees and all that, but, I mean, as

far as head equipment? Is there anything that you need? Where is the technology with regard to that?

And then I will——

General CONWAY. Sir, one of our largest research and development (R&D) efforts, at this point, is to find a helmet that will take on a 762-caliber round and defeat it. And we are trying to look for that lightweight composite material that will give us that capacity.

People who work it say that, you know, we may be able to develop something, but at a 90-degree point of impact it will break the man's neck. Well, that is better than the injuries I see week after week at Bethesda and Walter Reed.

Mr. CUMMINGS. Thank you very much.

The CHAIRMAN. I thank the gentleman for his inquiry.

May I ask, for the record, Mr. Secretary, as I understand it, there is an ongoing study of blast injuries on the brain at Bethesda Navy Hospital? A Dr. DeGraba is working on that issue.

May I make a formal request for an update of that study and the funding prospects and your recommendations for that continued study? The little I know about it, it is very, very important, and it is just along the line of what the gentleman from Maryland, Mr. Cummings, is inquiring on.

Would you do that for me, make a note?

Secretary WINTER. Mr. Chairman, I would be pleased to arrange that.

The CHAIRMAN. I would appreciate it very much.

Mr. Bartlett from Maryland.

Mr. BARTLETT. Thank you very much.

Thank you, gentlemen, for your service to your country and your testimony.

I am a farmer, and the cattle on our farm are frequently constrained by electric fences. And I have watched them. And they touch the electric fence just once. I have never seen a cow that needed a second experience to convince them that they should stay away from the electric fence.

We have had a lot of different classes of ships, and every time we have a lead ship we have a pretty substantial growth in time and cost to complete that ship. And our newest ship, the LCS, is no exception. We missed pretty substantially how much it was going to cost and how long it would take.

So I am in the process of re-evaluating the intelligence of my cows.

Frequently the analysts, like the Congressional Research Service, look at what we are doing and make comments on it. Have they done that for the LCS? And, if so, what are they telling us it is going to cost?

Secretary WINTER. Sir, I believe they have looked at that. There have been estimates that they have provided which are higher than the original estimates that we had for the program. I don't recall the specific numbers here right now, though.

Mr. BARTLETT. Do any of you recall the specific estimates that they have made, as to what the cost of the—how they conform to our present knowledge?

Secretary WINTER. We have looked at their estimates, and we have worked to compare our estimating methodology with them. That is part of the process that we engage in.

Mr. BARTLETT. I know that your analysis is not complete, but I also know that you have done a lot of work in the last 45-plus days in looking at what went wrong.

Can you tell us what we have learned so far, recognizing that there will be additional knowledge that we gain with the studies that are now ongoing that you will receive the results of in about two weeks?

Can you tell us what we have now learned that we might use in the projections of what the next ship like the DD(X) will cost us and how we are going to avoid the, I think, consistent track record of never getting it right on the first ship?

Secretary WINTER. Yes, sir, I think that the principal lesson learned here is that we need to continue on with the design activities prior to initiating the construction activities until such time as we have both a clear set of requirements and a design that is consistent with those requirements.

We have tended to initiate programs, design and construction activities, before we have finalized and settled on many of those requirements and design decisions. I think we also have to separate out the critical decisions of what it is that we want to buy, how we want to buy it, and who we want to buy it from.

Those changes are going to require a change in terms of the acquisition flow, the structure of the contracting, and the contract type. My hope is that it will enable us to use more fixed-price-type contracting, FPI-type contracting, in the actual construction. And that will motivate both the contractors and the Navy to get it right from the get-go, in terms of the overall cost estimates.

Mr. BARTLETT. Are these causes of the overruns different than the cause of overruns in prior first-of-class ships?

Secretary WINTER. I think some of them, sir, are common. I think there are a few unique issues here. We can talk about aspects like the naval vessel rules as being unique, but I would also categorize them as generic requirements that continue to evolve as the design and construction activities have already been started. It is part of the requirements stabilization that we just have to get right in the future.

Mr. BARTLETT. Well, thank you very much.

Thank you, Mr. Chairman. I yield back.

The CHAIRMAN. The gentlelady from Guam, Ms. Bordallo.

Ms. BORDALLO. Thank you very much, Mr. Chairman.

And, gentlemen—Secretary Winters, nice to see you again.

And, Admiral.

And of course, the commandant, thank you for coming to Guam. It was nice to visit with you last week.

Gentlemen, I represent Guam, and geographically Guam is a small island. Geopolitically, however, Guam would seem to be growing larger and larger in significance with the advent of each new crisis in the Asia Pacific region. That the Department of Navy is readying itself to move a significant number of Marines from Okinawa to Guam is indicative of our importance.

Could you share with the committee your thoughts on the role Guam will play in the next, say, 10 to 20 years? In particular, do you believe that Guam will grow in strategic importance to the Department of Navy, the fleet, the Marine Corps, and our country?

And I guess I would give you this question, Mr. Secretary: Is the Marine movement process on target, since it will be a very costly move?

Secretary WINTER. Congresswoman, first of all, we are proceeding on the current plan. We have a plan in place in terms of the move of the Marines from Okinawa to Guam. As you know, this is also conditional on certain activities to be engaged in by the government of Japan. So we are watching that very carefully. So far, things seem to be moving on both sides properly.

Our first initial steps here, in terms of its implementation, have to do with the stand-up of the joint Guam program office, which will manage this activity both in terms of the Marines, the Navy move, and also some of the supportive activities from the Army and the Air Forces.

And the first activity for that group is the preparation of the environmental impact study. We are proceeding on that regard. We have asked for funds in this budget request to support that.

We think that that will enable us to make the moves of the Marines to Guam, as well as some of the other activities, such as a transient CVN berthing and other requirements that have been asked for by both the Navy and the Army to be implemented. And this will all enable us to use Guam in the more strategic sense that you referred to earlier.

General CONWAY. And I would add, ma'am, that I think Guam is going to be a centerpiece for our training in the Pacific. As you know well, there are some training opportunities on the island, but not sufficient for the numbers that would be there.

So I have met with my commander in the Pacific. He is developing what he would call the Twentynine Palms of the Pacific, which would incorporate what is available on Guam but also what we could do on some other island chains nearby. And it looks encouraging.

Ms. BORDALLO. Very good. I am very happy to hear that, because we do work as a region, and some of the other islands have made this request.

General CONWAY. Yes, ma'am.

Ms. BORDALLO. Also, I am encouraged—and I know this has been discussed—about the LCS ships on Guam. At one time, the Navy was considering basing some of them on the island.

I am concerned, however, about reports that the cost of these ships will likely rise to—my figures here are $350 million to $400 million, compared to a much lower estimate initially.

Is Guam still being considered? Would you have to cut down the order? I know it has been discussed, but I just wondered if you have that information.

Admiral MULLEN. As was indicated earlier, ma'am, the LCS is about 20 percent of the future ship-building plan, and it is still a critical requirement for us. So my expectation is, obviously within affordability constraints, is that the number 55 LCS is still out there, and we need to move forward to try to achieve that goal.

We have worked various concepts of operations for where LCS's will operate, and the western Pacific certainly is one of those theaters that remains vital both to us as a Nation and, we think, to the world and certainly our regional partners there.

And so, we would expect LCS, certainly, to operate there. We haven't made the final decision about where those ships are going to be home-ported.

Ms. BORDALLO. Thank you very much, Admiral.

Thank you, Mr. Chairman. I yield back.

The CHAIRMAN. The gentleman from South Carolina, Mr. Wilson.

Mr. WILSON. Thank you, Mr. Chairman.

And, Admiral, Mr. Secretary, General, thank you very much for being here today.

I am very grateful. I have a son serving in the Navy. I am very grateful that serving in my office several years ago is the late Colonel McLeod, a Marine, a very proud Marine. Indeed, I just feel like we have got the best people serving in the Navy and Marine Corps ever. And so, I am very, very grateful for the difference that you all are making, protecting our country.

Additionally I am very grateful that I represent—I am very fortunate to represent Parris Island, the Marine Air Station, the Beaufort Naval Hospital.

And, Mr. Secretary, we are looking forward to your visit. I can assure you that the rose petals have been prepared. [Laughter.]

And so, it will be a very warm visit in a very beautiful and historic community of Beaufort.

As we look ahead, with the delay of the F–35 joint strike fighter, it affects the Marines and Navy in different ways. With the Navy, the shortage, in terms of aircraft for the carrier wings, is this going to be made up by F–18s as an interim? How will this be addressed?

Admiral MULLEN. The short fall that we project right now, out through the next 4 or 5 years, is about 50 strike fighters. And to fill in that shortfall, we are going to buy more F–18E/Fs. The exact profile—I mean, there is a program to do this right now. So we put an additional 28 aircraft in our future-year defense plan in order to start to get at and mitigate that shortfall.

We are also wearing them out at a rate about 30 percent higher than we had expected to, which is why they are also in the supplemental request, because, obviously, at their expected service life, they are going to go away. That said, I am encouraged by the early results of a study to extend their life, to move them from 8,000 flight hours to 10,000 flight hours, which is another way to help mitigate that shortfall.

In addition to—I need the F–35 as soon as we can get it.

So it is that balance that we are trying to hit, with all those factors in play.

General CONWAY. Sir, in our case, I think you know we have skipped a generation, if you will. We have not bought the E and the F. We waited for the arrival of the joint strike fighter. We, too, have some risk in the out-years, 2009, 2010, 2011, 2012 or so, where we will be about 45 to 50 aircraft short. So any movement of the JSF right puts us at even greater risk.

We are, as the admiral said, attempting to extend the life of the F–18s that we do have to hopefully mitigate that some.

Mr. WILSON. And we are very pleased at the Marine Air Station; it is a joint base, Navy-Marine. Has there been any determination of where the F–35 Marine training facility will be?

General CONWAY. Not decided yet, sir. We are looking at various options, as you might imagine. A number of factors come into it. But we are still some ways out from making that determination fully.

Mr. WILSON. Well, Beaufort comes to mind?

General CONWAY. Yes, sir, that is——

Mr. WILSON. And additionally, I have had the privilege of landing on the Abraham Lincoln, the George Washington, in a C–2 COD. That is a very memorable experience.

And what is the status, Mr. Secretary, of the C–2? Is it being replaced? Are more being built? What is the status?

Secretary WINTER. Sir, the C–2 COD replacement program is currently scheduled, I believe, for several years out yet.

And, CNO, maybe you can comment on that.

I believe we are outside of the current planning period there. But we have identified it.

Admiral MULLEN. It is a very important asset. We have struggled, over the last decade or so, getting it in the program and sustaining it because of the other aviation requirements that are there.

One of my commitments over the next year or so is to, not unlike we did in ship-building, is to get an aviation plan stabilized so, one, people can depend on it, and also all-encompassing to these kind of requirements, again, within the limits of affordability.

But the CODs are not young airplanes. And old airplanes, just like old ships, take a lot of money and a lot of maintenance. And clearly we are going to have to get this right for the future as well.

Mr. WILSON. And, again, I appreciate your service. And, as I visit with the troops, all of us have gone to encourage them, but it really is in reverse: They encourage us. And thank you very much for your service.

I yield the balance of my time.

The CHAIRMAN. Before I call on the gentleman from Washington, Mr. Larsen, I might say that it appears that we will be having two votes shortly, one 15-minute vote, one 5-minute vote. And in the event we don't get everyone called upon, I would hope that our witnesses could stick around until everyone has that opportunity, because we are moving along quite rapidly today.

Mr. Larsen.

Mr. LARSEN. Thank you, Mr. Chairman.

And, recognizing the 5-minute rule, I will say: Investment in the E–18G, good; P–8A, good. Marine Corps prepositioned Norway, good. With a name like Larsen, I am glad to see you mention that in your—I think that the Norway-U.S. relationship is a very important one.

So that is the quick headline.

For the secretary, obviously, we know you are going through this decision on home-porting the Benson as it comes out, and I know you met with my colleague from Washington state yesterday. And, you know, a lot of people looking forward to that decision. If there

is any advice that you can continue to provide, all the communities would appreciate taking it.

Now to a larger issue, and that is electronic warfare. And I have got questions for the admiral and the general on this.

First off, General, I note that on the aircraft utilization rates, hours per month, your program utilization for EA–6Bs is 29.6 hours and your actual utilization is 133.8 hours per month.

And then I also note that, at least from what I have seen, in your planning timeline, your EA–6B platform is disappearing at some point, but so far the Marine Corps hasn't yet developed what they are planning to do beyond that for an electronic warfare (EW) capability. And I was wondering if you could take a few moments to enlighten us a little bit about what you are planning to do with that.

General CONWAY. Sir, essentially what we have seen, starting with OIF really, is that our EA–6B squadrons became a national asset and were used very much in that regard. So that function of Marine aviation is increasingly being centralized and done more and more by Navy and Air Force. I think that they will come and we will not have the organic capability.

Mr. LARSEN. You won't—okay, well, then this makes it an even more interesting question for Admiral Mullen. Because, currently in OIF and OEF, the Navy is providing the E.W. capability not just from the air but on the ground as well. And I think, in the future, we may have a—not a conflict, but I know the Army is considering developing a land-based E.W. capability for specific missions. Talking about it, thinking about it, but not quite—sounds like not quite there to make a decision; still be relying on Navy.

How has the increased responsibilities for the Navy doing most of the E.W. capability, land-based and air-based, how has it impacted the E.W. community? Would you say it is strained or not strained?

Admiral MULLEN. I think the community—and when you use that word, I think more of the people, that——

Mr. LARSEN. Yes.

Admiral MULLEN [continuing]. They are pushed, but their operational tempo is really pretty good. They are having a big impact. Alongside the Marine Corps——

Mr. LARSEN. Huge impact.

Admiral MULLEN [continuing]. These squadrons are centralized, and that the Navy and Marine Corps have the predominant capability for the Nation. And that is going to continue to be the case for the future. That is why the roll-out of the Growler this year was so important. These aircraft are beyond their service life, typically about four years so far. So we have to move them forward in this mission very carefully, and it is a really vital mission.

That is why we have asked for additional E–18Gs in the supplemental.

Mr. LARSEN. Right.

Admiral MULLEN. Because we need to replace these aircraft as rapidly as possible.

Of concern to me is, beyond those aircraft that are required for the naval assets, Navy and Marine Corps, is the national mission, which is an increased number of aircraft overall, long term, that we have not invested in yet. And there is a substantial investment

that would be required to meet that, as the Navy and the Air Force will provide this requirement over the long run.

Mr. LARSEN. I see the yellow light is on, so I will try to wrap up here.

With regard to the Army—and I am not saying this, sort of, against the Army at all. It is just that with the IED work, the Navy is involved a lot with that obviously; the Army is getting more and more involved and sort of developing their own organic capability.

Can you comment on how that relationship is going and where you think there might be——

Admiral MULLEN. Tremendous. We have had some 300 sailors embedded with the ground units from the Prowler community, from the surface community, from the submarine community. The Ops that enlisted over the last year, we are relieving them now. There isn't a ground commander that doesn't tell me, feed back to me what an impact they have had in positively effecting saving lives out there.

The Army is committed to stand this capability back up. They are going to do that over the next two to three years. And I suspect our requirement will be reduced, obviously, as they stand it up.

Mr. LARSEN. Just a quick note, and then I would like to at some point then talk to you about whether there needs to be a joint service component for that. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Before I call on Ms. Drake, let me ask quickly: Are you cutting back, Admiral, on flying hours for the Navy? Training flying hours?

Admiral MULLEN. Not overall, no, sir. My stressed airframes, P–3s, I am managing each airframe by literally hours——

The CHAIRMAN. That is not what I am asking.

Admiral MULLEN. No, sir. We are not.

The CHAIRMAN. The Air Force is drawing down its personnel so they can invest more in assets—I think that is the way they frame it—things, physical things. Are you seeking a draw-down of any personnel?

Admiral MULLEN. Mr. Chairman, you and I have talked about this before. We are in our fourth year of about 10,000 a year. We have come down about—so that, at the end of 2007, this year, we will have come down about 40,000. We are requesting to come down about another 12,000 and then level off, basically, shortly after that.

So I am comfortable with that draw-down. That clearly has created resources. That isn't why we did it originally, to create resources so we could buy things. We really thought it was the right thing to do.

And, in fact, because of the cost of people, which I think is a huge challenge for all of us, I haven't really taken the resources that have come from the budget, which is over $5 billion, and bought anything with it. In fact, my people costs are still going up very gradually. And that is a big concern that I have, near-term and far-term.

The CHAIRMAN. Would that level-out show that kind of——

Admiral MULLEN. Yes, sir, that will level out in the next two to three years. We will level out somewhere between 320,000, 325,000 active duty, uniformed sailors. There is a commensurate level-out on the reserve side.

The CHAIRMAN. Thank you.

Ms. Drake.

Mrs. DRAKE. Thank you, Mr. Chairman.

Admiral Mullen, first I want to say to you that about two weeks ago I had the opportunity to talk to a Navy lieutenant who is assigned to the Theodore Roosevelt, serving in Iraq, working on the reconstruction team.

And what he told me in our conversation, which was just absolutely incredible—and crystal-clear cell phone reception, which surprised me—was about something called Iraq First, and how we are employing Iraqi companies and Iraqis first before they make other decisions. And that is not what we hear. And I wanted to thank you for that.

And I think Congressman Wilson is exactly right, that he may have been surprised to get a call from a Member of Congress, but it was me that was really encouraged by the call and to hear what he is doing. So thank you for that.

My question goes to Secretary Winter.

You are aware that Virginia Beach has recently signed a memorandum of understanding to set forth principles with which the Navy can respond to development around Oceana. That memorandum of understanding clearly gives the Navy a seat at the table in the development process. And it also follows up on the joint land-use study, which ensures very early Navy participation and prohibits any new incompatible use in the APZ–1 in the Clear Zone. There are also financial incentives and a commitment of $15 million annually.

I think this is a very serious long-term commitment to Oceana. And given this very significant effort on the part of Virginia Beach and the Commonwealth of Virginia, can you give citizens of Virginia Beach and Navy personnel that are stationed at Oceana an assurance that these efforts will satisfy the needs of the Navy?

Secretary WINTER. Well, ma'am, we are very appreciative of the work that has been done to date. We appreciate the opportunity to engage through the memorandum of understanding (MOU) process that you just described. We are looking forward to working with the local communities and the commonwealth to continue to help manage that activity.

And we trust that if that activity continues to be as successful as people hope it will be, that we should be in a very good position for a long-term relationship there.

Mrs. DRAKE. Good. That is very good. Thank you.

And my second question is about, about a year ago the Naval Expeditionary Combat Command (NECC) was set up with 15 people at Little Creek to train, organize and equip expeditionary forces. Today the NECC forces are deployed around the world and certainly playing a major role in Afghanistan and Iraq.

I believe the NECC is a success. So I wondered if you could share your observations concerning the NECC and tell us how we can better support this command to meet future requirements.

Secretary WINTER. Well, ma'am, I actually would like to hand that over to CNO, if you would permit, because——

Mrs. DRAKE. That is fine.

Secretary WINTER [continuing]. I think the major advantages of NECC are operational in nature and really have afforded us the opportunity to integrate and coalesce all the relevant components that are operating overseas on our behalf.

Mrs. DRAKE. And I would also tell Admiral Mullen that I visited Admiral Bullard this week and had a tour of what they are doing.

Admiral MULLEN. Thank you, ma'am. First of all, I would just like to say thanks for your support on the Oceana issue. I know you have been a very, very strong supporter in getting this right, and very consistent in your message. And I just echo what the secretary said, in terms of——

Mrs. DRAKE. Thank you.

Admiral MULLEN [continuing]. The commitments, as these things continue to go well.

NECC is a very important new command tied to the world that we are facing now and I think we are going to face for the next couple decades. It also provides an organization train-and-equip for our explosive ordnance people, for our naval coastal warfare, for our Seabees, for our security forces, in addition to our riverine force.

So when you talk with Admiral Bullard, he is commanding somewhere around 35,000 sailors right now. And the Navy wasn't organized to do this in the past. This is a big adjustment for us. But it gives us an ability to focus, provide resources, make sure that big Navy, as well as the Navy on the waterfront, is focused to make sure we can meet this capability for the future.

And, as you said, they are deployed all over the world. I am concerned, in the case of the explosive ordnance personnel, about their OPTEMPO. They are in the fight every day. They are the ones that are out there before anybody else to see if there is an IED out there and then defusing it before anybody goes on the road, as an example.

So there has been a tremendously positive step forward in this area and one that I think is really relevant for the future. And it has been well-supported, as all things Navy are, in Norfolk and Little Creek.

The CHAIRMAN. The gentleman from Georgia, Mr. Johnson.

Mr. JOHNSON. Thank you, Mr. Chairman.

It is indeed a poor cow that can't lick its own calf. And in that regard, certainly we must have a military that is capable of protecting this country and its assets and its ability to positively influence policy around the globe. And so, I want to thank you for the work that you do in order to help us perform our constitutional duty, which is to provide for the common defense.

And it is my great pleasure to serve on this committee, to help America remain strong and free.

And of course the Navy helps us keep our shipping lanes free, so that we can protect against any aggression that may occur, and also provides us with the global reach to be able to project our power around this great earth.

And the Marines are our shock troops, to go in, it is kind of like the battering ram, and meet the threat head-on.

Now, what I would like to know today is, specifically General Conway, what types of injuries are we seeing predominantly as a result of the current wars in Iraq and Afghanistan?

General CONWAY. Sir, we would say that the signature weapon that the enemy is using is the improvised explosive device. I think, as a result of that, a lot of the wounds that we see are concussion-related, as Congressman Cummings talked about. We do have a lot of head injuries, traumatic brain injuries, and that manner of thing.

We see unconsciousness a lot, even when there is no other injury on the part of the Marines or sailors that may be in the vehicles or when they are struck on the ground.

We also see amputations. We have a goodly number of those.

I would say, though, just so there is a clear understanding, that the Navy medical support that the Marines, in particular, receive in the field is just tremendous. For every 11 Marines that are hit, one will be killed. And of the remaining ten, seven will be returned to duty.

And those that do survive very serious injuries do so with the quality of care on the part of a corpsman, a young corpsman that may be little more than 21, 22 years old, that I think used to be provided by doctors. And I have heard that said again and again, that this Marine would not have survived had it not been for that brave and able corpsman on the scene.

Mr. JOHNSON. Once the person is damaged by the traumatic brain injury, if you will, they may also suffer some post-traumatic stress disorder as well, and even those who have not been injured can suffer post-traumatic stress as well. Are you seeing a large increase in the numbers of post-traumatic stress disorders?

General CONWAY. Sir, I wouldn't say it is a large increase. I think it happens with every major conflict.

We are aware that we have Marines suffering from it. We are taking every measure to try to diagnose it, understand it and treat it, even to the extent where we are sending people now into theater, so that they are there alongside the Marines at their base and station to examine.

The Navy is looking at a baseline program which will help us to determine, even if an individual isn't willing to admit it, that he doesn't test the same way he did before he was, perhaps, subjected to a blast or a concussion.

So we are taking every step that we can to try to get these young men and, in some cases, women back in battery as soon as we can.

Mr. JOHNSON. Now, once a person suffered from post-traumatic stress disorder or a close-to-head injury, a blast injury, and they exit the Army or they exit the armed services, they don't receive free medical care at that point like they do when they were enlisted, is that correct?

General CONWAY. Sir, through the Veterans Administration, they can continue to get a level of medical care. We will document, of course, the nature of their injury, and if it has resulted in a discharge or that type of thing, there is a hand-off there that takes place, and they can continue to get treatment.

Mr. JOHNSON. Often, though, the treatment is not without cost to them, is that correct?

General CONWAY. Yes, sir, that is fair.

Mr. JOHNSON. And so, they have various deductibles that they must then come forward with themselves, in addition to actually trying to get to the location where they can be treated.

Are we doing all that we can do to take care of our veterans, with respect to health care?

General CONWAY. Sir, I think the answer is, yes, we are doing all that we can. I think we can still do more. But within the confines of where we are now—I don't know if you were here earlier when the question was raised and we talked about an assessment that the secretary of the Navy has directed to examine further just where the weak linkages may be and how we can improve.

Mr. JOHNSON. All right. Thank you.

The CHAIRMAN. Thank you, Mr. Johnson.

We have one member left, and we do have two votes. I assume, from indications, that no one else wants to take a second round, so you can clean up, Mr. Sestak. You are recognized for five minutes.

Mr. SESTAK. Thank you, sir.

Admiral, Mr. Secretary, General, I apologize, I wasn't here for all of it, particularly for the Department of the Navy's testimony. I had an appointment with my daughter at Children's Hospital. My apologies.

Question, Admiral Mullen: There has been a significant reduction in aircraft procurement, Navy (APN) compared to last year. Between 2008 and 2011, we have taken out 125 aircraft. I gather that is to support the S.C. and the ship-building account. We have placed in the GWOT supplemental 43 aircraft, including, you know, the Prowlers and the F–18s and anti-submarine helicopters.

I know we have had some latitude of how we interpret what is for the global war on terror, but do you think this is the appropriate place to place these? Or does it help you permit to take some of the pressure off of the base budget that you have to undergo by putting this in the GWOT?

Sir, if you don't mind?

Admiral MULLEN. I think it is a great question. It is one, as I know you know, it is one of trying to balance everything to get it right.

I think it is probably too harsh to say it is a direct result of the SCN plan. And clearly we have worked to balance those two. I am committed this year to try to get stability in the APN plan, not unlike what we have put in place in the SCN plan.

Maybe a little different perspective is if I go back to the 2003 budget, when we had 83 airplanes in the APN plan. We are at 188 this year. We are 40 more airplanes, I think it is 40 more airplanes, this year than we bought last year.

And so, the ramp is up. It is not up as rapidly as we would like it to be, and it does get to the heart of the shortfall, the strike fighter shortfall, which we also talked a little bit about earlier.

We are wearing them out——

Mr. SESTAK. I am sorry, I don't mean to interrupt. But do you think this is the appropriate place to place those 45 air——

Admiral MULLEN. We are wearing them out pretty quickly, and we are wearing them out in Prowlers; we are clearly wearing them out in Iraq and Afghanistan. And actually, even the Hornets, you know, most of our support is there. So that is a factor of wearing out aircraft we can't replace.

Mr. SESTAK. Sir, in steaming hours, last year you came in at 36 steaming hours per quarter. I gather potentially you were going to make it up in the supplemental. This year you have come in at 45 steaming hours per quarter for deployed units and state that the rest of it will come from the supplemental.

We historically have operated, or the DON has, at 51 days per quarter. Wouldn't you historically just operate at 51 days anyway? And is the appropriate use of GWOT funding?

Admiral MULLEN. Part of the reason that we came in so low last year and obviously moved it up this year was that we looked at where we were steaming and what we were doing. And, in fact, our deployed steaming days were in the 60's and the 70's. And in the overall program, both the 36—and we probably went to low—but the 45 is the same thing, just trying to balance on these.

And the last thing in the world I want to do is try to game the supplemental in that regard. What we find ourselves doing is we are steaming an awful lot while deployed.

Mr. SESTAK. Mr. Secretary, I probably already missed this question, but just one more, CNO. The ADS, advanced deployable system, you stated we have canceled that in the budget, at calculated risk, and stated that we will rely upon more traditional systems, platform systems.

This is a change from the anti-submarine warfare (ASW) concept of operations of a few years ago, particularly with China now, by the end of next year, having 28 or 29 modern submarines—the same amount of submarines, if not more, total that we have. And with submarines at $2 billion and this platform, is this a significant change for the Navy?

And, if so, if we are relying upon systems that have been sufficient in the past—that were sufficient in the past, now in the future, why did we go after this ADS and other systems then?

Admiral MULLEN. It isn't a significant change, in terms of where we are headed. We still need distributed systems. We need remote censors. We need the kind of queuing that I know you are familiar with in order to make this overall concept work.

What we found in the ADS in particular is it wasn't ready, technically really challenging, and very expensive.

Mr. SESTAK. So the other systems of distribution——

Admiral MULLEN. Yes, sir. The other systems are still working and for the future.

Mr. SESTAK. Thank you.

Mr. Secretary, the last question: To some degree, there has always been just a conspiracy of optimism. We always hope that things are going to be well-done. CBO has said that the cost of the ship-building program of 30 years will be one-third higher than its projected. That is $4 billion to $5 billion more per year. To some degree, we are already facing this pressure by taking amphibious assault ship replacement (LHAR) out in fiscal year 2010, and we face this in the LCS overruns.

Are we facing a realistic budget that we really do think we are going to be able, at the procurement, a budget of $14.5 billion per year—that CBO projection that it will be 35 percent higher. We are already taken a $3.5 billion ship out. Is that realistic?

Thank you, Mr. Chairman.

The CHAIRMAN. Go ahead and answer the question.

Secretary WINTER. Sir, I think that that is a matter that we are going to be looking at very carefully here in the aftermath of LCS. One of the critical issues that I need to understand is how much of this is really associated with lead ship-related activities and how much is more tied to production-related aspects. And that is something we will be getting at here shortly.

Mr. SESTAK. Thank you very much.

I am sorry I went over.

The CHAIRMAN. I might say something to my friend from Pennsylvania, that the spirit of optimism pervades all of the services, and, in many cases, that is a very, very good thing. Thank you for mentioning it.

Secretary Winter, Admiral Mullen, General Conway, we appreciate you being with us. We are going to be able to make our vote. And you thoroughly answered our questions, and we will proceed from here. Thank you.

And we are adjourned.

[Whereupon, at 11:39 a.m., the committee was adjourned.]

A P P E N D I X

March 1, 2007

PREPARED STATEMENTS SUBMITTED FOR THE RECORD

MARCH 1, 2007

NOT FOR PUBLICATION
UNTIL RELEASED BY THE
HOUSE ARMED SERVICES COMMITTEE

STATEMENT OF

HONORABLE DONALD C. WINTER

SECRETARY OF THE NAVY

BEFORE THE

HOUSE ARMED SERVICES COMMITTEE

01 MARCH 2007

NOT FOR PUBLICATION
UNTIL RELEASED BY THE
HOUSE ARMED SERVICES COMMITTEE

The Secretary of the Navy's FY 2008 Posture Statement

Investing in the Present while Preparing for the Future

I. Introduction

Mr. Chairman, Mr. Ranking Member, and Members of the Committee, it is an honor to appear before you representing the brave men and women of the United States Navy and the United States Marine Corps – active, reserve, and civilian over 800,000 strong.

Over the past year, I have had many opportunities to meet with Sailors and Marines who are stationed both within the continental United States and abroad. I have traveled three times to the Central Command Area of Responsibility including Iraq. During my visits I have had countless conversations with our young Sailors and Marines. I am continually amazed at how dedicated and committed they are to carrying out their duties -- without question, without complaint. Our Sailors and Marines recognize the significance of their mission. They remain determined to win the current war and are committed to defending our Nation against future threats. They are the very best and they deserve the very best from their leadership in the Pentagon and on Capitol Hill.

Today, I am here to present the Department of the Navy's plan to support our Sailors and Marines in their mission to fight the Global War on Terror and to defend our Nation against future challenges. I believe the President's Fiscal Year 2008 budget request for the Navy and Marine Corps provides them what they need and I ask that you support this request-- submitted to Congress on February 5, 2007.

The Department of the Navy's budget signifies a vital investment in our Navy and Marine Corps. In its totality, this budget represents **$160 billion** in requested funding for FY 2008, including the estimated costs of the Global War on Terror.[1]

[1] "Highlights of the Department of the Navy's FY 2008 Budget", P 1-15

These funds are essential in enabling the Department of the Navy to maintain current readiness, sustain the operational tempo in the Global War on Terror, support the quality of life of our Sailors, Marines and their families, while preparing for a future of uncertainty. Our priorities for FY 2008 are simply stated:

We will

1. Fight the Global War on Terror by investing in the **present** needs of our Navy and Marine Corps, while we

2. Prepare for future challenges by investing in our **people**, **facilities**, and **capabilities**.

The development of this budget has not been easy -- tough decisions have been made and continue to be made throughout the Department to balance risk and to be responsible stewards of the tax dollars entrusted to us. Yet, we believe that this budget is appropriately structured and is a necessary investment to successfully meet both our present and future challenges.

The difficulty of preparing for future challenges has been striking the proper balance between building capabilities to support traditional and irregular warfare demands while transforming a blue water navy into one that can operate, fight and win in blue, green, and brown waters, and expanding the lethality and reach of the Marine Corps.

Justification of every program is important for Congress to understand the Department's intent and rationale, and we will do so. For the sake of brevity in this statement I will not go into detail on each program. Instead, I will call attention to areas crucial to our budget submission and I ask that the "Highlights of the Department of the Navy's FY 2008 Budget" book be submitted for the record as part of my statement.

II. Investing in the Present

Fighting the Global War on Terror

As we come before you today, I do not have to remind you that we are a Nation in our sixth-year of a long, irregular, and global war. Your Naval forces -- Sailors, Marines and civilians -- are engaged at home and around the world today in a full spectrum of operations in support of this war. They have answered the call to defend the Nation and they are carrying out their duties superbly. Yet while focusing on the present needs of the Global War on Terror, we must also keep a keen eye on an ever evolving strategic environment around the globe. The pace of change in today's world is very rapid. We have witnessed events -- such as North Korea's nuclear test last October and China's test of an anti-satellite weapon this past January -- that can change our strategic calculations overnight. Even as these changes occur, our Sailors and Marines continue to stand guard across the world.

As I speak to you today, March 01, 2007, there are over 50,000 Sailors and Marines serving in the Central Command Area of Responsibility (AOR). Of those, over 21,000 Marines and 12,000 Sailors are serving on the ground in Iraq and Afghanistan. It also includes over 8,000 Sailors deployed as Individual Augmentees (IA) and 4,500 performing "in-lieu-of" missions often serving in non-traditional capacities but adding to the warfighting capability of our military forces with their expertise. Additionally, over 700 Sailors and Marines are in the Horn of Africa. Finally, on any given day, approximately 30% of our ships and submarines and over 45,000 of our Sailors are deployed worldwide serving in, on, or over the world's oceans.

We are also key players in executing the President's new strategy in Iraq. The strategy requires increased coalition military and civilian resources to include an additional two battalions of Marines to strengthen control of the Anbar Province. Approximately 4,000 additional Sailors and Marines will be part of this effort.

This ongoing pace of operations in fighting the Global War on Terror has had a financial impact on the Department of the Navy. Approximately 40-50% of the fleet continues to be at sea. This, coupled with the increased deployment of Marines across the globe, has placed a strain on our resources. The 2008 GWOT Request represents a critical investment in providing the adequate resources necessary to prosecute and win the Global War on Terror. The Department of the Navy is seeking approximately $20 billion to directly support prosecution of the Global War on Terror and to reset the force.

Safeguarding our Forces in Harms Way

Before we deploy our brave men and women in harm's way we must do everything in our power to invest in their protection. Therefore, we are investing in measures to counter and protect our men and women from Improvised Explosive Devices (IED) with such platforms as the Mine Resistant Ambush Protected Vehicle (MRAP). We are transitioning to a newly designed Modular Tactical Vest (MTV) and are committed to providing the best head protection to our warfighters. We are also investing in measures I am personally involved with seeking improved acquisition processes which will accelerate fielding of these new technologies.

Unavoidably, with war comes the tragedy of loss of life and injury to our young men and women. We are committed to providing the best medical care on and off the battlefield. The treatment of patients has been greatly enhanced by improvements in medical capabilities at the personal, unit and organizational levels -- yet we must never be satisfied with where we are. We will continue to seek advancements in medical care. Care for our wounded does not end at the field hospital. We continue to aggressively monitor post-deployment mental health screenings as well as, suicides, domestic violence, and divorce rates and to assure the quality long-term physical and psychological welfare of our Sailors and Marines.

Resetting the Force

While we endeavor to provide what is needed, we also recognize that war is a costly business, and this one is no different. Our Sailors and Marines will always do what it takes, but there is a significant price -- not only in their personal sacrifices -- but also in the financial cost of operations and on the equipment that we provide them. We must continue to invest in the present needs of our warfighters.

The ongoing intense combat operations and high operational tempo have had a significant impact on the quality, operability, and service life of Navy and Marine Corps equipment -- it is imperative that we support our brave men and women by replacing our rapidly aging equipment. In many cases it makes no sense to replace aging legacy equipment with more of the same. In the case where it makes smart financial or operational sense, we are purchasing next generation equipment and platforms to replace combat losses. Resetting the Navy and Marine Corps is essential, and we are investing significant resources to restore our combat capability and readiness. The FY 2008 GWOT Request includes $3.8 billion -- $2.1billion for the Navy, $1.7billion for the Marine Corps -- toward reset requirements. These funds will refurbish or replace equipment damaged or lost during combat operations and restore the capability and readiness of the Navy and Marine Corps for future threats and operations. It should be noted that the reset requirement is dynamic and changes as conditions change.[2]

III. Investing in the Future

As we fight the Global War on Terrorism, we cannot forget that the security challenges of the 21st Century are complex and varied. They range from the irregular, asymmetric threats of terrorists, and rogue states, to the sophisticated military technology of future peer competitors. The Department has also been called upon to conduct disaster relief and humanitarian assistance missions -- often being the first to respond to natural disasters around the world as in the case of the 2005 Indian Ocean tsunami, the earthquake in Pakistan and Hurricane Katrina in the Gulf Coast. Naval forces are uniquely balanced to address these diverse strategic challenges with the capability and capacity to rapidly project power anywhere in the world. We must continue to invest in this capability. *We cannot allow ourselves to be fixated on one threat alone.*

Preparing for an uncertain future demands that the seas of the world remain safe for all nations. The Department of the Navy strongly supports U.S. accession to the Law of the Sea Convention. Joining the Convention, with the declarations and understandings reflected in Executive Report 108-10 (Senate Foreign Relations Committee), will enable the United States to exercise a leadership role in the future development of oceans law and policy. As a non-party, the United States does not have access to the Convention's formal processes in which over 150 nations participate in influencing future law of the sea developments, and is therefore less able to promote and protect our security and commercial interests. Additionally, by providing legal certainty and stability for the world's largest maneuver space, the Convention furthers a core goal of our National Security Strategy to promote the rule of law around the world.

[2] "Highlights of the Department of the Navy's FY 2008 Budget", P 2-10

This is also a time of unprecedented change in the Department of the Navy. We are executing a major transformation of the force at the same time that we are executing an array of operations in the Global War on Terror. This transformation is about people as much as it is about equipment.

Investing in our People

The development and retention of quality people are vital to our continued success. America's naval forces are combat-ready due to the dedication and motivation of individual Sailors, Marines, civilians, and their families. The Department is committed to taking care of them by sustaining our quality of service/quality of life programs, including training, compensation, and promotion opportunities, health care, housing, and reasonable operational and personnel tempo. The cost of manpower is the single greatest factor in the FY 2008 budget, but it is money well spent. We must continue to recruit, retain, and provide for our Sailors and Marines.

Recruiting and Retention

We continue to invest in programs to recruit the right people, retain the right people, and achieve targeted attrition. The FY 2008 budget requests a three-percent raise in military base pay. This investment along with increased enlistment and re-enlistment bonuses, is necessary if we are to continue to man our forces with the highest levels of ability and character. These citizens are in high demand everywhere; since we ask so much of them, we owe them proper compensation. The Navy and Marine Corps are currently meeting recruiting and retention goals for most ratings and designators in the active and reserve components. In FY 2006, Navy achieved 100 percent of its overall active component enlisted recruiting goal and the Marine Corps also achieved over 100 percent of its accession goal.

Navy and Marine Corps End-Strength

To avoid an adverse toll on our Sailors, Marines, and their families, and to prevent a decrease in readiness, the Secretary of Defense established a 1:2 deployment-to-dwell ratio goal for all Active Component forces. Our goal for the Marine Corps is to achieve that 1:2 deployment-to-dwell ratio for active component units and 1:5 for reserve units. Currently, the deployment length for Marine units in Iraq is seven months.

While our recruiting remains at impressive levels, it is important to focus on sizing the Department to achieve its overall objectives. As we develop and build more efficient and automated ships, aircraft, and combat systems, personnel reductions are inevitable; yet the skill level and specialization requirements increase. The Navy has reduced its end strength by approximately 40,000 over the last five years, and as we look ahead to more capable ships entering service in the next few years, we anticipate a stabilization of that trend at an end-strength of about 320,000 - 325,000.

For the Marine Corps the proposed increase to our Active Component end strength to 202,000 Marines, by 2011, is an investment in reducing the strain on the individual Marines and

the institution of the Marine Corps while ensuring the Marine Corps can provide trained forces in support of other contingencies. Our first task will be to build three new infantry battalions and their supporting structure – approximately 4,000 Marines. We will then systematically build the additional units and individuals on a schedule of approximately 5,000 Marines per year.

National Security Personnel System

It is important to note that while a considerable investment is taking place in the uniformed workforce, we are also placing emphasis on creating a proficient civilian workforce, whose pay and promotions are performance-based. Deployment of the National Security Personnel System began in FY 2006 and continued through FY 2007. A significant portion, over 50,000 employees, are scheduled to transition at the start of FY 2008.

Safety

Fundamental to taking care of our Sailors, Marines and DON civilian employees is establishing a culture and environment where safety is an intrinsic and critical component of all decision making, both on and off-duty. Safety directly affects the readiness of our fighting forces and significant Mishap Reductions remains a key department-wide objective in FY 2008. We are refining our concept of Operational Risk Management (ORM), which calls for assessing risks prior to an evolution and then implementing mitigating actions during the evolution, to ensure it is more widely accepted and employed by our younger Sailors and Marines when making decisions off duty. We have placed great emphasis on reducing Private Motor Vehicle (PMV) mishap rates through new policy changes we believe will help reduce needless PMV-related injuries and fatalities. Other safety initiatives are aimed at the reduction of aviation mishaps and improving safety in the workplace.

Investing in Our Facilities

Essential to recruiting and retaining the right people is maintaining their quality of life and service. The Department of the Navy continues to invest in our Sailors and Marines by sustaining our quality of life/quality of service programs and by ensuring quality housing and facilities in which to live, work and train. We are developing Global Infrastructure Plans to analyze bottom line facility requirements. The Department of the Navy has been aggressively eliminating excess facilities and is on track to its footprint of 23.9 million square feet by 2013.

Military Construction

The FY 2008 budget invests over $2.1 billion toward 64 military construction projects for our active Navy and Marine Corps and 10 projects for our reserve forces.

Base Realignment and Closure

The FY 2008 budget continues to fund BRAC initiatives. We are requesting $733.7 million in the FY 2008 budget submission to continue implementation of the 2005 BRAC

Commission recommendations. The FY 2008 request invests in construction (including planning and design), operational movements at key closure and realignment locations, and the necessary environmental studies at receiving locations to fulfill National Environmental Policy Act requirements.[3]

Carrier Homeporting

Consistent with the 2006 Quadrennial Defense Review, the Navy plans to adjust its force posture to base at least six "operationally available" carriers in the Pacific while maintaining the flexibility to respond to threats around the world.[4] The Navy will achieve the six Pacific carrier posture in FY 2010 when the USS CARL VINSON (CVN 70) is homeported to the Pacific.

Realignment of our Forces in the Western Pacific

As part of the Defense Policy Review Initiative (DPRI), a change in the US-Japan alliance to the security environment, the United States and the Government of Japan (GOJ) signed an agreement for the relocation of some Marines from Okinawa to Guam. This realignment requires a commitment to investment in our Western Pacific area of operations. The FY 2008 budget invests $ 28 million for planning and continuation of the Environmental Impact Analysis.

Investment in Capabilities

To meet the demands of the Global War on Terror and the uncertain threats of the future, the Department of the Navy must also invest in new generation capabilities and to transform the force. We must continue an acquisition program which seeks to build a fleet that is both affordable and meets the national security challenges of the 21st century. It must cover all facets of the surface, sub-surface, and aviation requirements. We must also invest in our expeditionary forces providing them with the capabilities to remain always ready and always capable of forcible entry. Our FY 2008 baseline budget invests almost $46 billion for procurement programs.

As we invest in our naval force it is critical that we pursue a program of stable transformation. The core products that the Navy and Marine Corps buy face a significant time constraint -- we go into battle with assets that are built many years in advance; and a stable transformation can only be achieved if the Department of the Navy, in conjunction with Congress, follow a long-term path of program stability.

Building a Fleet for the Future

We have initiated an aggressive investment strategy to build an affordable 313-ship fleet tailored to support the National Defense Strategy and the 2006 Quadrennial Defense Review.

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[4] "2006, Quadrennial Defense review", P47

The Department plans to procure seven ships[5] in FY 2008 for the United States Navy, and we are serving as the executive agent for one Joint High-Speed Vessel for the United States Army -- an investment of over $14.2 billion toward ship building and conversion[6]. As required by Congress, the Department of the Navy recently submitted its thirty-year shipbuilding plan which reinforces the 313-ship fleet introduced last year.[7] The FY 2008 thirty-year shipbuilding plan, unchanged from the FY 2007 plan, represents the Departments commitment to creating programs of stability and predictability which in turn minimizes disruption in shipbuilding and creates efficiency and effectiveness in our industrial base.

The FY 2008 budget continues investment in the shift to next generation warships. The surface ships and submarines which make up the fleet of the future will be more capable than ever to respond to enhanced threats across the globe. Several critical shipbuilding programs in support of the thirty-year shipbuilding plan include:

- The lead ship of the CVN 21 Program -- Gerald R. Ford (CVN78) with expected delivery in 2015 -- will replace USS Enterprise (CVN65). Program funding is requested over two-years with forty-percent, approximately $ 2.7 billion, in FY 2008 and the remaining sixty-percent in FY 2009.

- The DDG1000 program, formerly known as the DDX, is the next generation of multi-mission surface combatants. Under the dual lead ship strategy, a lead ship will be constructed at both Northrop Grumman Ship Systems and General Dynamics Bath Iron Works. Contracts for detail design were awarded to the shipbuilders in August 2006. Construction contracts of the dual lead ships are expected to be awarded in FY 2007. The FY 2008 budget provides the second increment of funding, approximately $ 2.8 billion, required to complete the two FY 2007 lead ships.

- The Littoral Combat Ship (LCS) will be a fast, agile and networked surface combatant with capabilities optimized to assure naval and joint force access into contested littoral regions. The Navy has awarded contracts for construction of the first four LCS sea frames. LCS 1 was launched in September 2006.

- In the past year the second and third Virginia Class fast attack submarines joined the fleet. Construction of the Virginia Class continues to be performed under a teaming arrangement between General Dynamics Electric Boat Corporation and Northrop Grumman Newport News Shipbuilding. Six Virginia Class submarines are under construction. The FY 2008 Budget invests approximately $1.8 billion in the tenth Virginia Class submarine and is the fifth of five Virginia class submarines covered under a multiyear procurement contract.

A number of Congressional authorities are necessary in order to maintain the stability of the thirty-year shipbuilding plan. Key to achieving cost reductions in our Virginia Class program is the ability to enter into multiyear ship contracts. We are asking Congress to continue Multiyear Procurement Authority for Virginia Class Submarines. As we modernize our carrier

[5] "Highlights of the Department of the Navy's FY 2008 Budget", P 3-5
[6] "Highlights of the Department of the Navy's FY 2008 Budget", P 1-15
[7] DON 30-year Shipbuilding Plan, submitted to Congress on Feb 5, 2007

force to the new Gerald R. Ford Class (CVN78), we will drop below our carrier requirement by one ship during a two-year period. Through adjustments to refueling availabilities and by carefully managing our Nimitz Class service life, we will be able to mitigate the impact of this drop in the short-term and long-term. We are asking Congress to authorize a temporary waiver of the carrier requirement from eleven to ten ships.

Enhancing Expeditionary Warfare Capabilities

The 2006 Quadrennial Defense Review describes the reorientation of joint ground forces from dependence on large, permanent overseas garrisons toward expeditionary operations. This includes a focus on greater capability to conduct irregular warfare. Naval forces are inherently prepared for this role through our ability to project power ashore. Amphibious warships and MAGTF capability are essential to the Navy-Marine Corps ability to conduct forcible entry. The Department of the Navy will invest in several key procurement programs to enhance our expeditionary warfare capability.

- The San Antonio (LPD 17) Class of amphibious warfare ships represents the Department of the Navy's commitment to a modern expeditionary power projection fleet. The rapid off-load capability of the San Antonio Class will enable our naval force to operate across the spectrum of warfare. The FY 2008 budget invests $1.4 billion to fully fund the construction of the ninth ship in the San Antonio Class.

- The Marine Expeditionary Fighting Vehicle (EFV) is the Marine Corps' largest ground combat system acquisition program. It will replace the aging Assault Amphibious Vehicle that has been in service since 1972. The FY 2008 budget invests $288 million from the Research, Development, Test and Evaluation account toward EFV development to ensure that EFV meets all requirements for performance and reliability before entering into production.

- The Mine Resistant Ambush Protected Vehicle (MRAP) is playing an increased role in protecting our Sailors and Marines in harm's way. MRAPs are employed to protect against the three primary kill mechanisms of mines and improvised explosive devices—fragmentation, blast overpressure, and acceleration. These vehicles provide the best available protection against improvised explosive devices. The FY 2008 GWOT Request procures over 255 MRAP vehicles for the Navy and Marine Corps team. We continue to assess this need as is necessary.

Recapitalizing Aviation Capacity

The Department of the Navy requires a robust aviation capacity including attack, utility, and lift capabilities. The Department is in the midst of an extensive, long-term consolidation and recapitalization of all aircraft in the naval inventory in order to develop the optimum balance between requirements and usage. We are increasing our investment in our aviation programs. In FY 2008 we plan to procure 188 aircraft for the Navy and Marine Corps team.[8] Particularly critical programs include the Joint Strike Fighter (JSF), the F/A-18E/F Super Hornet, the EA-

[8] "Highlights of the Department of the Navy's FY 2008 Budget", P3-15

18G Growler, the P-8A Multi-Mission Maritime Aircraft (MMA), the MV-22, and helicopter programs. The Department also serves as the executive agent for the modernization of the fleet of Presidential Helicopters which will be replaced by the VH-71.

- The Joint Strike Fighter (JSF) (STOVL, CV, CTOL) is the next-generation strike fighter weapons system designed to counter the threats of 2010 and beyond. Low rate initial production (LRIP) long lead funding for initial Conventional Take-off and Landing (CTOL) aircraft was awarded in March 2006. A significant upcoming milestone for JSF is the Defense Acquisition Board in spring 2007 for approval of LRIP 1 full funding and LRIP 2 long lead contract awards.

- The F/A-18E/F Super Hornet is the Navy's multi-mission strike fighter. Currently in its eighth year of full production, 65% of the total procurement objective has been delivered (298/460). The FY 2008 budget requests funding for 24 F/A-18E/F Super Hornets. An additional 12 F/A-18E/F Super Hornets are requested in the FY 2008 GWOT Request to bridge the projected shortfalls as a result of JSF program schedule changes and excessive operational use.

- The E/A-18G Growler is the Navy's replacement for the legacy EA-6B and will assume the role for Airborne Electronic Attack. First flight for the Growler occurred in August 2006. EA-18G aircraft are being procured as part of the F/A-18E/F Multi-Year Procurement II contract. The FY 2008 budget invests $1.3B which procures 18 E/A-18G aircraft.

- The P8A MMA replaces the Navy's P-3C Orion and fills Combatant Commander requirements for long-endurance naval aircraft in fulfillment of many missions in major combat operations, GWOT and homeland defense. The program, now in detailed design phase, will achieve initial operational capability in FY 2013 -- initial production buys will begin in FY 2010.

- The MV-22 Osprey Tilt Rotor aircraft will supplement and replace the CH-46 with enhanced mission capabilities. The CH-46E is over forty years old, with limited lift and mission capabilities to support the Marine Air-Ground Task Force (MAGTF) and the GWOT. MV-22 Initial Operational Capability is scheduled for fall 2007 with a continued transition of two CH-46E squadrons per year thereafter. The FY 2008 budget includes a request for 21 MV-22 aircraft.

- Helicopters continue to provide essential lift capability to the Navy and Marine Corps. Critical to this capability are the MH-60R/S and the UH-1 programs. The MH-60R will replace the aging SH-60B and SH-60F helicopters with the primary mission of undersea and surface warfare. The MH-60S will support the CSG and ESG combat logistics, search and rescue, vertical replenishment, anti-surface warfare, airborne mine countermeasures, combat search and rescue, and naval special warfare mission area. The FY 2008 budget invests in 27 MH-60R and 18 MH-60S helicopters. The UH-1 continues to fulfill the Marine Corps utility helicopter missions. The FY 2008 budget supports the new UH-1Y new build strategy and procures 20 UH-1Y helicopters.

Research and Development

As we look to transform our force with new generation platforms, we must also actively seek out new innovations and niche technology. Our FY 2008 budget continues investment in the Research and Development, Science and Technology (S&T), and the Research, Development, Test, & Evaluation (RDT&E) management support accounts. In FY 2008, the RDT&E account decreases by over eight percent, reflecting technology maturation and the transition to production of programs previously in RDT&E. Funding for science and technology (S&T) is kept relatively constant to enhance capabilities for the Naval forces of today, tomorrow, and the future. To maximize our return on S&T funding, we have developed a newly integrated Naval S&T Strategic Plan focused on areas where the Department of the Navy needs to be a world leader and an early adopter of technologies. RDT&E accounts also support the transition of technologies and the development of critical new weapon systems. Critical shipbuilding programs include CVN 21, SSN 774 VIRGINIA Class Submarine, DDG 1000, LCS, LPD 17, T-AKE, and Joint High Speed Vessel. Critical manned aviation programs include the F-35, VH-71, P-8A, CH-53K, E2D, and EA-18G. As a final part of the RDT&E account, our Test and Evaluation communities are ensuring that technologies will perform as required in the field.

Cultivating a Stable Acquisition Environment

While our investment strategy is forward-leaning -- so must our procurement process be. It is clear that we must better define our programs early in the acquisition process. A key emphasis must be to properly incentivize contractors to bid in a responsible manner and then to diligently execute to the accepted proposal. I intend to focus a significant part of my remaining time as Secretary of the Navy in getting this right. This year we are focusing our efforts to take on the challenges of (1) revising and reinstituting our policy on contractor performance assessment, (2) controlling cost growth and reducing program volatility, and (3) building rapid acquisition processes. We have established acquisition guidelines concerning urgent warfighting needs, addressing schedule priority, source selection criteria and contract performance. Specific acquisition policies emphasize rapid deployment capability, rapid acquisition processing, controlling cost growth, and contractor performance assessments. An acquisition reengineering effort addressing (1) an open systems business model, (2) accountability and portfolio assessment, (3) human capital planning, and (4) program formulation and capability planning has been initiated. These four threads are aimed at making the acquisition process more responsive and delivering the agreed-upon warfighting capability within the agreed-upon cost and schedule.

In addition to acquisition reform, we are investing in methods to increase efficiency and maximize the return on our investments. Though still maturing, the Navy is developing the Navy Enterprise Framework which will better leverage the value streams consisting of people, dollars, and materiel needed to deliver warfighting readiness to Navy Component and Combatant Commanders. The Department is also seeking to use "best practices" of the private sector through the deployment of Lean Six-Sigma (LSS). LSS is being implemented throughout the Department to increase quality of work life, safety levels, speed of decisions and transactions, and to decrease total cost of ownership. The vision is to create a critical mass of leaders and personnel who routinely apply LSS methodologies for continuous process improvement.

The Department will continue to seek ways to transform the way we do business resulting in improved efficiency, better decision-making, and an organizational culture that is performance-based.

IV. Conclusion

Investing in our present needs and fighting the Global War on Terror are on the forefront of our priorities -- but we must not forget that the world is an ever evolving environment. We must be prepared to respond to emerging threats of an uncertain future. To accomplish these goals we must continue to invest in our national defense.

Thanks to the continuous support of the Congress our naval forces are superior to all others. But developing and maintaining capable naval forces requires our Nation to take a long-term view. It requires time, constant strategic planning, and significant commitment of resources to develop and maintain the world's premier naval force. Together, we have made tough decisions and I believe that this budget submission is adequately structured to support the needs of the United States Navy and the United States Marine Corps.

Only through the collaborative efforts of the Congress and the Department of the Navy and with the support of the American people can we provide the Nation the naval force it needs to fight the Global War on Terror and prepare for the challenges of the future.

Thank you.

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HOUSE ARMED SERVICES COMMITTEE

STATEMENT OF

ADMIRAL MICHAEL G. MULLEN

CHIEF OF NAVAL OPERATIONS

BEFORE THE

HOUSE ARMED SERVICES COMMITTEE

01 MARCH 2007

NOT FOR PUBLICATION
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HOUSE ARMED SERVICES COMMITTEE

CNO's Posture Hearing
FY 2008 Budget

Mr. Chairman, Mr. Hunter, and members of the Committee, it is an honor to appear before you today representing the brave men and women, Sailors and civilians, of the United States Navy. And it is with great pride, tempered by the urgency of war, that I report to you the Navy's readiness to answer all bells for our nation's security, today and for generations to come. Thank you for your longstanding support.

INTRODUCTION

We are a maritime nation involved in a long, irregular and global war that **extends far beyond Iraq and Afghanistan.** The threat we face breeds within failing states and the under-governed spaces of the world and preys upon those weakened by poverty, disease, and hatred. It thrives where there is no rule of law and spreads like a malignancy through cyberspace and the vast maritime commons that serve as connecting tissue in this age of globalization.

We are also confronted by nation-states determined to develop sophisticated weapons systems, including nuclear arms. **We cannot allow ourselves to be fixated on one threat alone. Our national security is dependent upon a strong Navy** that can keep the sea lanes free, deter aggression, safeguard our sources of energy, protect the interests of our citizens at home and reassure our friends abroad. We must never relinquish overmatching capability and capacity.

While our ground forces are engaged in Iraq and Afghanistan, the Navy - with its ability to deliver two unique attributes day to day - **global reach and persistent presence** - will continue to support our responsibilities worldwide and provide a powerful deterrence, both in day-to- day operations as well as being a vital element of **our nation's "Strategic Reserve."** As we pace the rapidly changing security environment, there is no alternative to a well balanced Fleet.

Much has changed in the world since I testified before this committee last year. Iran has been emboldened by the Israel/Hezbollah war and continues the overt pursuit of a

nuclear production capability. North Korea has test fired long range ballistic missiles and conducted an underground nuclear detonation. China has demonstrated the ability and willingness to conduct out of area diesel submarine operations and their advanced military and space technology development continues apace. The stated desire for, and apparent pursuit of, weapons of mass destruction (WMD) and advanced delivery systems has increased among terrorist organizations and their state sponsors. And within our own hemisphere, some leaders have become increasingly vocal in their opposition to policies of the United States.

Last Spring I signed the Navy Strategic Plan (NSP) to better align budgetary decisions with future operations and risk assessments. The NSP also laid the foundation for the Naval Operating Concept (NOC), which I co-signed with the Commandant of the Marine Corps in August 2006. The NOC is intended to define the objectives and missions of the Navy-Marine Corps Team and to underscore our warfighting interdependence.

The President's National Strategy for Maritime Security (NSMS) calls for enhanced international cooperation to ensure lawful and timely enforcement actions against maritime threats. During the Cold War, our Navy was guided by a Maritime Strategy focused on containing and defeating the spread of communism and Soviet domination. It is time to develop a new Naval Maritime Strategy based on the National Strategy for Maritime Security and the Navy's global reach and persistent presence - a strategy that includes core Navy warfighting competencies and deterrence, strategic communication and information operations, shaping and stability operations, emerging and enduring partnerships.

At the International Sea Power Symposium in September 2005, the Chiefs of 49 navies and coast guards, among 72 countries represented, discussed a new vision of sea power in the 21st century. That vision of sea power encourages international partnerships for maritime security and awareness, consisting of vessels and capabilities from partner nations around the world - nations with a shared stake in international commerce, security and freedom of the seas: the "1,000 Ship Navy." Participation in this "global fleet" is not proscriptive and has no legal or encumbering ties. It is envisioned to be a free form force of maritime partners who see the promise of sea power to

unite, rather than to divide: Collective security on the oceans highways through a global maritime network.

United States Navy's VISION

Americans secure at home and abroad; sea and air lanes open and free for the peaceful, productive movement of international commerce; enduring national and international naval relationships that remain strong and true; steadily deepening cooperation among the maritime forces of emerging partner nations; and a combat-ready Navy -- forward-deployed, rotational and surge capable -- large enough, agile enough, and lethal enough to deter any threat and defeat any foe in support of the Joint Force.

PRIORITIES

In last year's testimony, I identified three priorities addressed by our FY2007 budget. We have made progress in all three and our FY2008 Budget reaffirms our commitment to these priorities. We seek your assistance as we move forward, placing particular emphasis on strengthening our core warfighting capabilities and increasing our own military capacity as well as that of our partners. Our three priorities remain:

I. **Sustain combat readiness** … with the right combat capabilities - speed, agility, persistence, and dominance - for the right cost.

II. **Build a fleet for the future** … balanced, rotational, forward deployed and surge capable - the proper size and mix of capabilities to empower our enduring and emerging partners, deter our adversaries, and defeat our enemies.

III. **Develop 21st Century leaders** … inherent in a strategy which, through a transformed manpower, personnel, training and education organization, better competes for the talent our country produces and creates the conditions in which the full potential of every man and woman serving our Navy can be achieved.

I. SUSTAIN COMBAT READINESS

A. FY2006 in Review

The Navy answered all bells in 2006. We met the demands of Combatant Commanders for well-trained, combat-ready forces -- deterring aggression while conducting Operation Enduring Freedom, Operation Iraqi Freedom, international disaster relief, and humanitarian missions. We successfully evacuated over 14,000 American citizens safely from Lebanon and demonstrated our resolve, capability and partner building capacity in Exercises VALIANT SHIELD, RIMPAC, and Partnership of the Americas.

Over 10,000 Navy Individual Augmentees continued to make significant contributions around the world in all manner of joint and coalition billets, particularly in the CENTCOM Area of Responsibility. We continued to provide vital direct and indirect combat support to the Marine Corps through a variety of Blue in Support of Green programs, and we supported homeland defense initiatives with the U.S. Coast Guard, including the development of a Maritime Domain Awareness Concept of Operations (CONOPS) and the establishment of three Sector Command Center-Joint, interagency harbor operations centers.

Last year the Navy also made progress toward improving our core warfighting competencies: anti-submarine warfare, mine warfare, and ballistic missile defense. As the missile tests on the Korean Peninsula and the out of area deployment of a Chinese diesel submarine remind us, we must ensure we sustain our overmatching capability and capacity in these, and other, core warfighting mission areas.

B. Current Readiness

I recently returned from a trip to Iraq, Afghanistan, Djibouti, Bahrain, and ships at sea in the Arabian Gulf. I visited with Sailors conducting special operations and combat support in Iraq, flying combat sorties in support of OEF and OIF, providing security protection for oil platforms, conducting civil affairs missions in Afghanistan, participating in Theater Security Cooperation activities in Horn of Africa, and

standing watches onboard USS DWIGHT D. EISENHOWER, USS ANZIO, and USS BOXER - reassuring our allies in the region while providing a formidable deterrent to Iran.

Our Navy's readiness is superb and our Sailors are performing at exceptional levels at sea and ashore. The men and women of your Navy are on watch AROUND THE WORLD, AROUND THE CLOCK.

Figure 1

On 16 February 2007 we had 97 ships on deployment (35% of the Fleet) and 136 ships underway (49% of the Fleet) in every theater of operation; this included 4 aircraft carriers, and 5 big deck amphibious ships (LHA/LHD), and approximately 20 submarines (Figure 1).

That same day, 2,613 active and reserve Seabees, and 5,006 of our active and reserve medical corps were serving overseas, many in combat support roles. Additionally, 786 members of the Navy Special Warfare community were deployed overseas (of 3,616 deployable), as were 316 Explosive Ordnance Disposal personnel (of 474 available to deploy), and 856 Naval Coastal Warfare/Expeditionary Security Force personnel (of 2,752 deployable).

Worldwide, on 16 February 2007, there were 60,162 of our Sailors deployed ashore and afloat worldwide, conducting strategic deterrence; intelligence, surveillance and reconnaissance; anti-submarine warfare training, ballistic missile defense, mine counter warfare, counter piracy and counter-drug patrols, theater security cooperation activities, and humanitarian assistance. On that day there were 25,660 Sailors serving in the CENTCOM AOR, and more than half of them, 13,145, were on the ground, building roads and schools, offering combat care and medical assistance to our Fleet Marines, providing timely intelligence support to Special Operations, and contributing to the myriad combat support and reconstruction missions ongoing in that region. No less vital are the sailors and civilians - the Total Navy - who serve the shore-based infrastructure that underpins our Fleet worldwide.

Perhaps the greatest enabler of our current, and continuous, readiness has been the ongoing development of the Fleet Response Plan (FRP). FRP is an evolving, deliberate process to ensure increased and continuous availability of trained, ready Navy forces capable of a surge response forward on short notice. FRP does not change training requirements, operational capabilities or the amount of maintenance. Rather, it delivers enhanced surge capability while providing rotationally deployed forces to fulfill Global Force commitments.

Another key enabler of our Fleet readiness is family readiness. "Family readiness" means Sailors' families are prepared for the absence of their loved one. The Navy strives to reduce the uncertainty and apprehension experienced by our Navy families in these stressful times, while strengthening the programs and resources available to support them.

C. Requirements to Sustain Combat Readiness

As we adapt to asymmetric threats and the challenges of irregular warfare, we cannot lose sight of Navy's core warfighting competencies. We must continue to improve performance in anti-submarine and mine warfare, anti-surface warfare, anti-air warfare,

strike warfare, ballistic missile defense, and other core maritime supremacy missions. We will continue to mature our Fleet Response Plan (FRP) and strengthen Fleet and Family Readiness … to ensure combat ready, surge-capable forces are available to meet any contingency. Natural disasters abroad and hurricanes here at home taught us valuable lessons. We need to extend the FRP philosophy of "continuous readiness" to our shore commands, our people, and to our families.

To sustain our combat readiness, we seek congressional support in the following areas:

- Anti-submarine warfare. Submarines with improving stealth and attack capability - particularly modern diesel attack submarines - are proliferating world-wide at an alarming rate. Locating these relatively inexpensive but extremely quiet boats presents our Navy with a formidable challenge. Navy is pursuing a distributed and netted approach to ASW. Some of the key ASW programs we must continue to develop and field as quickly as possible include: the Deployable Distributed Autonomous system (DADS); the Reliable Acoustic Path Vertical Line Array (RAPVLA); the Surface Ship Torpedo Defense System (SSTD); the Aircraft Carrier Periscope Detection Radar (CVNPDR); and, the High Altitude ASW Weapon Concept (HAAWC).

- SONAR restrictions. ASW is a very complex and challenging warfighting competency in which to achieve and sustain the required level of expertise. Therefore every opportunity we have to gain and maintain proficiency at the ship/unit level, and every opportunity we have to integrate units in complex scenarios is crucial to our readiness. Unfortunately, our ability to train in the same manner in which we fight is under attack in public forums, including the courts. Thus far, we have seen little scientific basis for the claims lodged against the Navy. However, these allegations present the potential for severe restrictions on our continued ability to train effectively, as we saw in RIMPAC '06 wherein we lost three days of valuable ASW training with active sonar because of a court

restraining order. Navy is currently executing a comprehensive plan of action to cover all our at-sea training areas with environmental compliance documents by the end of 2009. We are committed to maintaining an open dialogue, continuing to advance our scientific understanding of the impacts of sonar on marine mammals, and complying with the relevant statutes. We have consistently made this clear as an organization in our debate on this issue. Maintaining proficiency in ASW is a daily challenge, and while our long-term compliance documents are being developed, we cannot afford to stop training. We owe it to our Sailors to ensure they receive the training they need to fight and win.

The Marine Mammal Protection Act (MMPA) requires permits for activities that may affect marine mammals. This includes military activities, including certain Navy activities at sea. The National Defense Authorization Act of 2004 included a provision that authorizes the Secretary of Defense to grant exemptions to the MMPA for certain military activities critical to our national defense. On 23 January 2007, the Deputy Secretary of Defense granted Navy a National Defense Exemption (NDE) for two years covering mid-frequency active (MFA) sonar activities for major exercises and in major operating areas, as well as the use of Improved Explosive Echo Ranging sonobuoys (IEER). The NDE will help Navy continue to conduct the sonar training necessary for our national defense while protecting marine mammals through established mitigation measures.

- Naval Expeditionary Combat Command. NECC is developing into a true force of choice in phase zero (pre-conflict) and phase V (reconstruction) operations, and as a vital part of our nation's long war against terrorism. Included in the Naval Expeditionary Combat Command today are 30,363 Active and Reserve component Sailors including 15,339 in the Naval Construction Force, 6,557 in Naval Coastal Warfare, 3,607 in the Navy Expeditionary Logistics Force, 2,482 in Explosive Ordnance Disposal, 712 in the Riverine Force, 591

in the Navy Expeditionary Guard Battalion, 441 in Visit Board Search and Seizure/Intel, 431 in the Maritime Civil Affairs Group, 85 in Combat Camera, 68 in the Expeditionary Combat Readiness Center, and 50 in the Expeditionary Training Group. All new forces - Riverine, Expeditionary Training Group, Maritime Civil Affairs and Maritime Expeditionary Security Force - will meet full IOC objectives in FY2007. Riverine will deploy its first squadron to Iraq this month to provide area security at Haditha dam and interdiction operations on the Euphrates river. Your continued support of our Riverine capability and capacity is vital. Our second Riverine Squadron was established on 2 February, 2007 and our third Squadron will be stood up this June.

- Sea Basing. It would be difficult to consider any future expeditionary missions without recognizing the need for a sea base from which to stage Joint Forcible Entry Operations, Theater Security Cooperation, and humanitarian assistance activities. Sea Basing provides operational maneuver and assured access to the joint force while significantly reducing our footprint ashore and minimizing the permissions required to operate from host nations. These are operational characteristics that will prove increasingly vital in the post-OIF/OEF political-military security environment. Navy is exploring innovative operational concepts combining sea basing with adaptive force packaging that will further support national security policy and the Combatant Commanders' objectives worldwide. Our 30 year shipbuilding plan provides for Sea Basing that covers the spectrum of warfare from Joint Forcible Entry to persistent and cooperative Theater Security Cooperation.

- Ballistic Missile Defense. Missile tests on the Korean Peninsula and by Iran, along with the proliferation of ballistic missile technology underscores the growing need for a robust, sea-borne ballistic missile defense system. Last year, the Navy made further progress on our Aegis Ballistic Missile Defense (BMD), the sea based component of the Missile Defense Agency's (MDA)

Ballistic Missile Defense System (BMDS). It enables surface combatants to support ground-based sensors and provides a capability to intercept short and medium range ballistic missiles with ship-based interceptors (SM-3). The Sea-Based Terminal Program will provide the ability to engage Short Range Ballistic Missiles (SRBMs) with modified SM-2 BLk IV missiles from Aegis BMD capable ships.

- Depot Level Maintenance. Ship and aviation depot level maintenance is critical to enable the continuing readiness of our warfighting capabilities. Support of our O & MN accounts will ensure we don't defer critical maintenance.

- USS GEORGE WASHINGTON. The USS GEORGE WASHINGTON will relieve USS KITTY HAWK as our forward deployed Naval forces CVN in Japan in FY2008. This transition, vital to our security interests in the Asian Pacific region, needs to be fully funded.

- Fleet and Family Readiness. The Navy is addressing Fleet and family readiness in many critical areas, four of which are: minimizing financial risk and predatory lending; improving crisis management and response procedures; enhancing child care programs and centers; and, improving ombudsman programs. We also continue to work with those families struggling to recover from the devastation of Hurricanes Katrina and Rita.

- Steaming Days. The FY 2008 budget provides funds necessary to support 48 underway days per quarter of the active operational tempo (OPTEMPO) for deployed forces and 22 underway days per quarter for non-deployed forces (primarily used for training). Our FY 2008 baseline budget estimates also include reductions to peacetime OPTEMPO levels. The FY 2008 budget supports the "6+1" surge readiness level from our Carrier Strike Groups. As in FY 2006 and FY 2007, it is anticipated that operational requirements will continue to exceed peacetime levels in FY 2008.

II. BUILD A FLEET FOR THE FUTURE

A. FY 2006 in Review

In 2005 the Navy conducted extensive analysis to determine the minimum required force structure needed to meet the security demands of the 21st century with an acceptable level of risk. In February 2006, the Navy unveiled a new 30-year shipbuilding plan that will provide a Battle Force of approximately 313 ships by 2020 with more capacity and capability than was ever dreamed when our fleet was much larger in size. Stabilizing this plan, which remained essentially unchanged in our 2007 submission, is intended to provide the shipbuilding industry with sufficient predictability to maintain critical skills and to make business decisions that increase efficiency and productivity in order to meet the Navy's projected shipbuilding requirements.

Last year we began to see our future Fleet taking shape. We currently have 38 ships under contract for construction, and in FY 2006 ships that had been designed a few short years ago rolled down the ways. We christened the first FREEDOM Class Littoral Combat Ship, amphibious assault ship MAKIN ISLAND, amphibious transport dock ship GREEN BAY, Guided Missile Destroyers GRIDLEY and SAMPSON, nuclear fast attack submarine HAWAII, auxiliary dry cargo ships ALAN SHEPARD and SACAGAWEA, and the aircraft carrier GEORGE HW BUSH. We commissioned the nuclear attack submarine TEXAS and the guided missile destroyer FARRAGUT. We also rolled out the first EA-18G GROWLER.

In FY 2006, the increased wartime OPTEMPO of Operations IRAQI FREEDOM, ENDURING FREEDOM and the Global War on Terror continued to wear down Navy's aging, "legacy" aircraft. Expeditionary aircraft utilization has dramatically increased, particularly for EA-6B airborne electronic attack aircraft, MH-60 multi-mission helicopters, P-3 maritime patrol aircraft, EP-3 electronic surveillance aircraft, and F/A-18 C/D attack aircraft, thus shortening the expected service life (ESL) of these aging airframes.

Improving our own capacity was only part of the Navy's focus in FY 2006. We also pursued the broadest

possible approach to strengthening maritime security through partnerships. This included closer cooperation with the US Coast Guard and our other interagency partners, international organizations, non-governmental agencies, commercial shippers, and maritime nations great and small.

Perhaps the most tangible application of Navy's global reach and persistent presence in building partner capacity was last year's five month deployment of the hospital ship MERCY in the summer of 2006 to the tsunami-affected areas in South and Southeast Asia. Working with embarked military medical personnel from Canada, Australia, Singapore, India and Malaysia as well as representatives from 11 non-governmental organizations, MERCY's accomplishments ashore and afloat included: 60,081 patients seen, 131,511 total services provided; 1,083 surgeries; 19,375 Immunizations; 20,134 Optometry Evaluations, 16,141 glasses distributed; 9,373 Dental Extractions; 236 biomedical equipment repairs, 254 people trained; 59 major and 177 minor medical systems restored to 100% operational capacity; and, 6,201 host nation students trained.

In an August 2006 public opinion survey, conducted by Terror Free Tomorrow, Indonesians and Bangladeshis overwhelmingly indicated their support of this humanitarian mission. In Indonesia, 85% of those aware of MERCY's visit had a favorable opinion, and in Bangladesh this figure was 95%. Further, 87% of those polled in Bangladesh stated that MERCY's activities made their overall view of the United States more positive. These polling results provide some indication of the power of partnerships.

B. Current Force

By the end of FY 2007 we will have stopped the free fall of our Navy and our Fleet's net size will have grown from a low of 274 ships in March 2007 to 279, including five newly commissioned ships.

Navy is in the process of evaluating the impact global developments have had on our risk assumptions, and ultimately whether or not this will affect the build rate of our future Battle Force. Whatever the outcome

of this evaluation, we will work closely with our partners in industry to control requirements costs and provide the industrial base the stability it needs to become more productive.

Future platforms and combat systems must be designed and built with the knowledge that we plan to continually upgrade them over their lifetime. An Open Architecture approach to software acquisition and development of integrated weapons systems is a critical part of this business model. Free and open competition in which the best idea wins is the goal.

The FY08 President's Budget Submission provides for procuring seven new ships in FY 2008 and 67 new ships over the FYDP (FY08-13). To facilitate the stability required to achieve reduced costs in this constrained industrial sector, no changes in ship acquisitions were made in FY 2008 from PB07 to PB08. The Navy has a long-range vision to reduce types and models of ships, to maximize reuse of ship designs and components, and to employ a business model that encourages the use of open architecture and mission systems modularity.

The next major challenge in building a fleet for the future is to deliver a long range aviation procurement plan. Much work has been done analyzing Joint warfighting capabilities and capacity based on threat and risk assessments driven by Defense planning guidance. Consideration has also been given to affordability, industrial capacity and production times associated with next generation aviation warfare. The Navy will work to deliver a stable aviation build plan that transforms and balances aviation capabilities with respect to conventional and irregular warfare, reduces excess capacity, and achieves technological superiority through cost-wise investments in recapitalization, sustainment and modernization programs.

PB08 procures 188 aircraft in FY 2008 and 1295 aircraft across the FYDP (FY08-13), reduces average aircraft age from 74% to 50% of expected service life, and concentrates on resourcing critical maritime and Joint effects. The plan is structured to support

required economic order quantity investments and facilitate Multi-Year Procurement (MYP) contracts.

We must include the vital contribution that can be made in securing the global commons by our partners with common interests. The President's National Strategy for Maritime Security states, that, "The safety and economic security of the United States depends upon the secure use of the world's oceans." It further notes that, "Maritime security is best achieved by blending public and private maritime security activities on a global scale into an integrated effort that addresses all maritime threats."

I believe an international "1000 ship navy," offers a real opportunity to increase partner nation capabilities while reducing transnational crime, WMD proliferation, terrorism, and human trafficking. Regional maritime security partnerships are already taking shape worldwide that support this ideal, some with and some without direct US Navy involvement. The self-organizing evacuation of non-combatants from Lebanon during the Israeli-Hezbollah war, in which 170 ships from 17 countries came together, accomplished their mission, and dispersed is often cited as a good example of how such partnerships might work.

Sea Power in this century cannot be harnessed by a single nation acting alone. If we are to build a fleet for the future capable of keeping pace with globalization, we must leverage the capacity of our partners with common interests. The positive potential of Sea Power and freedom of the seas can only be achieved through a collective and cooperative approach focused on international rule of law and freedom of the maritime commons.

C. Requirements to Build a Fleet for the Future

We have worked hard with Congress and Industry to start to create stability in our shipbuilding plans and industrial base. We must continue to fund and build a balanced, effective Battle Force of about 313 ships … the minimum force required to guarantee the long-term strength and viability of U.S. naval air and sea power with acceptable risk. We recognize the need

to control requirements, maintain program stability, curb costs, and monitor best business practices. We need support for sustained funding of our shipbuilding account - consistent with the 30-year plan - that is critical to provide our partners in industry the stability they need to curb cost growth and sustain our vital shipbuilding industrial base.

To build a fleet for the future and strong partnerships, we seek congressional support in the following areas:

- 11 Carrier Force. The 30 year shipbuilding plan recognizes that as a result of the retirement of USS ENTERPRISE in FY 2013, the number of aircraft carriers will drop to 10 for a period of approximately 30 months, until the USS GERALD FORD enters active service. Legislative relief is required from the FY 2007 National Defense Authorization Act requiring a carrier force of 11. In developing the 30 Year Shipbuilding Plan, Navy conducted extensive analysis that concluded the temporary drop to a carrier force of 10 from FY 2013 through FY 2015 is an acceptable, though moderate, risk. A carrier force of 11 is recognized as minimum risk over the long run.

- Littoral Combat Ship. The Littoral Combat Ship program remains of critical importance to our Navy. Current cost estimates exceed established thresholds for detail design and construction of LCS 1, the lead Lockheed Martin hull. This recent cost growth has provided an opportunity to reinforce the Navy's commitment to providing warfighting capability through affordability. The Navy is executing a pause in the construction of LCS 3, the second Lockheed Martin hull, to conduct a thorough review of the program, and to examine both internal and external factors relating to the acquisition and contracting processes, practices, and oversight and the related impact on cost. The Navy remains committed to bringing Littoral Combat Ship capability into the Fleet quickly and by means of an acquisition strategy that is executable, affordable, and in the best interests of the Navy.

- VIRGINIA Class Multi-Year Procurement (MYP). Navy is seeking multi-year procurement authority in FY 2008 for VIRGINIA Class submarine contracts beginning with the FY 2009 ship. Continued MYP authority will help maintain a stable SCN profile and greatly aid in VIRGINIA Class cost reduction initiatives. In order to support our long-term submarine force structure of 48 boats, Navy plans to increase the build rate of this Class to two/year beginning in FY 2012.

- Split Funding for ZUMWALT Class DDG. The support of Congress for last year's split funding request was greatly appreciated. This year Navy requests the second half of split year funding for dual lead ships of the ZUMWALT Class destroyer to maximize competitive efficiencies and focus design efforts. Split funding will also lend stability to the shipbuilding industrial base. This funding strategy supports the current budget structure, enhances future competitive opportunities, and limits liability for appropriations in future years.

- Joint Strike Fighter. The F-35 Joint Strike Fighter remains the cornerstone of Navy's continuing superiority in air warfare. Although risk associated with the recent two year slide in the carrier variant of the F-35 will be mitigated by an increased buy of F/A-18E,F variants, there should be no doubt that JSF is a much more capable aircraft. I encourage your continued strong support of this program to guard against further delays in production.

- Legacy Expeditionary Aircraft Replacment. As our aging, legacy aircraft reach the end of the service lives, funding for follow-on programs becomes critical. Among these programs are the P-8A multi-mission maritime aircraft, the F/A 18-E/F and JSF, the EA-18G airborne electronic attack aircraft, the V-22 tilt-rotor aircraft, and the MH-60R/S and CH-53K helicopters. Navy's RDT&E program is also vital to this effort.

- Research and Development. To achieve *the speed of war* Navy is pursuing Innovative Naval Prototypes (INPs) - revolutionary "game changers" for future naval warfare. These initiatives have resulted in the development of an electro-magnetic rail-gun prototype; new concepts for persistent, netted, littoral anti-submarine warfare; technologies to enable Sea-basing; and the naval tactical utilization of space.

- Public Shipyard Loading. As we work with industry on shipbuilding cost reduction, we must ensure legislation and policy support best business practices and efficiencies. Apportioning work based upon funding quotas to drive work-loading in public Naval shipyards potentially diverts efficiency opportunities away from the private sector. Public yards provide vital services for nuclear propulsion and submarine work, and these critical competencies must be maintained. However, our first priorities in shipyard loading should be quality, efficiency, and cost savings. We are analyzing removing restrictions on our work-loading flexibility.

Shore Installations. In addition to our ships and airplanes, another critical piece of Force Structure is our shore infrastructure, to include installations, piers and support facilities, training ranges, schoolhouses, hospitals, and housing. Supporting a "Surge Navy" demands we create an infrastructure that leverages advanced technology, sound investment and intelligent sustainment for the Fleet, for our Sailors and their families. The Navy's Ashore Vision 2030 is our roadmap for transforming the Navy shore infrastructure over the next 25 years; it is aligned with the congressionally-mandated Base Realignment and Closure (BRAC) process. Although the Continuing Resolution (CR) provided some initial relief, it will severely impact Basic Allowance for Housing (BAH) and the Base Realignment and Closure (BRAC) account. Specifically, the CR represents a $409 million shortfall in BAH and P.L. 110-5 will cut $3.1 billion from BRAC V execution across the

Department of Defense. This will have a significant impact on Navy's ability to complete the program by the legislatively mandated deadline of September 2011.

- MHC Transfers. Legislative authority for planned ship transfers are an important aspect of inter-operability with the navies of our allies. These transfers also contribute to the 1000 Ship Navy vision by building partner nation capacity, while reducing the taxpayer costs of maintaining or disposing of decommissioned ships. Navy seeks authority to transfer coastal mine hunting ships (MHCs) to Lithuania and Turkey. Limited in speed and endurance, the MHCs were designed as non-deploying assets. With no sweep capability and without redundant engineering and combat systems equipment, they are constrained in their ability to conduct mine clearance operations. For the MHCs to provide utility in a Homeland Defense role, they would have to be strategically distributed across the United States which would drain limited fiscal and manpower resources and hamper the Navy's ability to field a responsive and capable MCM force. These ships are scheduled for decommissioning in FY 2008 and if authority is timely, they can be "hot transferred" which is less expensive for both the United States and the recipient.

- Law of the Sea Convention. It is time to accede to the Law of the Sea Convention. Accession to the Convention is of critical importance to global naval maritime and over flight mobility. Robust operational and navigational rights codified in the Law of the Sea Convention must be preserved, and must be enjoyed by the United States on a treaty basis, for the Navy to continue to maximize its ability to execute the National Strategy for Maritime Security. Accession will also allow us to interact more effectively with our maritime partners.

III. Develop 21st Century Leaders

A. FY2006 in Review

In FY 2006, Navy continued to meet recruiting and retention goals for most ratings and designators in the active and reserve components. We achieved 100% of our overall active component enlisted recruiting goal, and our overall enlisted retention goal was exceeded at 104%. We met 98% of our overall active component officer accession goal and 99% of our active officer end strength goal. Navy will continue to remain vigilant in what is proving to be an **increasingly difficult recruiting environment**.

FY 2006 was the fifth year of support for the Global War on Terror. Continued wartime OPTEMPO for Operations OIF and OEF has raised concern for the health and welfare of some parts of our expeditionary force. Medical ratings and designators, Explosive Ordnance Disposal (EOD) personnel, Divers, Special Warfare Combat Crewmen (SWCC), and SEALs remained recruiting challenges.

Last year, Navy put a great deal of effort into analyzing and addressing the root causes of these recruiting shortfalls. New authorities provided in the Fiscal Year 2007 National Defense Authorization Act, such as increased accession bonuses and college stipends, are expected to help mitigate medical officer recruiting challenges. Increased accession bonuses for SEAL/Navy Special Warfare ratings and improved training techniques to reduce attrition will help us meet future requirements in our Global War on Terror intensive ratings.

The Expeditionary Combat Readiness Center (ECRC), a command within the NECC, was established in FY2006 as the single process owner for the deployment of Navy Individual Augmentees (IA) and In-lieu of (ILO) forces, of which the Navy is currently fielding over 10,000 Sailors. The ECRC helps organize, process, train, equip, and deploy IAs, providing reach-back support and eventually helping them re-integrate with their parent command. Additionally, all active duty Sailors now process through one of four Navy Mobilization Processing Sites (NMPS) which has greatly

enhanced consistency in processing between our Active and Reserve components. The ECRC and NMPS are helping Navy process IAs while meeting a goal of 60 day advanced notification of deployment.

Central to Navy's ability to sustain overall readiness, particularly in support the Global War on Terror through the Individual Augmentee program, was, and is, the near-seamless integration of our Active and Reserve components. Since 11 September, 2001 over 42,000 Navy Reservists have been mobilized in support of the Global War on Terror (GWOT), representing over 80% of the total number of Sailors deployed on the ground in theater. On any given day, over 20,000 citizen-Sailors are on some type of Active Duty (AD) or Inactive Duty (ID) orders at their supported commands meeting global COCOM requirements. This number includes about 5,000 RC Sailors mobilized in support of OIF and OEF. Additionally, we maintain the capacity to rapidly increase contingency support with more than 28,000 RC Sailors yet to be mobilized.

Navy's Active/Reserve Integration program (ARI) aligns Reserve Component (RC) and Active Component (AC) personnel, training, equipment and policy to achieve unity of command. It leverages both budgetary and administrative efficiencies, as well as ensuring that the full weight of Navy resources and capabilities are under the authority of a single commander. Navy Reservists are aligned and fully integrated into their AC supported commands, and often conduct "flex-drilling," putting multiple drill periods together to provide longer periods of availability when requested. This flexibility enables our Reserve Sailors to better balance the schedules and demands of their civilian employers and families while achieving greater technical proficiency, more cohesive units and increased readiness.

The Reserve Component is a critical enabler of the "Sailor for Life" concept that is central to our Strategy for our People. This approach to recruiting, retention, and professional development explores innovative opportunities for career on-ramps and off-ramps, providing fluidity between the active and reserve components. Last year, Navy continued to actively pursue incentives that will develop a more

adaptable, better educated, and more highly skilled workforce while encouraging Sailors to serve longer and more productively.

Based on national demographic trends and the pace of globalization, it is clear we must build a more diverse Navy. According to the U.S. Census Bureau, by 2030 African Americans will comprise approximately 14% of the population nationally, Hispanics 20%, and Asians/Pacific Islanders/Other 10%. Our officer corps currently consists of 81% non-minority and our enlisted ranks are approximately 52% non-minority. To ensure we have the best people, from the widest talent pool available, we must do a better job of recruiting and retaining our nation's young minority students.

B. Current Status of Our Sailors and Civilians

Perhaps no where else in our Navy is the pace of change more profoundly felt than in our Manpower, Personnel and Training Enterprise. It is here that the dynamics of globalization, cultural diversity, advancing technologies, generational differences, changes in the labor market, and declining numbers of hard science degrees among America's youth combine to make recruiting and retention more challenging than ever.

Currently, only three in ten high school graduates meet the minimum criteria for military service, including academic/mental, physical, and social/legal requirements. With all four armed services, a great number of colleges and universities, as well as corporate America seeking talented and qualified high school graduates, competition is stiff.

If we are to pace the security challenges of this century, our Sailors and civilian workforce must evolve with our weapons systems. We must recruit today the young men and women who will be leading the Fleet tomorrow. This will be a more specialized, technically capable, better educated, more culturally diverse and aware Navy than we have today. **And it will be smaller.**

Unfortunately, the old model of recruiting and detailing in which we focused on simply *filling*

specific requirements, is no longer sufficient. Today, and in the future, as we reduce the size of our force to align it with increasingly sophisticated systems in a complex security environment, we must strive to FIT the right person to match the requirements. And as we eliminate excess infrastructure ashore and increase our global outreach and persistent presence forward, the ratio of sea to shore billets will become more balanced. In order to make the right FIT for each individual Sailor, we must be mindful of providing geographic stability, satisfying work, personal and professional development, and, to the degree possible, predictability in their future assignments.

Admittedly, we could adapt more easily to the rapidly changing security environment if we could focus on a specific enemy or choose between effectiveness in irregular warfare or major combat operations - between asymmetric or conventional threats. Unfortunately, we cannot choose; we must prepare for both.

Nor can we make it the responsibility of each Sailor to individually sort out priorities or determine how to accommodate the greater breadth of learning and the depth of experience the future requires. Rather, we must adjust our personnel strategies to account for the dynamic nature of the demands on our people while assuring a predictable availability of current capability and future capacity suitable to the needs of the Joint Force and the nation.

As we develop and build more efficient and automated ships, planes, and combat systems, personnel reductions are inevitable, and as crew sizes decrease, the skill level and specialization requirements increase. The Navy has reduced its active end strength by some 35,000 sailors over the last four years. In 2003 our active component consisted of 375,700 Sailors; at the end of FY 2007 we will have 340,700; and, by the end of FY 2008 we will have 328,400. As we look ahead to the smaller, more capable ships entering service in the FYDP, we anticipate a stabilization of that trend at an authorized active end-strength between 320,000 and 325,000. We are also trimming our Reserve Component which will have gone from a total of 87,800 in 2003 to

a total of 71,300 at the end of FY 2007 and 67,800 by the end of FY 2008. But these reductions are more about shaping the right force, than simply trimming its size. Our priority, then, is to recruit some 45,000 active sailors with the right mix of diversity, education, and skill sets necessary to serve our Fleet in 2009 and beyond.

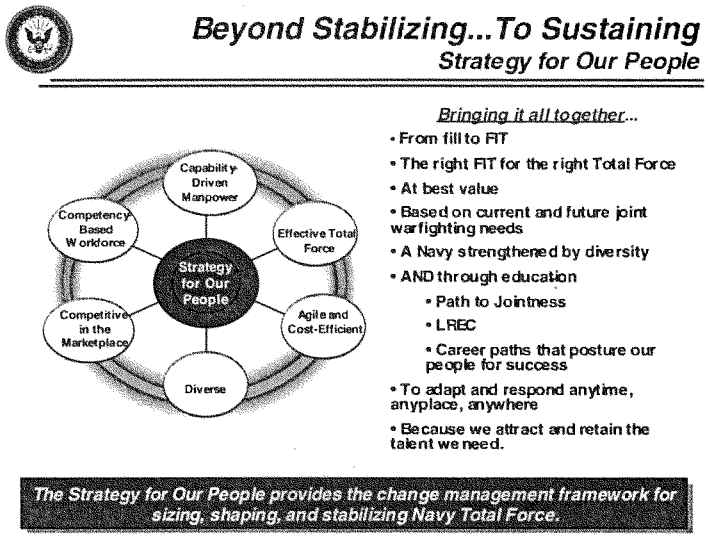


FIGURE 2

The Strategy for our People provides the framework through which we will size, shape and stabilize the Navy Total Force. The execution of Navy's overarching Strategy for Our People focuses on six goals: capability driven management; a competency based workforce; an effective Total Force; increased diversity; being competitive in the Marketplace; and, being agile and cost efficient. The achievement of these goals depends on our ability to execute our programs of record. This strategy will satisfy future Joint warfighting needs by attracting, retaining, and better educating Sailors and civilians capable of adapting and responding to mission needs anytime, anyplace, anywhere. [Figure 2]

Capability driven manpower...Warfighting missions and operations have become more complex and uncertain. Navy work and workforce requirements are constantly shifting and evolving with changes in required operational, political and strategic capabilities. Basing manpower requirements on current and projected warfighting needs will ensure we meet today's operational requirements while continuously updating and balancing the workforce as needs change.

A competency based workforce...The Force Planning Concept suggests the joint force must develop unique capabilities that fall outside the realm of conventional warfighting. This means an expansion of the Navy workforce requirements beyond traditional roles (e.g. Maritime Civil Affairs Group). Developing the workforce based on competencies allows the Navy to continuously evaluate critical skills and create a workforce well-matched to the needs of the warfighters. A competency-based workforce also enables the Navy to determine where there is workforce commonality (or exclusivity) across a range of military operations so efficiencies can be realized.

An effective Total Force... A constrained fiscal environment and workforce reductions demand our focus on applying the best resources to jobs as creatively as necessary. Viewing workforce components as one integrated team of Sailors and civilians provides flexibility and reduces risk while better meeting warfighting needs. Leveraging the strength of the Total Force provides maximum flexibility in applying the right skill-set to a requirement in the most cost-efficient manner.

Diversity... The changing demographics of the American population and the diversity of our missions in the world demand Navy take proactive steps to ensure it has access to the full range of the nation's talent. Leveraging the strength of the nation's diversity creates an environment of excellence and continuous improvement, in which artificial barriers to achievement are removed and the contributions of all participants are valued.

Being competitive in the Marketplace... The Navy is faced with recruiting and retention challenges in an

era of increased military operations, a strong civilian economy, and a decreasing propensity for military service. To remain competitive with the other services, academic institutions, and corporate America the Navy must revise and update its personnel policies and programs so it is attractive to the desired talent base and successfully competes with the private sector for the best talent.

Being agile and cost efficient... Expanding capability-driven workforce requirements and fiscal constraints require the Navy to deliver a more capable, versatile force. Agility means swiftly developing and implementing strategies, policies and processes to proactively meet evolving needs and challenges while focusing on the skills and abilities most in demand right now. Cost-efficient means we do this economically and without fiscal waste.

Education is another area that will be treated as a strategic investment in our future. Our Education Strategy must reflect the technological basis of our core warfighting skills, the interdependence of joint and combined operations, the complexity of decision-making, and the sophisticated regional knowledge and grasp of political-military issues expected of Navy leaders. The objective of the Education Strategy is to enhance overall performance excellence in current and future joint operations and operations support by addressing the individual needs of those who are currently serving as well as the future force.

C. Requirements to Develop 21st Century Leaders

The challenges we face in shaping the force are considerable. We must deliver on the Strategy for our People.

To Develop 21st Century Leaders, we seek congressional support in the following areas:

- Health Care Cost Control. By 2009 our Navy will not only be smaller, it will be leaner. Health care costs continue to rise at a rate disproportionate to inflation. Total military health care expenditures have doubled in seven years from $19 billion in FY 2001 to $40.5

billion in FY 2008, and analysts project these costs could reach $64 billion by 2015 - more than 12% of DoD's anticipated budget (versus 8% today). Yet this problem extends beyond our active duty, or even our reserve, health care costs. One of the significant drivers of this increased cost is the TRICARE for Life program developed for the 2001 National Defense Authorization Act. We could not have anticipated the growing number of retirees and their dependents, not yet Medicare eligible, who have chosen or have been driven to switch from private/commercial health care plans to TRICARE in order to better cope with rising health care costs. Despite greatly increased utilization rates, TRICARE Premiums have not changed with inflation since the program began in 1995, so that total beneficiary cost shares have declined substantially - 27% of total benefit cost in 1995 while 12% in 2005. In fact, from FY08 to FY13, Navy's accrual costs for future retirees alone are expected to increase by $4B (a 16% increase) despite a flattened and stabilized end strength over that same period of time. There is no longer any tolerance for inefficiencies in our manpower system and very little flexibility in our MPN account. This has a carry-over effect by further pressurizing our procurement accounts. We again urge Congress to implement the initiatives and administrative actions that will restore appropriate cost sharing relationships between beneficiaries and the Department of Defense.

- DOPMA Relief. While Navy end strength is reduced and stabilizes across the FYDP, the demand continues to increase for experienced officers to fill joint requirements, core mission areas and jobs related to the war on terror. Navy is already operating at or near control grade limits imposed by Title 10, resulting in billet-grade suppression. Navy currently suppresses 106 captain, 279 commander, and 199 lieutenant commander billets at a lower pay grade (a total of 584 control grade billets). If Title 10 limits were increased by five percent, Navy would be authorized to grow 131 captains, 304

commanders, and 478 lieutenant commanders. Funding to current control-grade requirements would give Navy the authority to grow 25 captains, 25 commanders, and 279 lieutenant commanders as future control-grade requirements emerge. This legislation is critical to Navy's ability to carry out the National Military Strategy.

- Special Pay and Incentives. Navy will continue to seek funding for special pay, recruitment and retention bonus to maintain the right balance of skills out workforce.

- Sailor for Life. Navy requires assistance in providing sufficient flexibility in transitioning between our active and reserve components as we pursue our Sailor for Life initiatives.

- Path to Jointness. The Navy is committed to pursuing a Path to Jointness - developing Joint leaders both in the officer and senior enlisted communities. We are pursuing initiatives that will: establish the professional military education (PME) requirements for the ranks of E-1 through 0-8 across our active and reserve components; ensure that PME graduates are closely tracked and assigned to billets that exploit their education and accelerate their development as Joint leaders; assess policy effectiveness by tracking the number and percentages of PME graduates assigned to career enhancing billets, and require one hundred percent fill of Navy resident student billets at all Joint, Service and foreign war colleges.

- Tuition Assistance. The Navy is committed to supporting its Sailors who choose education as a path to personal and professional development. The Navy provides one hundred percent reimbursement up to $250 and $50 per semester hour for up to 16 credit hours. This is an increase from previous policy which only allowed reimbursement up to 12 credit hours. Tuition assistance is capped by DoD at $4,500 per person per fiscal year.

- National Security Personnel System (NSPS). NSPS is a new personnel system that will create new civil service rules for the 750,000 Defense Department civilian workers. It strengthens our ability to accomplish the mission in an ever-changing national security environment. NSPS accelerates efforts to create a Total Force (active-duty military personnel, civilian personnel, Reserve, Guard, and contractors), operating as one cohesive unit, with each performing the work most suitable to their skills and the Department's priorities. The Department of the Navy needs a Human Resource system that appropriately recognizes and rewards employees' performance and the contributions they make to the mission. NSPS gives us better tools to attract and retain good employees.

  Department of the Navy deployment of the remaining portions of NSPS continues. Pay and performance provisions have so far been deployed to approximately 4,000 employees and another 16,000 will be done by Spring, 2007. Further deployment of non-enjoined portions of the law will continue. Specifically, the pay, performance, recruiting, workforce shaping and other provisions of this new personnel system will be enacted throughout 2007-2008.

IV. Conclusion

Our Navy is truly a bargain, costing the taxpayers less than 1% of the GDP. Though we are increasingly stretched, the Navy is in great shape and our people are remarkable. But as we strive to sustain combat readiness, build a fleet for the future and develop 21st century leaders we cannot allow ourselves to take this for granted. We must be mindful of the need to maintain a strong Navy now, with our ground forces stretched thin in Iraq and Afghanistan, but also after they return home.

Our nation depends upon a strong Navy with the global reach and persistent presence needed to provide deterrence, access, and assurance, while delivering lethal warfighting capacity whenever and wherever it is needed. Our Navy is fighting the Global War on Terror while at the same time

providing a Strategic Reserve worldwide for the President and our Unified and Combatant Commanders. As we assess the risks associated with the dynamic security challenges that face us, we must ensure we have the Battle Force, the people, and the combat readiness we need to win our nation's wars.

We have put the rudder over, and I believe we have the course about right. Simply reacting to change is no longer an acceptable course of action if our Navy is to successfully wage asymmetric warfare and simultaneously deter regional and transnational threats: Two Challenges, One Fleet. Our nation's security and prosperity depend upon keeping our shores safe and the world's maritime highways open and free.

ANNEX I

Programs and Initiatives to Achieve CNO Priorities

Sustain Combat Readiness

Programs and practices of particular interest include (listed in order of FY 2008 dollar value):

Mobile User Objective System (MUOS)

MUOS is the next generation Ultra High Frequency (UHF) narrowband satellite communications (SATCOM) system, replacing UHF Follow-On (UFO). MUOS supports communications-on-the-move to small and less stable platforms (handhelds, aircraft, missiles, UAVs, remote sensors) in stressed environments (foliage, urban environment, high sea state). UHF SATCOM provides critical command and control connectivity and is the essential common denominator for all forces. $828 million in FY 2008 keeps MUOS funded to meet all Threshold requirements and is on track to meet an Initial Operational Capability (IOC) in 2010.

NIMITZ-Class Refueling Complex Overhaul (RCOH)

RCOH subjects NIMITZ-class aircraft carriers to comprehensive modernization upgrades, maintenance work, and nuclear refueling to extend the service life of a NIMITZ-class carrier out to approximately 50 years, about 20 years longer than its originally planned service life. Execution of RCOH is required to maintain an eleven aircraft carrier force and provide Naval Tactical Air with an overmatch capability against any potential adversary. A notional RCOH consists of 3.2 million man-days and a 36-month execution period conducted at Northrop Grumman Newport News, Virginia facilities. While USS CARL VINSON (CVN 70) completes RCOH in FY 2008-09, the FY 2008 Ship Construction-Navy (SCN) funding of $297 million primarily supports the advance funding and sequencing of follow-on overhauls for CVNs 71-73.

COBRA JUDY Replacement (CJR)

$133 million in CJR funds the acquisition of a single ship-based radar suite for world-wide technical data collection against ballistic missiles in flight. This unit will replace the current COBRA JUDY / USNS OBSERVATION ISLAND, which is due to leave service in 2012. Upon achieving Initial Operating Capability, Navy will transfer the CJR to the U.S. Air Force for operation and maintenance. The CJR program has entered production stage.

Cooperative Engagement Capability (CEC)

CEC is an advanced sensor netting system enabling real-time exchange of fire-control quality data between battle force units. CEC provides the integrated, precision air defense picture required to counter the increased agility, speed, maneuverability, and advanced design of cruise missiles, manned aircraft; and in the future, tactical ballistic missiles. Funding requested for FY 2008 is $123 million.

CEC's acquisition strategy implements Open Architecture based hardware with re-hosted existing software. A critical element is the P3I hardware that reduces cost, weight, cooling, and power requirements. The Integrated Architecture Behavior Model (IABM) will be implemented as a host combat system software upgrade replacing the cooperative engagement processor functionality enabling joint interoperability with common track management across the Services.

Distributed Common Ground/Surface Systems (DCGS)

DCGS-N is the Navy's Intelligence, Surveillance, Reconnaissance, and Targeting (ISR&T) system. Funded at $107 million in FY 2008, DCGS-N will support the new Maritime Headquarters/Maritime Operations Center (MHQ/MOC). DCGS-N will receive and process multiple data streams from various ISR sources to provide time-critical aim points and intelligence products. It will enhance the

warfighter's Common Operational Picture (COP) and Maritime Domain Awareness (MDA).

Deployable Joint Command and Control (DJC2)

DJC2 is a Secretary of Defense and Chairman of the Joint Chiefs of Staff priority transformation initiative providing Combatant Commanders (COCOMs) with a standardized, deployable, and scalable Joint C2 headquarters capability tailored to support Joint Task Force (JTF) operations. DJC2 enables a COCOM to rapidly deploy and activate a JTF headquarters equipped with a common C2 package with which to plan, control, coordinate, execute, and assess operations across the spectrum of conflict and domestic disaster relief missions. This budget request of $31 million provides operations and sustainment for the six existing systems and continued development efforts.

Navy Special Warfare (NSW) Support

NSW programs provide critical service common support to eight SEAL teams, two SEAL Delivery Vehicle Teams, three Special Boat Teams and five NSW Groups. During Fiscal Years 2007 and 2008, six pre-positioned operational stocks will be procured and staged, hundreds of common small arms, weapons mounts and visual augmentation systems will be provided to NSW combat elements, up to twenty standard boats will continue to replace an aging fleet of sixty-one NSW training support craft and four Navy-mandated management support systems will be funded. A total of $21 million in various procurement and operations support accounts is dedicated in FY 2008.

Navy Computer Network Attack (CNA)

Navy Computer Network Attack (CNA) develops force structure for operations in the cyberspace environment. This is the programmatic continuation of Navy Cyber Attack Team (NCAT) initiative which is endorsed by several Combatant Commanders. Program focus is on unique capabilities to address Navy warfighting gaps. Our $11 million FY 2008

investment is required to develop the capability to access adversary networks and enable Information Operations (IO) in asymmetric warfare.

Marine Mammal Research/Sound in Water Effects

The Navy is committed to following proactive compliance strategies to meet legal requirements and to identify and fund marine mammal research requirements—especially related to potential effects of mid-frequency active sonar. In support, Navy has requested $10 million in funding for these efforts in FY 2008. Compliance with Marine Mammal Protection Act (MMPA), Endangered Species Act (ESA), Coastal Zone Management Act (CMZA), and National Environmental Policy Act (NEPA) related to potential effects to marine animals from sound in the water are dependent on filling gaps in scientific data and continued research on acoustic criteria. However, increasing pressures related to restricting the use of active sonar are adversely impacting Navy training and readiness. Clearer, science-based standards are needed in future MMPA amendments to ensure environmental protection while not endangering our Sailors.

Forward Deployed Naval Forces (Japan)

USS GEORGE WASHINGTON (CVN 73) will replace USS KITTY HAWK (CV 63) as the forward deployed aircraft carrier in Yokosuka, Japan in 2008. The move represents a strong and continuing commitment to the security of the Asian Pacific region and our alliance.

GEORGE WASHINGTON will be the first nuclear aircraft carrier to join the Navy's permanently forward deployed naval forces (FDNF), replacing the conventionally powered the KITTY HAWK that will retire after 47 years of superb service. Funding of $9 million in FY 2008 supports the final of several years investments for GEORGE WASHINGTON's anticipated August 2008 FDNF arrival.

TRIDENT

TRIDENT is maritime intelligence production capability within the Office of Naval Intelligence providing tailored, focused, timely intelligence support to Naval Special Warfare (NSW) and other joint special operations forces operating in the maritime arena. For a relatively small investment in FY 2008 of $9 million, TRIDENT production directly supports the Global War on Terror and is a response to ongoing initiatives to improve intelligence support to NSW. TRIDENT deployed its initial two Tactical Intelligence Support Teams (TIST) in support of Naval Special Warfare in the Spring and Fall of 2006. They are currently providing both forward deployed and reach back support to NSW forces.

Undersea Warfare Training Range (USWTR)

The proposed USWTR is a 500-square nautical mile instrumented underwater training range in shallow littoral waters on each coast. USWTR will support undersea warfare (USW) training exercises for the Atlantic and Pacific Fleet Forces. Undersea hydrophone sensors will provide a suite to deliver real time tracking and a record of participants' activities used to evaluate tactics, proficiency and undersea warfare combat readiness. The instrumented area would be connected to shore via a single trunk cable.

Pending signature of the environmental Record of Decision (ROD) for the East Coast USWTR in April 2008, the Navy will commence hardware procurement and installation in FY 2008. Supporting this, Navy has requested $7 million in FY 2008. The West Coast ROD is scheduled for signature in September 2008. The shallow water ranges planned for both coasts will be completed in FY 2013.

Tactical Aircraft (TACAIR) Integration (TAI)

Our TACAIR Integration initiative merges Navy and Marine Corps Tactical Aviation into a seamless Naval Aviation force at sea and ashore. This is an organizational change that "buys" increased combat capability without requiring additional investment. Naval Aviation force projection is accomplished by increased integration of Marine tactical squadrons into Carrier Air Wings and Navy squadrons into Marine Aircraft Wings. Successful integration, also leveraging the common characteristics of the F/A-18s, further enhances core combat capabilities providing a more potent, cohesive, smaller and affordable fighting force.

Build a Fleet for the Future

Programs and practices of particular interest (listed in order of FY 2008 dollar value):

RDT&E Development and Demonstration Funds

Navy's $15.9 billion investment in various technology, component, and system development funds, as well as our operational development and testing programs provide a balanced portfolio. Not only do they ensure successful development of programs for our Fleet for the Future, they also leverage the Fleet, Systems Commands, warfare centers, and others to align wargaming, experimentation, and exercises in developing supporting concepts and technologies.

DDG 1000

This multi-mission surface combatant, tailored for land attack and littoral dominance, will provide independent forward presence and deterrence and operate as an integral part of joint and combined expeditionary forces. DDG 1000 will capitalize on reduced signatures and enhanced survivability to maintain persistent presence in the littoral. The program provides the baseline for spiral development to support future surface ships. Our FY 2008

request is for $3.3 billion in shipbuilding and research funds.

With the Advanced Gun System (AGS) and associated Long Range Land Attack Projectile (LRLAP) DDG 1000 will provide volume and precision fires in support of Joint forces ashore. A Global Positioning System (GPS) guided, 155 millimeter round, LRLAP will provide all weather fires capability out to 83 nautical miles. Its Dual Band Radar represents a significant increase in air defense capability in the cluttered littoral environment. Investment in Open Architecture and reduced manning will provide the Navy life cycle cost savings and technology that can be retrofit to legacy ships.

Facilities Recapitalization and Sustainment

Facilities Recapitalization is comprised of modernization and restoration. Modernization counters obsolescence by renewing a facility to new standards or functions without changing the fundamental facility size. Restoration includes efforts to restore degraded facilities to working condition beyond design service life or to fix damage from natural disaster, fire, etc. Restoration and modernization funding in FY 2008 is requested at $2.0 billion.

Facilities Sustainment includes those maintenance and repair activities necessary to keep facilities in working order through their design service life.

Navy's sustainment rate, and Fiscal Year funding request of $1.1 billion, is at the level at which facilities can be maintained and still remain mission capable. Navy's intent is to aggressively scrub requirements, reduce facilities footprint and drive down costs. Our goal is to provide the resources required to execute wartime missions. Our planning and footprint reduction initiatives are intended to ensure that adequate facilities are available to support our mission requirements.

CVN 21

The CVN 21 Program is designing the next generation aircraft carrier to replace USS ENTERPRISE (CVN 65) and NIMITZ-class aircraft carriers. CVN 78-class ships will provide improved warfighting capability and increased quality of life for our Sailors at reduced acquisition and life cycle costs. $2.8 billion in Shipbuilding funds for FY 2008 supports acquisition of USS GERALD R. FORD (CVN 78), the lead ship of the class, scheduled for delivery in late FY 2015. Additionally, the program has $232 million in research and development supporting work on the Electromagnetic Aircraft Launch System and other warfighting capability improvements.

F-35 Joint Strike Fighter (JSF)

F-35 is a joint cooperative program to develop and field family of affordable multi-mission strike fighter aircraft using mature/demonstrated 21st century technology to meet warfighter needs of the Navy, Marines, Air Force, and international partners including the U.K., Italy, Netherlands, Denmark, Turkey, Norway, Australia, and Canada. Navy's FY 2008 $1.2 billion in procurement buys 6 short take-off and landing variants. An additional $1.7 billion in research and development continues aircraft and engine development.

VIRGINIA Class Fast Attack Nuclear Submarine (SSN)

Navy needs to maintain an SSN force structure to meet current operational requirements, prosecute the Global War on Terror, and face any potential future threats. The VIRGINIA class emphasizes affordability and optimizes performance for undersea superiority in littoral and open ocean missions.

Lead ship operational performance exceeded expectations. Follow-on submarine performance has been even better:

- USS TEXAS (SSN 775) INSURV trial was best performance by the second SSN of any class.
- Third ship (HAWAII, SSN 776) was the most complete submarine ever at launch (greater than

90 percent complete), had the best INSURV trial of the class, and was delivered on the original contract delivery date.

$2.5 billion in FY 2008 procures one submarine. Additionally, the budget requests $137 million for technical insertions and cost reduction developments. Navy is working closely with industry to bring the cost per hull down to $2 billion (in FY05 dollars) and increase the build rate to two ships/year starting in FY 2012. Authorization of MYP will help facilitate this. This will help mitigate future force level deficiencies and achieve cost reduction goals through Economic Order Quantity (EOQ) savings and better distributed overhead costs.

F/A-18E/F Super Hornet

The Navy's next generation, multi-mission Strike Fighter replaces aging F-14s, older model F/A-18s, and assumes the S-3 aircraft carrier-based aerial refueling role. F/A-18E/F provides a 40 percent increase in combat radius, 50 percent increase in endurance, 25 percent greater weapons payload, three times more ordnance bring-back, and is five times more survivable than F/A-18C models. Approximately 55 percent of the total procurement objective has been delivered (254 of 460). F/A-18E/F is in full rate production under a second five-year multi-year contract (Fiscal Years 2005-2009). $2.3 billion in FY 2008 procures 24 aircraft as part of this contract.

MV-22B Osprey

MV-22 Osprey is the Marine Corps medium-lift assault support aircraft being procured to replace legacy CH-46Es and CH-53Ds. Current operational projections hold CH-46Es in service through FY 2018, and CH-53Ds through FY 2013. The CH-46Es are playing a critical role in the War on Terror, flying more than four times their peacetime utilization rate making delivery of the MV-22 even more critical. The MV-22's improved readiness, survivability and transformational capability (twice the speed, three times the payload and six times range of the airframes it is replacing) will vastly

improve operational reach and capability of deployed forces. The aircraft is approved for Full Rate Production and enters a congressionally approved joint five-year, multi-year procurement in FY 2008 with $2.0 billion procuring 21 aircraft. The total Marine requirement is 360 MV-22s; Navy 48 MV-22s; SOCOM 50 CV-22s.

DON Science & Technology (S&T)

The Department of the Navy S&T supports Navy/Marine strategy and guides the S&T investment portfolio to meet the future needs of the Navy, the Marine Corps, and Combatant Commands. The FY 2008 budget of $1.7 billion is a balanced portfolio comprised of discovery and invention, leap-ahead innovations, acquisition enablers, quick reaction S&T and Defense Department partnerships. A long term strategy will help balance future risks.

EA-18G Growler

The Growler is the Navy's replacement for the EA-6B. Inventory objective is 84 aircraft for test, Fleet Replacement Squadron, attrition, pipeline and 10 operational carrier airwing squadrons to provide the Navy's carrier-based Airborne Electronic Attack (AEA) capability. The program is on schedule and budget. All Key Performance Parameter (KPP) and Technical Performance Measure (TPM) thresholds are being met or exceeded. Program achieved first flight in August 2006; one month ahead of schedule. $1.6 billion supports development and procurement of 18 aircraft in FY 2008.

MH-60R/S Multi-Mission Helicopter

The MH-60R is a cornerstone of the Navy's Helicopter Concept of Operations (CONOPS), which reduces from six to two the helicopter variants in use today. The MH-60R Multi-Mission Helicopter program will replace the surface combatant-based SH-60B, carrier-based SH-60F, and anti-surface capabilities of the S-3 with a newly manufactured airframe and enhanced mission systems. Sea control missions include Undersea and Surface Warfare. The MH-60R provides

forward-deployed capabilities to defeat area-denial strategies, allowing joint forces to project and sustain power. Full Rate Production was approved in March 2006. $998 million in FY 2008 procures 27 aircraft.

The MH-60S is designed to support Carrier and Expeditionary Strike Groups in Combat Logistics, Search and Rescue, Vertical Replenishment, Anti-Surface Warfare, Airborne Mine Countermeasures, Combat Search and Rescue, and Naval Special Warfare mission areas. This program is in production. This fiscal year, Block 2 of the program will see the IOC of the first of five Organic Airborne Mine Countermeasures (OAMCM) systems (AQS-20). The remaining four airborne mine countermeasure systems will IOC between Fiscal Years 2008-2010. An Armed Helicopter capability is also expected to enter IOC this year. $504 million in FY 2008 procures 18 aircraft.

LPD 17

LPD 17 functionally replaces LPD 4, LSD 36, LKA 113, and LST 1179 classes of amphibious ships for embarking, transporting and landing elements of a Marine landing force in an assault by helicopters, landing craft, amphibious vehicles, or by a combination of these methods. $1.4 billion in this budget's shipbuilding request procures LPD 25.

LHA(R)

LHA(R) replaces four aging LHA Class ships which are reaching the end of their administratively extended service lives. LHA(R) Flight 0 is a modified LHD 1 Class variant designed to accommodate aircraft in the future USMC Aircraft Combat Element (ACE) including JSF and MV-22. The FY 2008 request for $1.4 billion supports procurement of the lead ship in the class.

Littoral Combat Ship (LCS)

Designed to be fast and agile, LCS will be a networked surface combatant with capabilities optimized to assure naval and joint force access into contested littoral regions. LCS will operate with focused-mission packages that deploy manned and unmanned vehicles to execute a variety of missions, including littoral anti-submarine warfare (ASW), anti-surface warfare (SUW) and mine countermeasures (MCM). LCS will possess inherent capabilities including homeland defense, Maritime Interception Operations (MIO) and Special Operation Forces support. LCS will employ a Blue-Gold multi-crewing concept for the early ships. The crews will be at a "trained to qualify" level before reporting to the ship, reducing qualification time compared to other ships.

The Navy has identified significant cost increases for the lead ship in the Littoral Combat Ship class (Lockheed Martin variant). A series of recent increases in the contractor estimated cost of completion, the most recent in December, highlighted the problem and initiated a thorough analysis by both Navy and industry. This analysis confirmed the cost challenge and indicated the need for quick action. The Key driver for the recent lead ship cost increase appears to be primarily contractor performance. To reaffirm the Navy's commitment to cost control and to not further erode confidence, the Navy will inform Congress, media and the American public as decisions are implemented that affect the status of the program. The Navy has ordered Lockheed Martin to STOP WORK on LCS-3 for a period of 90 days. (LCS-3 is the second LM ship to be built at Bollinger Shipyards in LA.)

P-8A Multi-mission Maritime Aircraft (MMA)

The P-8A replaces the P-3C Orion on a less than 1:1 basis. This aircraft provides lethality against submarine threats, broad area maritime and littoral armed Anti-Submarine Warfare patrol, Anti-Surface Warfare, and Intelligence Surveillance Reconnaissance. The P-8A is the only platform with

this operationally agile capability set. It fills Combatant Commander requirements in major combat and shaping operations, as well as the War on Terror and homeland defense. The program has been executed on time and on budget. Preliminary Design Review has successfully completed and is now in the detailed design phase. $880 million in research and development funds is included in the FY 2008 budget. Initial Operational Capability (IOC) is planned in FY 2013.

E-2D Advanced Hawkeye

The E-2D Advanced Hawkeye (AHE) program will modernize the current E-2C weapons system by replacing the radar and other aircraft system components to improve nearly every facet of tactical air operations. The modernized weapons system will be designed to maintain open ocean capability while adding transformational littoral surveillance and Theater Air and Missile Defense capabilities against emerging air threats in the high clutter, electro-magnetic interference, and jamming environments. $866 million in FY 2008 continues development work and procures three Pilot Production Aircraft. The AHE will be one of the four pillars contributing to Naval Integrated Fire Control-Counter Air. The AHE program plans to build 75 new aircraft.

ASW Programs

The Navy continues to pursue research and development of Distributed Netted Sensors (DNS); low-cost, rapidly deployable, autonomous sensors that can be fielded in sufficient numbers to provide the cueing and detection of adversary submarines far from the Sea Base. Examples of our FY 2008 request of $24 million in these technologies include:

- Reliable Acoustic Path, Vertical Line Array (RAP VLA). A passive-only distributed system exploiting the deep water propagation phenomena. In essence, a towed array vertically suspended in the water column.

- Deep Water Active Distributed System (DWADS). An active sonar distributed system optimized for use in deep water.

- Deployable Autonomous Distributed System (DADS). A shallow water array, using both acoustic and non-acoustic sensors to detect passing submarines. DADS will test at sea in FY 2008.

- Littoral ASW Multi-static Project (LAMP). A shallow water distributed buoy system employing the advanced principles of multi-static (many receivers, one/few active sources) sonar propagation.

Further developing the Undersea Warfare Decision Support System (USW-DSS) will leverage existing data-links, networks, and sensor data from air, surface, and sub-surface platforms and integrate them into a common ASW operating picture with tactical decision aids to better plan, conduct, and coordinate ASW operations. We are requesting $23 million in FY 2008 towards this system.

To engage the threat, our forces must have the means to attack effectively the first time, every time. The Navy has continued a robust weapons development investment plan including $293 million requested in the FY 2008 on such capabilities as:

- High-Altitude ASW Weapons Concept (HAAWC). Current maritime patrol aircraft must descend to very low altitude to place ASW weapons on target, often losing communications with the sonobuoy (or distributed sensor) field. This allows the aircraft to remain at high altitude and conduct an effective attack while simultaneously enabling the crew to maintain and exploit the full sensor field in the process. This capability will be particularly important in concert with the new jet-powered P-8A MMA. A test is scheduled for May 2007.

- Common Very Lightweight Torpedo (CVLWT). The Navy is developing a 6.75" torpedo suitable for

use in the surface ship and submarine anti-torpedo torpedo defense, and the offensive Compact Rapid Attack Weapon (CRAW) intended for the developing manned and unmanned aerial vehicles.

Finally, to defend our forces, key defensive technologies being pursued include:

- Surface Ship Torpedo Defense (SSTD). Program delivers near term and far term torpedo defense. The planned FY 2008 $16 million R&D investment supports ongoing development of the 6 ¾ inch Common Very Lightweight Torpedo (CVLWT) which supports both the Anti-Torpedo Torpedo (ATT) and the Compact Rapid Attack Weapon (CRAW). Also, several capability upgrades to the AN/SLQ-25A (NIXIE) are being incorporated to improve both acoustic and non-acoustic system performance to counter current threat torpedoes. These enhancements also support their use in the littorals and are scheduled to complete in FY 2009. The AN/WSQ-11 System uses active and passive acoustic sensors for an improved torpedo Detection Classification and Localization (DCL) capability, and a hard kill Anti-Torpedo Torpedo (ATT) to produce an effective, automated and layered system to counter future torpedo threats. DCL improvements include lower false alarm rates and better range determination.

- Aircraft Carrier Periscope Detection Radar (CVN PDR). An automated periscope detection and discrimination system aboard aircraft carriers. System moves from a laboratory model, currently installed on USS KITTY HAWK, to 12 units (1 per carrier, 1 ashore) by FY 2012. FY 2008 funds of $7 million support this effort.

Platform Sensor Improvements. Against the quieter, modern diesel-electric submarines, work continues on both towed arrays and hull mounted sonars. Our $410 million request in FY 2008 includes work on the following:

- TB-33 thin-line towed array upgrades to forward deployed SSN's provides near term improvement in submarine towed array reliability over existing TB-29 arrays. TB-33 upgrades are being accelerated to Guam based SSN's.

- Continued development of twin-line thin line (TLTL) and vector-sensor towed arrays (VSTA) are under development for mid-far term capability gaps. TLTL enables longer detection ranges/contact holding times, improves localization, and classification of contacts. VSTA is an Office of Naval Research project that would provide TLTL capability on a single array while still obviating the bearing ambiguity issue inherent in traditional single line arrays.

Modernization

Achieving full service life from the fleet is imperative. Modernization of the existing force is a critical enabler for a balanced fleet. Platforms must remain tactically capable and structurally sound for the duration of their designed service life.

Cruiser (Mod)

AEGIS Cruiser Modernization is key to achieving the 313 ship force structure. A large portion of surface force modernization (including industrial base stability) is resident in this modernization program. $403 million across several appropriations in FY 2008 supports this program.

A comprehensive Mission Life Extension (MLE) will achieve the ship's expected service life of 35+ years and includes the All Electric Modification (replacing steam systems), SMARTSHIP technologies, Hull Mechanical & Electrical (HM&E) system upgrades, and a series of alterations designed to restore displacement and stability margins, correct hull and deck house cracking and improve quality of life and service on board.

Destroyer (Mod)

The DDG 51 modernization program is a comprehensive 62 ship program designed to modernize HM&E and Combat Systems. These upgrades support reductions in manpower and operating costs, achieve 35+ year service life, and allows the class to pace the projected threat well into the 21st century. Our FY 2008 request contains $159 million for this effort.

Key upgrades to the DDG 51 AEGIS Weapon System (AWS) include an Open Architecture computing environment, along with an upgrade of the SPY Radar signal processor, addition of BMD capability, Evolved Sea Sparrow Missile (ESSM), improved USW sensor, Naval Integrated Fire Control-Counter Air (NIFC-CA) and additional other combat systems upgrades.

LEWIS & CLARK Dry Cargo/Ammunition Ship (T-AKE)

T-AKE is intended to replace aging combat stores (T-AFS) and ammunition (T-AE) ships. Working in concert with an oiler (T-AO), the team can perform a "substitute" station ship mission to allow the retirement of four fast combat support ships (AOE 1 Class). $456 million in FY 2008 supports funding the 11th T-AKE (final price will be determined through negotiations expected to be completed during the summer 2007). Lead ship was delivered in June 2006 and has completed operational evaluation (OPEVAL).

CH-53K

The CH-53K Heavy Lift Replacement (HLR) is the follow on to the Marine Corps CH-53E Heavy Lift Helicopter. The CH-53K will more than double the current CH-53E lift capability under the same environmental conditions. The CH-53K's increased capabilities are essential to meeting the Marine Expeditionary Brigade of 2015 Ship-to-Objective Maneuver vision. FY 2008 research and development funds of $417 million supports major systems

improvements of the new helicopter including: larger and more capable engines, expanded gross weight airframe, better drive train, advanced composite rotor blades, modern interoperable cockpit, external and internal cargo handling systems, and survivability enhancements.

Tomahawk/Tactical Tomahawk (TACTOM)

Tomahawk and Tactical Tomahawk missiles provide precision, all weather, and deep strike capabilities. Tactical Tomahawk provides more flexibility and responsiveness at a significantly reduced life cycle cost than previous versions and includes flex-targeting, in-flight retargeting, and 2-way communications with the missile.

Our $383 million in this years request sustains the Tomahawk Block IV full-rate, multi-year procurement contract for Fiscal Years 2004-2008, yielding approximately 2,100 missiles. The projected inventory will accommodate campaign analysis requirements given historical usage data and acceptable risk.

F/A-18A/B/C/D Hornet

The F/A-18 Hornet is Naval Aviation's principal strike-fighter. This state-of-the-art, multi-mission aircraft serves the Navy and Marine Corps, as well as the armed forces of seven allied countries. Its reliability and precision weapons delivery capability are documented frequently in news reports from the front lines. $331 million in FY 2008 supports improvements to the original Hornet A/B/C/D variants provide significant warfighting enhancements to the fleet. These improvements include the Global Positioning System (GPS), Multi-functional Information Distribution System (MIDS), AIM-9X Sidewinder Missile/Joint Helmet-Mounted Cueing System (JHMCS), Combined Interrogator Transponder, Joint Direct Attack Munition/Joint Stand-Off Weapon delivery capability, and a Digital Communication System (DCS) for close-air support. Through these improvement and upgrades, the aircraft's weapons, communications, navigation, and

defensive electronic countermeasure systems have been kept combat relevant.

Although the F/A-18A/B/C/D are out of production, the existing inventory of 667 Navy and Marine Corps aircraft will continue to comprise half of the carrier strike force until 2013, and are scheduled to remain in the Naval Aviation inventory through 2022.

CG(X)

CG(X) is envisioned to be a highly capable surface combatant tailored for Joint Air and Missile Defense and Joint Air Control Operations. CG(X) will provide airspace dominance and protection to all joint forces operating in the Sea Base. Initial Operational Capability (IOC) is 2019. $227 million in research and development for FY 2008 supports CG(X) development. The ongoing analysis of alternatives is considering various hull and propulsion options. CG(X) will replace the CG-47 Aegis class and improve the fleet's air and missile defense capabilities against an advancing threat - particularly ballistic missiles.

Standard Missile-6 (SM-6)

The Navy's next-generation Extended Range, Anti-Air Warfare interceptor is the SM-6. Supporting both legacy and future ships, SM-6 with its active-seeker technology will defeat anticipated theater air and missile defense warfare threats well into the next decade. The combined SM-6 Design Readiness Review / Critical Design Review was completed three months ahead of schedule with SM-6 successfully meeting all entrance and exit criteria. Ahead of schedule and on cost targets, our FY 2008 budget plan of $207 million will keep this development effort on track for Initial Operational Capability in FY 2010.

Conventional TRIDENT Modification (CTM)

CTM transforms the submarine launched, nuclear armed TRIDENT II (D5) missile system into a conventional offensive precision strike weapon with global range. This new capability is required to defeat a diverse

set of unpredictable threats, such as Weapons of Mass Destruction (WMD), at short notice, without the requirement for a forward-deployed or visible presence, without risk to U.S. forces, and with little or no warning prior to strike. $175 million is included in the FY 2008 request. The program and related policy issues are currently under review by the Office of the Secretary of Defense as part of the New Strategic Triad capability package.

Navy Unmanned Combat Air System (UCAS)

The former J-UCAS program transferred from Air Force to Navy lead. The Navy UCAS will develop and demonstrate low observable (LO), unmanned, air vehicle suitability to operate from aircraft carriers in support of persistent, penetrating surveillance, and strike capability in high threat areas. $162 million in FY 2008 research and development funds advance the programs objectives.

Joint Standoff Weapon (JSOW)

JSOW is a low-cost, survivable, air-to-ground glide weapon designed to attack a variety of targets in day/night and adverse weather conditions from ranges up to 63 nautical miles. All variants employ a kinematically efficient, low-signature airframe with GPS/INS guidance capability. JSOW is additionally equipped with an imaging-infrared seeker, Autonomous Targeting Acquisition (ATA) software, and a multi-stage Broach warhead to attack both hard and soft targets with precision accuracy. The $156 million in FY 2008 funding continues production to build to our inventory requirements. A Block III improvement effort will add anti-ship and moving target capability in FY 2009.

OHIO-Class SSGN

OHIO-Class SSGN is a key transformational capability that can covertly employ both strike and Special Operations Forces (SOF) capabilities. OHIO (SSGN 726) and FLORIDA (SSGN 728) were delivered from conversion in December 2005 and April 2006 respectively and are conducting modernization, certification, and acceptance evaluation testing

prior to deployment. GEORGIA (SSGN 729) is in conversion at Norfolk Naval Shipyard with delivery scheduled for September 2007. The $134 million in the FY 2008 budget request is primarily for testing, minor engineering changes, and to procure the final replacement reactor core.

Broad Area Maritime Surveillance (BAMS) Unmanned Aircraft System (UAS)

BAMS is a post-9/11, Secretary of the Navy directed transformational initiative. $117 million in research and development funding continues Navy's commitment to provide a persistent (24 hours/day, 7 days/week), multi-sensor (radar, Electro-Optical/Infra Red, Electronic Support Measures) maritime intelligence, surveillance, and reconnaissance capability with worldwide access. Along with Multi-Mission Aircraft, BAMS is integral to the Navy's airborne intelligence, surveillance, and reconnaissance (ISR) recapitalization strategy. BAMS is envisioned to be forward deployed, land-based, autonomously operated and unarmed. It will sustain the maritime Common Operational Picture (COP) and operate under the cognizance of the Maritime Patrol and Reconnaissance Force.

Long Range Land Attack Projectile (LRLAP)

Long Range Land Attack Projectile (LRLAP) is the primary munition for the DDG 1000 Advanced Gun System (AGS). AGS and LRLAP will provide Naval Surface Fire Support (NSFS) to forces ashore during all phases of the land battle. All program flight test objectives have been met. Six of nine guided test flights have been successfully completed. Test failures have been isolated and corrective actions implemented with successful re-tests fired.

$74 million in FY 2008 supports continued development. Current ammunition inventory estimates are based on conventional ammunition calculation methods. A pending ammo study will account for increased LRLAP range and precision to better inform decisions regarding procurement schedule and total inventory objective.

MQ-8B Fire Scout Vertical Takeoff UAV (VTUAV)

The Navy Vertical Takeoff and Landing Tactical UAV (VTUAV) is designed to operate from all air capable ships, carry modular mission payloads, and operate using the Tactical Control System (TCS) and Tactical Common Data Link (TCDL). VTUAV will provide day/night real time reconnaissance, surveillance and target acquisition capabilities as well as communications relay and battlefield management to support the Littoral Combat Ship (LCS) core mission areas of Anti-Submarine, Mine, and Anti-Surface Warfare. It will be part of the LCS mission module packages supporting these warfare missions. $71 million in development and procurement funding supports engineering manufacturing development, operational testing and achievement of initial operational capability in FY 2008.

Maritime Prepositioning Force (MPF) (Future)

$68 million in research and development in FY 2008 supports our first year of procurement with (4) MPF(F) ships in FY 2009. MPF(F) provides a scalable, joint seabased capability for the closure, arrival, assembly, and employment of up to the Marine Expeditionary Brigade of 2015 sized force. It will also support the sustainment and reconstitution of forces when required. MPF(F) is envisioned for frequent utility in lesser contingency operations, and when coupled with Carrier or Expeditionary Strike Groups, will provide the nation a rapid response capability in anti-access or denial situations.

Direct Attack (DA) Munitions: JDAM, LGB, Dual Mode LGB, and Direct Attack Moving Target

Inventories of direct attack munitions include Laser Guided Bombs (LGB) and Joint Direct Attack Munitions (JDAM) weapons; both are guidance kits for General Purpose bombs and strike fixed targets only. The LGB guides on a laser spot which provides precise accuracy in clear weather. JDAM provides Global Positioning / Inertial Guidance Systems (GPS/INS) giving accurate adverse weather capability ($34 million in FY 2008). The Dual Mode LGB retrofit to

LGB kits, procured in Fiscal Years 2006-2007, increases flexibility by combining laser and GPS/INS capabilities in a single weapon. The next evolutionary upgrade, Moving Target Weapon (MTW), will combine laser and GPS/INS guidance with moving target capability. Procurement is planned via a capability-based competition, with MTW upgrading existing JDAM and/or LGB kit inventories. $29 million supports this on-going MTW effort in FY 2008.

Harpoon Block III Missile

Harpoon Block III represents the only long range, all weather, precise, ship and air launched, Surface Warfare anti-ship capability. $44 million in FY 2008 supports development of a kit upgrade to existing Harpoon Block IC, the addition of a data link and GPS that will provide increased target selectivity and performance in the cluttered littorals.

Pioneer Tactical Unmanned Aircraft Sensor (UAS)

The Pioneer UAS System is a transportable Intelligence, Surveillance, and Reconnaissance (ISR) asset capable of providing tactical commanders with day and night, battlefield, and maritime reconnaissance in support of Marine expeditionary warfare and maritime control operations. The FY 2008 budget requests $38 million in operations and maintenance sustainment and $90 million in procurement for the Army's Shadow RQ-7B UAS as an interim replacement for the currently fielded Pioneer.

Language, Regional Expertise & Culture (LREC)

Achieving Navy's global strategy depends in part on our ability to communicate with and comprehend adversaries, enduring allies, and emerging partners. To facilitate this capability, Navy has developed a way forward to transform LREC in the force. Consistent with the Defense Language Transformation Roadmap and the Navy Strategic Plan (NSP), the program incentivizes language proficiency, increases regional content in NPME, provides non-resident

language instruction to all Sailors and delivers in-residence training to more Officers.

Incentivization through higher foreign language proficiency pay rates began June 06. $33 million requested in FY 2008 continues existing efforts and begins new initiatives of enhanced non-resident (on-line) and resident (for Officers) language training.

Extended Range Munition (ERM)

The concept for expeditionary operations relies on sea-based surface fire support to aid in destruction and suppression of enemy forces. The Extended Range Munition (ERM) is a 5-inch rocket assisted guided projectile providing range and accuracy superior to that of conventional ammunition. The projectile uses a coupled GPS/INS Guidance System and unitary warhead with a height-of-burst fuze. $30 million in FY 2008 research and development funding includes a 20-reliability demonstration before land-based flight and qualification testing. The program includes modifications to existing 5 inch guns and fire control systems. ERM will utilize the Naval Fires Control System as the mission planning tool.

Automatic Identification System (AIS)

AIS is a commercially available shipboard broadcast Very High Frequency (VHF) maritime band transponder system capable of sending and receiving ship information, including Navigation Identification, and Cargo. AIS significantly increases the Navy's ability to distinguish between normal and suspicious merchant ships headed towards U.S. and allied ports. Navy warships using AIS have observed dramatic increases in situational awareness, safety of ship and intelligence gathering capability. Programmed funding started in FY 2007. Initially funded in FY 2006 from ONR Rapid Technology Transition initiative and reprogramming, AIS shifted to programmed funding in FY 2007, and with our request of $28 million in FY 2008, it transitions to become a program of record.

Global Hawk Maritime Demonstration (GHMD)

Using an existing Air Force production contract, the Navy procured two GHMD Unmanned Aerial Vehicles (UAV) and associated ground control equipment. GHMD will be used for developing Concept of Operations and Tactics, Training and Procedures for a persistent ISR maritime capability in conjunction with the manned P-3 aircraft. The GHMD return on investment will be risk reduction for the BAMS UAS Program. GHMD provides a limited, high altitude, endurance UAV platform capability 8 years before the planned FY 2014 IOC of BAMS. $18 million in operations and maintenance and $6 million in procurement of spares sustains the program in FY 2008.

Remote Minehunting System (RMS)

RMS utilizes a diesel-powered, high endurance, off-board, semi-submersible vehicle to tow the Navy's most advanced mine hunting sonar, the AN/AQS-20A. The system will be launched, operated, and recovered from surface ships. RMS will provide mine reconnaissance, detection, classification, localization, and identification of moored and bottom mines. $23 million in FY 2008 supports the fielding plan commencing this year providing limited systems for use on select DDGs, 48 RMSs for the Littoral Combat Ship (LCS) Mine Warfare Mission Packages, and an additional 16 vehicles as part of the LCS Anti-submarine Warfare Mission Packages.

Joint High Speed Vessel (JHSV)

Navy, along with the Army, SOCOM and Marine Corps, is working to acquire a Joint High Speed Vessel (JHSV) that provides the required intra-theater lift capability necessary to meet each service's requirements. The acquisition of JHSV will address high-speed, intra-theater surface lift capability gaps identified to implement Sea Power 21, the Army Future Force operational concepts and SOCOM future operational plans. Additionally, it will improve Intra-theater lift currently provided by WESTPAC EXPRESS and other leased vessels. JHSV is currently in the Technology Development Phase with Joint

Requirements Oversight Council (JROC) approval of the Capabilities Development Document (CDD) anticipated soon. Navy's research and development contribution in FY 2008 is $19 million. Ultimate delivery of the first vessel is anticipated in 2010.

Aerial Common Sensor (ACS) - Future EPX (EP-3E Replacement)

Navy is on a path to recapitalize the EP-3 airborne electronic surveillance aircraft, and our $17 million in FY 2008 research and development funding contributes to this effort. ACS is the Navy's premier manned Airborne Intelligence, Surveillance, Reconnaisance (AISR) platform tailored to the maritime environment. ACS will provide data fusion and a robust reach-back capability allowing onboard operators to push intelligence to tactical commanders and operators in mission support centers. With a network-centric approach, ACS represents a significant capability in the Maritime Patrol and Reconnaissance Force Family of Systems including MMA and BAMS UAS.

Aegis Ballistic Missile Defense (BMD)

Aegis Ballistic Missile Defense is the sea based component of the Missile Defense Agency's (MDA) Ballistic Missile Defense System (BMDS). It enables surface combatants to support ground-based sensors and provides a capability to intercept Short and Medium Range Ballistic Missiles with ship-based interceptors (SM-3 missiles). The recently started Gap Filler Sea-Based Terminal Program will provide the ability to engage Short Range Ballistic Missiles (SRBMs) with modified SM-2 Block IV missiles from Aegis BMD capable ships. While all development funding is covered under the MDA budget, Navy has committed $13 million in FY 2008 for operations and sustainment of Aegis BMD systems as Navy assumes operational responsibility.

In May, 2006, USS LAKE ERIE (CG 70) successfully engaged and intercepted a LANCE short range test target with a modified SM-2 Block IV missile in a Navy-sponsored BMD demonstration. As a result, the Navy is modifying the remaining inventory of 100 SM-

2 Block IV missiles, and MDA is modifying the Aegis BMD program to support sea-based terminal engagements.

In June, 2006, Navy successfully achieved a second engagement of a separating SRBM target with the AEGIS BMD system. This successful engagement brings the tally to seven successful intercepts in nine flight tests as of December 2006. Aegis BMD has been installed on three Cruisers and 13 Destroyers. All the Cruisers and three Destroyers are engagement capable. The balance of the Destroyers are Long Range Surveillance and Track (LRS&T) capable. Additional installations are planned for 2007.

In actual operations last July, U.S. and Japanese Aegis radar-equipped Destroyers successfully monitored North Korea's ballistic missile tests.

21" Mission Reconfigurable Unmanned Underwater Vehicle System (MRUUVS)

21" MRUUVS is a submarine launched and recovered, reconfigurable UUV system that will improve current capabilities in enabling assured access. It will provide a robust capability to conduct clandestine minefield reconnaissance and general Intelligence, Surveillance, and Reconnaissance (ISR) in denied or inaccessible areas. The MRUUVS program has been restructured, moving Initial Operational Capability (IOC) from Fiscal Year 2013 to 2016 when clandestine mine countermeasure capability from LOS ANGLES Class submarines will be delivered. Accordingly, the FY 2008 funding request has been adjusted to $13 million. ISR capability and VIRGINIA Class host compatibility will arrive in follow-on increments approximately two years after IOC.

Tactical Control System (TCS)

Research and development funding of $9 million dollars in FY 2008 continues work on the Tactical Control System. The program provides interoperability and commonality for mission planning, command and control, and interfaces for tactical and medium altitude UAV systems. TCS software provides a full range of scaleable capabilities from passive receipt of air vehicle and payload data to full air vehicle and payload command and control from ground control stations both ashore and afloat. TCS will be fielded with the Vertical Takeoff Unmanned Air Vehicle (VTUAV) system and key to supporting the LCS.

Utilities Privatization (UP)

The Navy and Marine Corps have 645 utilities systems eligible for privatization on 135 activities / installations worldwide. Of these, 394 have been determined to be exempt, 22 have been awarded for privatization, and 95 have received a Source Selection Authority (SSA) decision and are being processed for exemption or award. 122 systems are still being reviewed for an SSA decision. $3 million requested in our FY 2008 budget supports these ongoing initiatives.

Develop 21st Century Leaders

Programs and practices of particular interest include (listed in order of FY 2008 dollar value):

Health Care:

Combat Casualty Care

Combat casualty care is provided by Navy medical personnel assigned to and serving with Marine Corps units, in Expeditionary Medical Facilities, aboard casualty receiving/treatment ships and hospital ships, and in military and VA hospitals. Recent advances in force protection, battlefield medicine,

combat/operational stress control, and medical evacuation have led to improved survival rates and enhanced combat effectiveness.

Since the start of OEF/OIF the Marine Corps has fielded new combat casualty care capabilities, including: updated individual first aid kits with QuikClot and advanced tourniquets, robust vehicle first-aid kits for convoy use, Combat Lifesaver training, and new systems to provide forward resuscitative surgery and en route care. Navy Fleet Hospital transformation is redesigning expeditionary medical facilities to become lighter, modular, more mobile, and interoperable with other Services' facilities. Mental health services have been expanded through post-deployment screenings, expanded briefings, and proactive interactions between providers and Sailors and Marines.

Post Traumatic Stress Disorder

Much attention has been focused on ensuring Reserve members are given full treatment following their return from deployment and that medical conditions are appropriately addressed. Of particular interest is the recognition and treatment of mental health conditions such as post-traumatic stress disorder and other related disorders. The pre- and post-deployment health assessments are a mechanism to address these concerns. Another goal of Navy Medicine is to ensure that medical concerns are identified and addressed for those Reservists who return to homes that may be located far from military facilities.

Quality Medical Care

While continuing to support OIF/OEF with medical personnel, Navy Medicine remains committed to providing quality care for all beneficiaries, both in deployed settings and at home. One of the main challenges has been ensuring sufficient numbers of providers in critical specialties. We continue to focus on

refining and shaping our force to recruit, train, and retain the right mix of uniformed and civilian health providers thus sustaining the benefits of our healthcare system and meeting our obligations during this time of war. Despite high demands, Navy Medicine meets 100 percent of its operational commitments, and maintains quality care to our beneficiaries, without any sacrifice in quality.

Post-Deployment Health Care

Navy Medicine has developed new delivery models for deployment-related concerns and is working with the Office of Seamless Transition to improve coordination with the Department of Veterans Affairs. These include thirteen Deployment Health Clinics in areas of Fleet and Marine concentration to support operational commands in ensuring medical care for those returning from deployment.

Navy Education

Professional Military Education (PME)

Our Professional Military Education continuum provides career-long educational opportunities for professional and personal development that supports mission capabilities. It supports development of 21st century leaders who have the capacity to think through uncertainty; develop innovative concepts, capabilities, and strategies; fully exploit advanced technologies, systems, and platforms; understand cultural/regional issues; and conduct operations as a coherently joint force. Navy PME provides a common core of knowledge for all Sailors. A primary level program was implemented via distance learning in June 2006. The initial targeted audience is junior unrestricted line officers and senior enlisted members. Additional content is in development for all junior officers. Introductory and basic levels for more junior Sailors is also under development.

Joint Professional Military Education (JPME)

Joint Professional Military Education provides an understanding of the principles of Joint warfare. Our path is designed to create a change in Navy culture so that it values jointness and therefore systematically develops a group of Navy Leaders who are strategically minded, capable of critical thinking, and skilled in naval and joint warfare. JPME Phase I is a requirement for screening unrestricted line officers for commander command beginning in FY 2009. In August 2006, Naval War College began in-residence instruction of JPME Phase II. The Naval War College has implemented a Joint Maritime Component Commander's Course to prepare future Flag Officers to serve as Maritime Component Commanders. $150 million requested in FY 2008 sustains our expanded commitment to this vital professional development.

The Naval Reserve Officers Training Corps (NROTC)

The NROTC Program comprises 59 active units at 71 host institutions of higher learning across the nation. With $173 million requested in FY 2008, the program is adequately funded to provide four and two year scholarships to qualified young men and women to prepare them for leadership and management positions in an increasingly technical Navy and Marine Corps with service as commissioned officers. The program continues to be a key source of nuclear power candidates, nurses, and increased officer corps diversity. Focus is now on increasing strategic foreign language skills and expanding cultural awareness among Midshipmen.

The United States Naval Academy (USNA)

USNA gives young men and women the up-to-date academic and professional training needed to be effective Navy and Marine officers in their assignments after graduation. Renowned for producing officers with solid technical and

analytical foundations, the Naval Academy is expanding its capabilities in strategic languages and regional studies.

The Naval Postgraduate School (NPS)

NPS is the Navy's principal source for graduate education. It provides Navy and DoD relevant degree and non-degree programs in residence and at a distance to enhance combat effectiveness. NPS provides essential flexibility in meeting Navy and Department of Defense emergent research needs, and the development of warfighters with otherwise demanding career paths and deployment cycles making graduate education opportunities difficult to achieve. NPS also supports operations through naval and maritime research, and maintains expert faculty capable of working in, or serving as advisors to operational commands, labs, systems commands, and headquarters activities. The $84 million requested in FY 2008 sustains this unique national asset and provides increases for lab upgrades, distance learning, and IT maintenance and support.

The Naval War College (NWC)

The Naval War College provides professional maritime and joint military education, advanced research, analysis, and gaming to educate future leaders. Its mission is to enhance the professional capabilities of its students to make sound decisions in command, staff and management positions in naval, joint, and multinational environments. The $56 million requested in FY 2008 is a significant increase to support Joint Forces Maritime Component Command/Coalition Forces Maritime Component Command analysis and gaming capability, the China Maritime Studies Institute, initial investment for Maritime Headquarters (MHQ)/Maritime Operations Center (MOC), support for JPME II accreditation, funding for JPME I at Naval Postgraduate School, and for NWC Maritime Operations curriculum development.

Enlisted Retention (Selective Reenlistment Bonus)

Retaining the best and brightest Sailors has always been a Navy core objective and key to success. Navy retains the right people by offering rewarding opportunities for professional growth, development, and leadership directly tied to mission readiness. Navy has experienced significant reenlistment improvement since a 20-year low in FY 1999, reaching a peak at the end of FY 2003. This improved retention is part of a long-term trend, allowing us to be more selective in ensuring the right number of strong performers reenlist in the right ratings. Selective Reenlistment Bonuses (SRBs) are a key tool enabling us to offer attractive incentives to selected Sailors we want to retain. $359 million requested in FY 2008 will provide for nearly 79,000 new and anniversary payments helping ensure the Navy will be able to remain selective in FY 2008.

Sexual Assault Victim Intervention (SAVI)

SAVI has three major components: (1) awareness and prevention education, (2) victim advocacy and intervention services, and (3) collection of reliable data on sexual assault. Per the FY 2005 National Defense Authorization Act requirements, the Navy SAVI Program was transitioned from a program management to case management focus. Existing installation program coordinator positions were increased and became Sexual Assault Response Coordinators (SARCs), which is a standard title and position across the Department of Defense. SARCs are accountable for coordinating victim care/support and for tracking each unrestricted sexual assault incident from initial report to final disposition. Navy also provides 24/7 response capability for sexual assaults, on or off the installation, and during deployment through the use of Victim Advocates who report to installation SARCs. The $3 million requested in the FY 2008 budget enables us to maintain this expanded SAVI program fleet-wide.

Family Advocacy (FAP)

The Family Advocacy Program addresses prevention, identification, reporting, evaluation, intervention

and follow-up with respect to allegations of child abuse/neglect and domestic abuse involving active duty and their family members or intimate partners. Maintaining abuse-free and adaptive family relationships is critical to Navy mission readiness, maintenance of good order and discipline, and quality of service for our active duty members and their families.

Sea Warrior Spiral 1

Sea Warrior comprises the Navy's training, education and career management systems that provide for the growth and development of our people. The first increment, or "Spiral 1", of Sea Warrior is Interactive Detailing. This system allows Sailors to have greater insight and engagement in identifying and applying for Navy positions of interest to them professionally and personally. Spiral 1 Sea Warrior is a funded Navy program and its' develop follows the standard, rigorous acquisition engineering and program management processes. Additional Sea Warrior spirals will be developed in accordance with future capability needs and as clear requirements are defined.

Because of Sea Warrior's complexity, many issues related to sea and shore connectivity are still being worked out. Further, before fielding a usable model, the Navy plans to conduct extensive beta testing of selected ratings. Sea Warrior is funded through the FYDP and is not expected to reach FOC until 2016.

Not Public Until
Released by the HASC

STATEMENT OF

GENERAL JAMES T. CONWAY
COMMANDANT OF THE MARINE CORPS

BEFORE THE

HOUSE ARMED SERVICES COMMITTEE

ON

MARINE CORPS POSTURE

MARCH 1, 2007

Not Public Until
Released by the HASC

General James T. Conway
Commandant of the Marine Corps

General Conway was born in Walnut Ridge, Arkansas and is a graduate of Southeast Missouri State University. He was commissioned in 1970 as an infantry officer. His company grade assignments included multiple platoon and company commander billets with both the 1st and 2nd Marine Divisions; Executive Officer of the Marine Detachment aboard the USS Kitty Hawk (CVA-63); series and company commander at the Marine Corps Recruit Depot in San Diego; aide to the Commanding General, and Director, Sea School.

As a field grade officer, he commanded two companies of officer students and taught tactics at The Basic School; he also served as operations officer for the 31st Marine Amphibious Unit to include contingency operations off Beirut, Lebanon; and as Senior Aide to the Chairman, Joint Chiefs of Staff. Promoted to Lieutenant Colonel, he was reassigned to the 2d Marine Division as Division G-3 Operations Officer before assuming command of 3d Battalion, 2d Marines in January 1990. He commanded Battalion Landing Team 3/2 during Operations Desert Shield and Desert Storm. Selected for colonel, he served as the Ground Colonels' Monitor, and as Commanding Officer of The Basic School. His general officer duties included Deputy Director of Operations, J-34, Combating Terrorism, Joint Staff, Washington, D.C.; and President, Marine Corps University at Quantico, VA. After promotion to Major General, he assumed command of the 1st Marine Division. In November 2002, Major General Conway was promoted to Lieutenant General and assumed command of the I Marine Expeditionary Force. He commanded I Marine Expeditionary Force during two combat tours in Iraq. In 2004, he was reassigned as the Director of Operations, J-3, Joint Staff, in Washington, D.C.

General Conway graduated with honors from The Basic School, the U.S. Army Infantry Officers' Advanced Course, the Marine Corps Command and Staff College and the Air War College.

General Conway's personal decorations include the Defense Distinguished Service Medal with palm, Navy Distinguished Service Medal, Legion of Merit, Defense Meritorious Service Medal, Meritorious Service Medal with two Gold Stars, Navy Commendation Medal, Navy Achievement Medal and the Combat Action Ribbon.

Chairman Skelton, Congressman Hunter, and distinguished Members of the Committee, thank you for the opportunity to report to you the state of your Marine Corps.

Your Marine Corps is currently engaged in what we believe to be the opening battles in a generational struggle against Islamic extremists. Our commitment is characterized by diverse and sustained employment around the globe, particularly the central campaigns in Iraq and Afghanistan. Your Marines are fully engaged in this fight, and it is through their tremendous sacrifices—serving shoulder-to-shoulder with their fellow service men and women—that we will ultimately prevail. It is our moral imperative to support them to the hilt—always mindful that our forward-deployed Marines and Sailors in combat must be our number one priority.

Though Marines in the operating forces have been pushed hard by the tempo and frequency of operational deployments, their morale has never been higher—because they believe they are making a difference. Thanks to you, Ladies and Gentlemen, your Marines know that the people of the United States and their Government are behind them. Support has been exceptional—from the rapid fielding of life-saving equipment to the proposed increase in end strength, and with your continued support, mission accomplishment will remain completely viable and achievable.

The Long War is taking a considerable toll on our equipment and we have tough choices ahead of us—we must support our Marines and their families, while deciding whether to replace our rapidly aging equipment with similar platforms or to modernize with next generation equipment.

We know these next few years will be challenging—not only in the immediate conflict in Iraq, but in subsequent campaigns of the Long War. Therefore, the Corps will balance our skill sets in order to remain prepared for crisis outside of Iraq and Afghanistan—to be where our country needs us, when she needs us, and to prevail over whatever challenges we face. I am confident that with your steadfast support, our Corps will continue to remain the Nation's force in readiness and fulfill its Congressionally mandated mission of being *the most ready when the Nation is least ready.*

I. Marine Corps Commitments in the Long War

Over the past year, your Marines deployed to all corners of the globe in support of our Nation. With more than 24,000 Marines ashore throughout the U.S. Central Command's Area of

Responsibility, Operations IRAQI FREEDOM and ENDURING FREEDOM remain our largest commitment. In addition to those operations, the Marine Corps also deployed forces to: support humanitarian and disaster relief efforts in Pakistan and the Republic of the Philippines; participate in over fifty Theater Security Cooperation events ranging from small Mobile Training Teams in Central America to the first deployment of the Marine Forces Special Operations Command's Foreign Military Training Unit supporting our African partner nations; protect our Embassies by providing Fleet Anti-Terrorism Security Teams to East Timor and Lebanon; and respond to a Non-Combatant Evacuation from Lebanon—the largest since Vietnam.

Achieve Victory in the Long War. The Defense Department's 2006 Quadrennial Defense Review (QDR) directed that we enhance our counterinsurgency capabilities. Our enhanced Marine Air Ground Task Forces and the Marine Corps component to Special Operations Command are part of this commitment. Other types of forces, unique to counterinsurgency operations, may also need to be formed. However, we will maintain robust contingency response forces satisfying the Congress' intent to be *"the Nation's shock troops"*—always ready and always capable of forcible entry.

I view the inherent power of the Marine Air Ground Task Force (MAGTF) as an irreplaceable component of this Nation's plan for success in the Long War. This war demands flexible organizations that apply a mix of combat and non-lethal actions; interagency capabilities and joint warfare applications; innovative use of airpower; and synchronization of intelligence activities. For rapid integration of these capabilities—as well as providing the critical boots on the ground—the MAGTF is better prepared than any other military formation to execute the full range of operations required by the current conflict. This is the Corps' fundamental fighting organization, providing the joint force a unique, additive capability—one that is much greater than the sum of its parts.

To further expand the MAGTF's contribution to our Nation's security, I have directed my staff to develop a series of exercises that will further enhance the MAGTF's ability to integrate interagency and coalition operations throughout the spectrum of conflict. Our goal will be to provide a forum to develop diverse yet cohesive teams that can best overcome the challenges we are most likely to face in pre- and post-war phases of operations. These exercises will serve our Nation well in the Long War, in future conflicts, and in our ongoing security cooperation efforts.

In February of 2006, we established Marine Corps Forces, Special Operations Command (MARSOC) within the U.S. Special Operations Command. MARSOC is already employing its five major subordinate elements: the Foreign Military Training Unit, two Marine Special Operations Battalions, the Marine Special Operations Support Group, and the Marine Special Operations School, and is on track to achieve full-operational capability by the end of Fiscal Year 2008. Its personnel and equipment assignment plan is designed to best support our Combatant Commanders in their prosecution of the Long War. The Foreign Military Training Unit was activated in 2005 and has been incorporated into MARSOC, the 2d Marine Special Operations Battalion was activated in May of 2006, followed by the 1st Marine Special Operations Battalion in October of 2006.

MARSOC deployed Foreign Military Training Unit teams to the European and Southern Command areas of responsibility last summer and fall. Through the end of Fiscal Year 2007, the Foreign Military Training Unit is scheduled to make twenty-seven deployments to twelve countries to conduct foreign internal defense and counter narcotics training to improve the indigenous military forces of those countries. Additionally, MARSOC began deploying Marine Special Operations Companies, associated with Marine Expeditionary Units and assigned to Expeditionary Strike Groups in January of this year. MARSOC provides a unique combination of land component and maritime expeditionary capabilities across a wide range of missions. As special operations forces continue to prosecute the Long War, MARSOC will be a significant partner in Special Operations Command.

To aid in both the current execution of the campaign in Iraq as well as the long-term irregular warfare capability of the Marine Corps, we are establishing a Center for Irregular Warfare. This organization will serve as the focal point for integration of concepts, doctrine, training, education, and equipment capability development. This Center will also maintain close coordination with our sister Services and external agencies. Our goal is to enhance the Marine Air Ground Task Force's capabilities by training and equipping small-unit leaders to handle the demanding complexities and possess the adaptive mindset necessary to operate across the spectrum of conflict – empowering our "strategic corporals" as well as all of our junior leaders to fight, operate, and win in this challenging security environment.

Supporting the Plus-up for Operation IRAQI FREEDOM. Currently, the Marine Corps has approximately 4,000 Marines affected by the pending plus-up operation in Iraq. The

units affected will be extended for approximately 45 - 60 days. This change will impact our Marines and their families, but we believe that the support systems that we have in place within the units and family support systems back home will help our Marines and their families meet the challenges associated with this extension on deployment. Furthermore, between their return and next deployment, the addition of new infantry battalions will allow these units to lengthen the time at their home station.

Battalions moved forward in the rotation cycle will complete all required pre-deployment training that fully qualifies them for employment. These battalions will be subject to the same pre-deployment training standards as their fellow Marines. We have accelerated the normal cycle through our main mission rehearsal exercise, Mojave Viper, to accommodate consistent training for all units rotating into theater.

The accelerated battalions will deploy with equipment from their home stations, and the additional equipment required will be provided by cross-leveling assets in theater as well as leveraging equipment already positioned forward. This has resulted in some home station shortfalls and has hindered some stateside units' ability to train for other missions and contingencies. While the readiness of deployed units remains high, we have experienced a decrease in the readiness of some non-deployed units.

There are no Marine Corps Reserve units involved in the plus-up operations.

II. Right-size our Marine Corps

To meet the demands of the Long War as well as the inevitable crises that arise, our Corps must be sufficiently manned in addition to being well trained and properly equipped. Like the Cold War, the Long War is a continuing struggle that will not be measured by the number of near-term deployments or rotations, and while we seek to capitalize on advances in technology, we know it is our magnificent Marines who invariably decide the outcome.

In order to protect our most precious asset, the individual Marine, we must ensure that our personnel policies, organizational construct, and training are able to operate at the "sustained rate of fire." Operating at the "sustained rate of fire" means that the Corps will be able to maintain operations indefinitely without drastic changes to procedures, policies, organization, or operations. The proposed Active Component end strength increase will significantly enhance our ability to operate at the "sustained rate of fire."

Strain on the Individual. Despite an unparalleled Personnel Tempo, the morale of our Marines and their families remains high. To avoid an adverse toll on our Marines and their families, and to prevent a decrease in readiness, the former Secretary of Defense established a 1:2 deployment-to-dwell ratio goal for all active component forces. This ratio relates to how long our forces are deployed versus how long they are at home—the goal being for every seven months a Marine is deployed, they will be back at their home station for fourteen months. We need to relieve the strain on those superb Americans who have volunteered to fight the Nation's battles.

Strain on the Institution. The current deployment cycle requires commanders to focus solely on those skill sets required to accomplish the mission in Iraq and Afghanistan. This deterioration of capabilities is exacerbated by individual augments and training team requirements and by many units being deployed for missions outside of their normal duties. The result of this strain is evident in the Marine Corps' limited ability to provide trained forces to project power in support of other contingencies. Reduced training time and a necessarily singular focus on current contingency requirements prevents significant opportunities for units to train to the full range of military operations in varied operating environments, such as jungle or mountain terrain. To fulfill our mandate to be *"most ready when the Nation is least ready,"* our deployment cycles must not only support training for irregular warfare, they must also provide sufficient time for recovery, maintenance, and training for other contingency missions. By increasing the dwell time for our units and allowing them additional time at home stations, we can accomplish the more comprehensive training needed for the sophisticated skill sets that have enabled Marine Air Ground Task Forces to consistently achieve success in all types of military operations and operating environments. Our goal is to increase dwell time and achieve a 1:2 deployment-to-dwell ratio for our active forces—our Operating Forces are routinely falling short of this target.

Reducing the Stress. I would emphasize, the underlying requirement for an end strength increase is separate from, indeed it pre-dates, the plus-up operation in Iraq. The proposed increase to our Active Component end strength to 202,000 Marines will go a long way to reducing the strain on the individual Marines and the Institution. Our first task will be to build three new infantry battalions and their supporting structure – approximately 4,000 Marines. The resources for this force have been included in our Fiscal Year 2007 Supplemental. These funds

will pay for initial costs associated with the stand up of these infantry battalions as well as critical enablers, which are vital not only for the current fight, but are also critically needed to support long-term Marine Corps capabilities to accomplish other missions. These enablers include combat support and combat service support such as intelligence, military police, and civil affairs capabilities. We will systematically build the additional individuals and units on a schedule of approximately 5,000 per year. This plan will gradually increase the deployment-to-dwell ratio of some of our habitually high operational tempo units—enabling us to recover our ability to respond in accordance with timelines outlined in war plans for our Combatant Commanders; thereby, reducing future operational risks. We are initially funding this initiative with supplemental and baseline funding in Fiscal Year 2008, but have included all future costs in our baseline budget as of Fiscal Year 2009.

Reserve Component End Strength. Our efforts in the Long War have been a Total Force effort, with our Reserves once again performing with grit and determination. Recent policy changes within the Department of Defense match up very well with our existing policies and will allow us to use the Reserve forces as they were structured to be employed—to augment and reinforce our Active Component forces. To this end, my goal is to obtain a 1:5 deployment-to-dwell ratio within our Reserve Component. We currently believe our authorized Reserve Component end strength of 39,600 Selected Reserve Marines is adequate. As with every organization within the Marine Corps, we continue to review the make-up and structure of the Marine Corps Reserve in order to ensure the right capabilities reside within the Marine Forces Reserve units and our Individual Mobilization Augmentee program across the force. Finally, as our active force increases in size, our reliance on the Reserve forces should decrease—helping us achieve the desired deployment-to-dwell ratio.

Manning the Force. An equally important factor in sustaining a viable force is continuing to recruit and retain qualified young men and women with the right character, commitment, and drive to become Marines. With over 70% of the end strength increase comprised of first-term Marines, both recruiting and retention efforts will be challenged. A major part of this effort will involve programming increased funding for both the Enlistment Bonus and the Selective Reenlistment Bonus Programs. We will need the continued strong support of Congress to achieve ongoing success.

Our recruiting standards will remain high. While exceeding DOD quality standards, we continue to recruit the best of America into our ranks—in Fiscal Year 2006, the Marine Corps achieved over 100 percent of our active component accession goal. The Marine Corps Reserve also achieved 100 percent of its recruiting goals, but reserve officer numbers remain challenging because our primary accession source is from officers who leave active duty. We appreciate the continued authorization for Selected Reserve Officer Affiliation Bonuses in the Fiscal Year 2007 National Defense Authorization Act—they continue to contribute in this crucial area.

We forecast that both active and reserve recruiting will remain challenging in Fiscal Year 2007, particularly when viewed through the lens of accession missions to meet the increased end strength of the Marine Corps. We will need the continued support of Congress for programmed enlistment bonuses and other recruiting efforts, such as advertising, which will be essential to us continuing to meet these challenges.

Retention is the other important part of manning the force. In Fiscal Year 2006, the Marine Corps exceeded its retention goals for both the First Term and Career Forces. For Fiscal Year 2007, we expect to exceed our goals again. This success can be attributed to the Marine Corps' judicious use of the Selective Reenlistment Bonus, and we now offer qualified fist term and career enlisted Marines $10,000 in Assignment Incentive Pay to reenlist. To keep the very best of our Marines, we must increase the size of our reenlistment bonus program in order to ensure that we have the right grade and MOS mix to support the growing force. Not only will we have to retain more first-term Marines, but we will also have to increase the number of Marines reenlisting at the eight and 12-year mark. This will require a shift toward more programmed funding in targeted key areas in the career force.

Military to Civilian Conversions. Military-to-civilian conversions continue to provide a valuable source to send additional Marines back to the operating force in support of our warfighting initiatives and help reduce stress. We will continue to pursue sensible conversions and transfer Marines from non-essential billets.

National Security Personnel System. The Marine Corps is committed to successful implementation of the National Security Personnel System. The Marine Corps is actively participating with the Department of Defense in the development and implementation of this new personnel system and is cooperating with the sister Services so that our civilian employees receive the training opportunities and support necessary for a successful transition. The National

Security Personnel System will enable the Marine Corps to better support the warfighter by providing a civilian workforce that is flexible, accountable, and aligned to the Marine Corps mission.

III. Resetting the force and preparing for the next contingency

To meet the demands of the Long War, we must reset the force in order to simultaneously fight, train, and sustain our Corps. To support our Marines in combat, we have routinely drawn additional equipment from strategic stocks, which need to be replenished to remain responsive to emerging threats. The Congress has responded rapidly and generously to our requests for equipment and increased protection for our Marines and Sailors. It is our responsibility to manage these resources prudently as we transition to the modernization of our force.

Equipment Readiness. Extended combat operations have severely tested our materiel. While the vast majority of our equipment has passed the test of sustained combat operations, it has been subjected to more than a lifetime's worth of wear stemming from vehicle mileage, operating hours, and harsh environmental conditions. This increased maintenance requirement is a consequence of not only operational tempo and operating environments, but also the sheer amount of equipment employed in operations. Approximately thirty percent of all Marine Corps ground equipment and nearly twenty-five percent of our active duty aviation squadrons are currently engaged overseas. Most of this equipment is not rotating out of theater at the conclusion of each force rotation; it remains in combat, used on a near-continuous basis at an operating tempo that far exceeds normal peacetime usage.

As our priority for equipment is to support Marines serving in harm's way, we have drawn additional equipment from the Maritime Prepositioning Ships and prepositioned stores from the caves in Norway; we have also retained equipment in theater from units that are rotating back to the United States. The operational results of these efforts have been outstanding—the average mission capable rates of our deployed forces' ground equipment remain above ninety-three percent—but there is a price.

The cost of this success is a decrease in non-deployed unit readiness as well as an increase in the maintenance required per hour of operating time. Equipment across the Marine Corps is continuously cross-leveled and redistributed to ensure that units preparing to deploy have sufficient equipment to conduct our rigorous pre-deployment training programs. Because

the stateside priority of equipment distribution and readiness is to units preparing to deploy, there has been a trade-off in unit training for other types of contingencies. The timely delivery of replacement equipment is crucial to sustaining the high readiness rates for the Marines in theater, as well as improving the rates for the forces here at home. Although funded, much of this equipment is still many months from delivery.

Ground Equipment. Operations in Iraq and Afghanistan are placing demands on ground equipment far beyond what is typically experienced during training or home station operations. Some of these demands rise from higher usage rates, others from the rigors of extended operations in harsh environments. These higher demands increase the maintenance requirements for equipment employed in theater and continue when this equipment is redeployed to home stations.

Absolute Increases in Utilization for Selected Marine Corps Systems Employed in OIF

Category	Usage		Optempo Ratio
	Pre OIF	OIF	
HMMWV	183	550	3.0
MTVR	500	2000	4.0
LVS	375	1500	4.0
AAV	83	417	5.0
Rotary-Wing Aircraft	18	41	2.2
KC-130	43	83	1.9

NOTE: Usage rates for ground vehicles are in miles per month; aircraft in flight hours per month.

Table 1

For example, in Operation Iraqi Freedom (OIF) crews are driving Light Armored Vehicles (LAVs) in excess of 8,700 miles per year—3.5 times more than programmed annual usage rates of 2,480 miles per year. Our tactical vehicle fleet is experiencing some of the most dramatic effects of excessive wear, operating at five to six times the programmed rates.

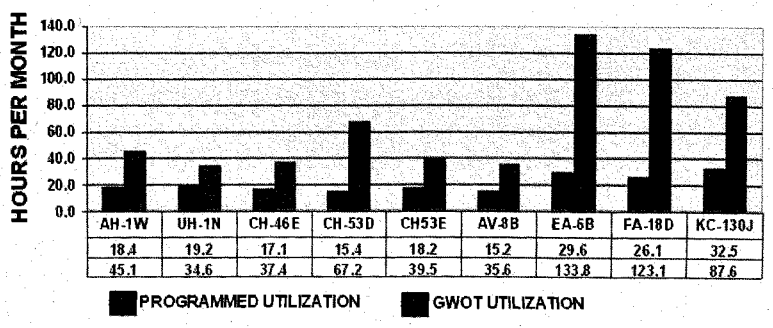
Aviation Equipment. The operationally demanding and harsh environments of Iraq, Afghanistan, and Djibouti have highlighted the limitations of our aging fleet of aircraft. In order to support our Marines, sister Services, and coalition partners successfully, our aircraft have been flying at two to three times their designed utilization rates. Despite this unprecedented utilization, the yeoman efforts of our maintenance and support personnel have sustained an aviation mission capable rate for deployed Marine aircraft at 79 percent over the past twelve

months. The corresponding aviation mission capable rates for our units in garrison, who have either recently returned from deployment or are preparing to deploy again, have averaged 75 percent over the past twelve months. To maintain sufficient numbers of aircraft in deployed squadrons, our home squadrons have taken significant cuts in available aircraft and parts as they prepare for deployment. Reset funding has partially alleviated this strain, but continued funding is needed as we continue to recapitalize our aircraft fleets due to age, attrition, and wartime losses. Maintaining the readiness of our aviation assets while preparing our aircrew for their next deployment is and will continue to be a monumental effort and constant challenge for our Marines.

We have mitigated aircraft degradation through specific aircraft modifications, proactive inspections, and additional maintenance actions enabled by reset programs. Sustaining aircraft material condition drives aircraft readiness and is the determining factor in combat aviation support provided to our Marines in harm's way. While these efforts have successfully bolstered aircraft reliability, sustainability, and survivability, additional requirements for depot level maintenance on airframes, engines, weapons, and support equipment will continue well beyond the conclusion of hostilities.

Resetting Marine Aviation means not merely repairing and replacing damaged or destroyed aircraft, but getting more capable and reliable aircraft into the operational deployment cycle sooner. Your Marines rely on these aircraft on a daily basis to provide a wide array of missions including casualty evacuation for our wounded and timely close air support for troops in contact with the enemy. Production lines to replace legacy aircraft lost in support of the Long

AIRCRAFT UTILIZATION RATES



War are no longer active; therefore, it is urgent and imperative for the Marine Aviation Plan to remain fully funded and on schedule. Additionally, to ensure Marine aviation is postured to support the current needs of our country, the Marine Corps is working to restore war reserve aircraft and accelerate the upgrades of pre-production aircraft to help maintain aircraft inventories at minimal acceptable operating levels. For example, the Marine Corps is modifying pre-production MV-22s to ensure the transition schedule meets operational demands and deployment timelines. Resetting our full aviation capability will require a significant increase in programmed funding for repair, restoration, and upgrades of destroyed or damaged airframes, recovery of Pioneer unmanned aerial vehicle components, refurbishment of air traffic control equipment, replacement of targeting pods, and numerous other efforts to restore capability degraded in support of the Long War.

Reset of Prepositioning Programs. Eleven Maritime Prepositioning Force (MPF) vessels from all three Maritime Prepositioning Force Squadrons (MPSRON) were downloaded and used in theater during initial Operation IRAQI FREEDOM operations. As these operations concluded, the Marine Corps reconstituted two of three MPSRONs to meet potential contingencies in other areas of the world. This reconstitution was conducted both in theater and at the USMC facilities in Jacksonville, Florida. In February 2004, MPSRON-2 was downloaded in support of Operation IRAQI FREEDOM II and has been partially reconstituted.

Since the MPF offloads in support of Operations IRAQI FREEDOM I and II, MPSRON-1 and MPSRON-2 have gone through a complete maintenance cycle for attainment and supply rotation. Attainment for major end items is 91 percent and 48 percent respectively. Some of our major end item shortfalls are a result of ongoing Operation IRAQI FREEDOM / Operation ENDURING FREEDOM equipment requirements and availability from the manufacturer. Our end item shortfalls in the MPF program will be reset during the ship's maintenance cycle as equipment becomes available. Readiness for all equipment loaded aboard the MPS is historically 98 percent or better. MPSRON-3 is currently undergoing its maintenance cycle and we project an attainment above 98 percent for equipment when completed in June 2007. MPSRON-2's maintenance cycle should begin in April 2008 and be completed by June 2009.

Equipment from Marine Corps Prepositioning Program – Norway (MCPP-N) was used in support of Long War operations and to reset other Marine Corps shortfalls with a higher

operational priority. The USMC will reset MCPP-N as soon as practical in line with USMC operational priorities.

Costs of Resetting the Force. Last year, our cumulative reset cost estimate was $11.7 billion, of which the Congress appropriated $5.1 billion toward that amount. To date, Congress has appropriated a total of $10.2 billion for GWOT reset costs. The $11.7 figure is based on a point in time (1 October 2005) snapshot of the funding necessary to refit the Marine Corps to a pre-Long War level of equipment readiness. During the summer of 2006, the Secretary of Defense standardized the definition of reset costs across the Services. As a result, the Marine Corps stopped identifying two major expenses—depot maintenance and attrition losses—as "Cost of War" and moved them into our reset the force estimate. This definitional change and some additional requirements have changed our estimate as noted in Table 2.

The first expense to be re-categorized is the estimated cost of residual depot maintenance after the termination of hostilities. Our analysis shows that we will require at least four to six years of post-conflict depot maintenance to bring our force to a fully reset state. Given the status of our equipment at this time, we estimate additional programmed funding will be required for post-conflict ground and aviation depot maintenance costs.

The second item re-categorized because of definition changes is attrition losses. Prior to the re-definition, the Marine Corps had considered replacement and repair of attrition losses to be a cost of war, and had not included them in our reset estimate. We have increased our reset estimate to include forecasted attrition losses.

The net effect is that the Marine Corps reset estimate, once a fixed point in time estimate, has now become a rolling estimate that includes future attrition losses and future depot maintenance estimates. The following table (Table 2) depicts the definitional changes:

Changes to Reset Definition		
Category	Traditional Marine Corps	New OSD Definition
Depot Maintenance	Reset	Reset
Additional 4-6 yrs after OIF I	Not Included	Reset
Field Level Maintenance	Cost of War	Cost of War
Consumables	Cost of War	Cost of War
Combat Losses	Cost of War	Reset
Annually Expended Munitions	Cost of War	Cost of War
T/E Recapitalization	Reset	Reset
Prepositioning Assets	Reset	Reset

Table 2

Not all of the reset the force requirement can be executed in a single fiscal year. Some items such as attack and utility helicopters cannot be replaced until acquisition production decisions are made. Other requirements such as light armored vehicles cannot be fulfilled in a single year due to production capacity issues. Resourcing costs must be phased over several years. The table (Table 3) below highlights specific examples of this challenge.

Equipment Delivery Lag Time						
Capability	First Loss		Funding	Replacement		Delay*
	Equip	Date	Appropriated	Equip	Date	Months
Utility Helo	UH-1N	Dec 01	Oct 06	UH-1Y	Apr 09	88
Transport	KC-130R	Jan 02	Oct 06	KC-130J	Apr 10	99
Attack Helo	AH-1W	Jan 03	Oct 06	AH-1Z	Apr 09	75
Medium Lift Helo	CH-46E	Mar 03	Jul 06	MV-22	Sep 09	78
Wheeled Recon	LAV-25	Apr 03	May 05	LAV-25	Dec 07	56
Medium Wheeled Transport	MTVR	May 03	May 05	MTVR	Apr 06	35

Table 3

IV. Modernize for tomorrow, to be "the most ready when the Nation is least ready"

As prudent stewards of our Nation's resources, we must decide the most effective way to modernize the Total Force. We are actively working through the tough decisions of whether to replace aging equipment with similar platforms or to procure next generation capabilities—such as cutting edge platforms like the STOVL Joint Strike Fighter, the MV-22 Osprey, and the Expeditionary Fighting Vehicle (EFV). Foremost and throughout our modernization efforts, we will maintain our Congressionally mandated contingency response forces to be *always ready and always capable of forcible entry.*

Marine Aviation Plan. The Marine Aviation Plan is designed to posture Marine Corps Aviation for future warfighting requirements in the near term (2007-2009), the mid-term (2010-2012) and the long term (2013-2015). The Marine Aviation Plan addresses these challenges by restructuring the force and managing current aircraft procurement Programs of Record.

We will rebalance our existing Assault Support and Tactical Aircraft (TACAIR) structure in the reserve and active components in order to boost future HMH (heavy lift CH-53), HMLA (light attack UH-1 and AH-1), and VMU (unmanned aerial vehicle) capacity. Increases to aviation manpower structure at the squadron, group, and wing levels will enhance operational readiness and better posture these units for combat operations and their transitions to the new H-1s, MV-22, F-35, KC-130J, and CH-53K. We will incorporate a fully functional and resourced Aircrew Training System that will align a new Training Transformation Plan to each Assault Support and TACAIR community as they transition to new aircraft in the coming years. Marine aviation command and control modernization will leverage our new aircraft capabilities by streamlining command and control functions and radar inventory to ensure aviation command and control remains agile, efficient, and responsive to the needs of the Marine Air Ground Task Force (MAGTF) across the spectrum of conflict. Marine aviation logistics process modernization applies an overarching approach to understanding readiness, related costs, and the removal of performance barriers with the goal of enhancing our warfighting capabilities while husbanding resources.

The Marine Aviation Plan shapes the future of Marine Aviation to meet the diverse missions of today's and tomorrow's battlefields, and provides the Marine Air Ground Task Force with improved capabilities, unit manning, and a thorough safety training system to better overcome known and foreseeable challenges. This plan sets in place tomorrow's Marine Aviation as a viable and efficient force in support of the MAGTF on the battlefield.

Joint Strike Fighter. F-35 development is on track, and will act as an integrated flying combat system in support of our ground forces and will be the centerpiece of Marine Aviation. The manufacture of the first test aircraft (Conventional Take-off and Landing [CTOL] variant) is well underway, assembly times are much better than planned, and exceptional quality has been demonstrated in fabrication and assembly. The first CTOL aircraft flew in December of 2006. Five STOVL and six CTOL aircraft are currently in production. The JSF acquisition strategy, including software development, reflects a block approach. The F-35B Short Take-Off / Vertical

Landing (STOVL) variant is a fifth generation aircraft that will provide a quantum leap in capability, basing flexibility, and mission execution across the full spectrum of warfare. The Marine Corps remains committed to its vision of an all STOVL tactical aircraft force. Fulfilling this vision will best posture the Marine Corps to support our Nation and the combatant commanders, by enabling the future Marine Air Ground Task Force (MAGTF) to accomplish its expeditionary warfighting responsibilities.

MV-22. The MV-22 is replacing the CH-46E and CH-53D aircraft. The CH-46E is over forty years old, with limited lift and mission capabilities to support the MAGTF and the Long War. In September 2005, the V-22 Defense Acquisition Board approved Full Rate Production. To date, twenty-nine Block A and fifteen Block B aircraft have been delivered. Much like the F-35, the MV-22 program uses a three-block strategy in its procurement. Block A aircraft are training aircraft. Block B are operational aircraft. Block C aircraft are operational aircraft with mission enhancements. To date, the one V-22 Fleet Replacement Training Squadron, one test squadron, VMX-22, and two tactical VMM squadrons have stood up with the third tactical MV-22 squadron scheduled for March 2007. MV-22 Initial Operational Capability is scheduled for the summer of 2007 with a continued transition of two CH-46E squadrons per year thereafter. The MV-22's revolutionary assault support capability allows the MAGTF to maximize our capstone concept of Expeditionary Maneuver Warfare. Our forces in harm's way deserve the best assault support aircraft in the world—without question, the MV-22 is that aircraft.

KC-130J. The KC-130J has continuously deployed in support of OIF since February 2005 and has provided the warfighter a state-of-the-art, multi-mission, tactical aerial refueling, and fixed wing assault support asset. The introduction of the aerial refuelable MV-22, combined with the forced retirement of the legacy KC-130F/R aircraft due to corrosion, fatigue life, and parts obsolescence, significantly increases the requirement for accelerated procurement of the KC-130J. Twenty-five new aircraft have been delivered, and the Marine Corps is contracted to procure a total of forty-five aircraft by the end of Fiscal Year 2013, with four KC-130J aircraft requested in the Fiscal Year 2008 budget. This is six aircraft less than the inventory objective of the fifty-one aircraft needed to support the operational requirements of MAGTF, joint, and combined forces. As the aviation workhorse of the MAGTF, the KC-130J's theater logistical support reduces the requirement for resupply via ground, limiting the exposure of our convoys to IEDs and other attacks.

CH-53K. The CH-53K program has reached "Milestone B" status-initiation of system development and demonstration. The current fleet of CH-53E Super Stallion aircraft will reach its fatigue life during this decade. The CH-53K will deliver increased range and payload, reduced operations and support costs, increased commonality with other assault support platforms, and digital interoperability for the next twenty-five years. The CH-53K is one of the elements that will enable the MAGTF and joint force to project and sustain forces ashore from the sea. A post Milestone B System Development and Demonstration contract was awarded in April 2006 and IOC is planned for Fiscal Year 2015.

H-1 Upgrade. The H-1 Upgrade Program (UH-1Y/AH-1Z) is a comprehensive program to resolve existing operational power margin issues, while significantly enhancing the tactical capability, operational effectiveness, and sustainability of the attack and utility helicopter fleet. The Corps' fleet of UH-1N Hueys is reaching the end of their useful life. Due to airframe and engine fatigue, the Vietnam-era Huey routinely takes off at maximum gross weight with no margin for error. This aircraft is long overdue for replacement; degrading our ability to support our Marines in harm's way. Due to significant GWOT operational demands on the existing squadrons and aircraft attrition, the Marine Corps has adapted the "build new" strategy for the UH-1Y in Fiscal Year 2006 and our first two production aircraft have now been delivered. We are also examining a "build new" strategy for the AH-1Z to preclude significant inventory shortfalls. The H-1 Upgrade Program will be restructured pending a Defense Acquisition Board in March 2007.

Command and Control (C2) Harmonization. The C2 harmonization strategy incorporates joint integrating concepts and C2 mandates, and is a holistic approach that integrates warfighter requirements into a common capability to deliver an end-to-end, fully integrated, cross-functional set of capabilities including forward-deployed and reach-back functions. The strategy's end state is a seamless capability that crosses warfighting functions and supports Marines from the supporting establishment to our Marines in contact with the enemy, taking the best of emerging capabilities and joint requirements to build a single solution.

The first step in this direction is the ongoing development of the Common Aviation Command and Control System (CAC2S). CAC2S fuses data from sensors, weapon systems, and C2 systems into an integrated display. It allows rapid, flexible operations in a common, modular, and scalable design by reducing the current five stovepipe systems into one hardware solution

with streamlined equipment training. CAC2S will enable MAGTF commanders to control timing of organic, joint, or coalition effects, assault support, and ISR in their battlespace while operating within a joint task force. With CAC2S and C2 harmonization, a joint task force commander will discover that his MAGTF's battlespace offers maximum flexibility due to its seamless integration with joint and coalition partners.

Persistent Intelligence, Surveillance, Reconnaissance. The Persistent Intelligence, Surveillance, Reconnaissance (ISR) strategy is a component of the Marine Corps ISR-enterprise supporting Marines across the spectrum of military operations. Its focus is the capability to integrate the network of air, ground, and space sensors with sufficient fidelity to detect, locate, identify, track, and target threats. This capability also reduces the effectiveness of improvised explosive devices (IEDs) through the identification of personnel, activities, and facilities associated with the manufacture and emplacement of IEDs. The network is enabled through unmanned aerial and ground systems, human intelligence exploitation teams, ground signals intelligence/electronic warfare, tactical fusion centers, and pre-deployment training programs. We continue to develop capabilities in coordination with the Joint IED Defeat Organization's point, route, and area targeting concepts. Some capabilities under development include unmanned aerial systems, unmanned ground sensors, wide field of view persistent surveillance (ANGEL FIRE), and the Ground Based Operational Surveillance System (GBOSS). ANGEL FIRE provides enhanced situational awareness and support to urban warfare, disaster relief, and other operations. The initial deployment of this capability is scheduled for late spring/summer 2007. G-BOSS is a force protection camera system that provides a twenty-four hour day/night persistent surveillance capability. The G-BOSS System of Systems concept is to integrate command and control; commercial off the shelf and government off the shelf sensors to ground, airborne, and space-based platforms. The military objective of G-Boss is to detect, identify, and track insurgent activities, specifically associated with the emplacement of IEDs. The initial employment of autonomous camera tower systems has performed admirably in theater. The integration of a fully networked G-BOSS system of systems is anticipated to begin in spring/summer 2007.

Ground Mobility. The Army and Marine Corps are leading the Services in developing tactical wheeled vehicle requirements for the joint force. The defined capabilities reflect an appropriate balance in survivability, mobility, payload, network enabling, transportability, and

sustainability for the light tactical wheeled vehicle supporting the future joint force. The Army/Marine Corps Board has proven a valuable forum for coordination of tactical wheeled vehicle development and fielding, the production of Central Command armoring kits and up-armored HMMWVs, and rapid response to Combatant Commander's requests for Mine Resistant Ambush Protected vehicles. Additionally, the Army/Marine Corps Board has been the focal point for development of the joint requirements for a Joint Light Tactical Vehicle focused on providing protected, sustained, networked, and expeditionary mobility to the joint force in the light tactical vehicle weight class.

Mine Resistant Ambush-protected (MRAP) vehicles. MRAP vehicles are designed with a "V" shaped hull and are employed to protect against the three primary kill mechanisms of mines and improvised explosive devices—fragmentation, blast overpressure, and acceleration. These vehicles provide the best available protection against improvised explosive devices and experiences in theater have shown that a Marine is four to five times safer in a MRAP than in an up-armored HMMWV. There will be three categories of new near-term MRAP vehicles. Category I, a Mine Resistant Utility Vehicle, will accommodate up to six personnel and will be employed in urban operations. Category II vehicles are similar to Cougar/Joint Explosive Ordnance Disposal Rapid Response Vehicles, and will accommodate up to ten personnel, and will be multi-mission capable. Category III, Buffalo vehicles, will be used for route clearance and explosive ordnance disposal missions.

The MRAP is an example of our adaptation to evolving threats. It is an attempt to acquire the very best technology available in the shortest amount of time in order to protect our Marines. The USMC requirement is 3,700 MRAP vehicles and we are aggressively pursuing the acquisition of this rapidly emerging requirement.

Joint Light Tactical Vehicle (JLTV). In November 2006, the Army's Training and Doctrine Command and Marine Corps Combat Development Command, in collaboration with Navy, Air Force, and Special Operations Command representatives, received Joint Staff approval of the Ground Combat Forces Light Tactical Mobility Initial Capability Document, documenting joint forces' capability needs for the light tactical wheeled vehicle fleet. During December 2006, Army and Marine Corps combat developers staffed the JLTV Capability Development Document, defining requirements for the long-term HMMWV replacement.

Marine Personnel Carrier (MPC). MPC development is on schedule. In January 2007, the Marine Corps staffed the Initial Capabilities Document, framed the Capabilities Development Document and initiated planning for the Analysis of Alternatives leading to a Marine Personnel Carrier material solution, moving toward an Initial Operational Capability in the 2012 timeframe. The MPC will possess a balance between performance, protection, and payload and will increase infantry battalion protected mobility and light armored reconnaissance battalion striking power. It will serve as a balanced expeditionary armored personnel carrier easily optimized for irregular warfare, but effective across the range of military operations.

M1114 HMMWV– Upgrade via Fragmentation Kit 2 and Fragmentation Kit 5. The Corps' already fielded M1114 fleet is undergoing an upgrade with Fragmentation Kits 2 and 5. Fragmentation Kit 2 enhances ballistic protection in the front driver and assistant driver wheel-well. Fragmentation Kit 5 degrades improvised explosive device effects and reduces armor debris that results from overmatch. Installation of both Fragmentation Kits is underway, with anticipated completion in March 2007. We will continue to evaluate the U.S. Army's objective kit development and share information and lessons learned. All new Marine Corps deliveries of M1114, M1151, M1152, and M1165 HMMWV's will have Fragmentation Kits 2 and 5 level capability integrated.

MAGTF Fires. Several innovative systems related to fire support significantly enhance the warfighting efficiency and effectiveness of the Marine Air Ground Task Force (MAGTF). Such systems include the M777 Lightweight Howitzer, High Mobility Artillery Rocket System, Expeditionary Fire Support System, Advanced Field Artillery Tactical Data System, and the Target Location, Designation, and Handoff system.

M777 Lightweight Howitzer. The new M777 lightweight howitzer replaces the M198 howitzers. It can be lifted by the MV-22 Osprey and the CH-53E helicopter and is paired with the Medium Tactical Vehicle Replacement truck for improved cross-country mobility. The M777, through design innovation, navigation, positioning aides, and digital fire control, offers significant improvements in lethality, survivability, mobility, and durability over the M198 howitzer. The Marine Corps began fielding the first of 356 new howitzers to the operating forces in April 2005 and expects to complete fielding in calendar year 2009.

High Mobility Artillery Rocket System (HIMARS). The HIMARS fills a critical range and volume gap in Marine Corps fire support assets by providing 24-hour, all weather, ground-

based, indirect precision and volume fires throughout all phases of combat operations ashore. We will field forty HIMARS (eighteen to the active component, eighteen to the reserve component, and four to the Supporting Establishment). When paired with the acquisition of Guided Multiple Launch Rocket System rockets, HIMARS will provide a highly responsive, precision fire capability to our forces in conventional as well as unconventional operations.

Expeditionary Fire Support System (EFSS). The EFSS will be the principal indirect fire support system for the vertical assault element of MAGTFs executing Ship-to-Objective Maneuver. It is a towed 120mm mortar and when paired with an internally transportable vehicle, will be transported aboard MV-22 and CH-53E aircraft. EFSS-equipped units will provide the ground component of a vertical assault element with immediately responsive, organic indirect fires at ranges beyond current infantry battalion mortars. Initial operational capability is planned during calendar year 2007, and full operational capability is planned for Fiscal Year 2010.

Target Location, Designation, and Handoff System (TLDHS). TLDHS is a modular, man-portable equipment suite that will provide the ability to quickly acquire targets and digitally transmit data to supporting arms elements for attack, as well as designate targets for laser-seeking precision guided munitions and laser spot trackers. The system will be capable of providing target location within fifty meters and designating targets at 5000 meters. TLDHS will be fielded to forward observer teams, naval gunfire spot teams, tactical air control parties, and reconnaissance teams. Block II, scheduled for fielding in late Fiscal Year 2007, will communicate with all Naval Strike aircraft, the AFATDS, and the Naval Fire Control System.

Counter-Sniper technology. The Marine Corps Warfighting Laboratory is leading a four-pronged approach to counter the sniper threat. Focused on increasing our ability to sense and warn, deny, protect, and respond, we are leveraging the cooperative efforts of Defense Advanced Research Projects Agency, our sister Services, the Marine Corps Intelligence Activity, and the National Ground Intelligence Center.

Future sense and warn capabilities may include optical, acoustic, and infrared detection and location. We are examining different obscurant technologies, while our protection effort focuses on improving individual armor and new tactics, techniques, and procedures. Detection of threat optics will provide indications and warning of impending sniper or IED attacks, and a predictive capability to avoid or engage prior to sustaining friendly casualties. One potential denial method is through use of glare aversion devices which apply a non-injurious, but

discomforting, bright light. Assessment of the response can help determine hostile intent, and the glare aversion effect may be effective in prohibiting a sniper from visually targeting friendly forces. Our response capability efforts include examination of counter-sniper vehicles and the Defense Advanced Research Projects Agency's sniper rifle program. Finally, we are using experimentation to combat the sniper threat through advanced equipment and improved tactics, techniques, and procedures. Ongoing joint and interagency cooperation, coupled with industry collaboration, will shape our future experiments.

Secure Internet Routing Protocol Network. The continuing evolution and maturation of network threats, along with the asynchronous nature of network intrusions and vulnerabilities, requires the Marine Corps to seek improvements in network defense. The Secure Internet Routing Protocol Network, SIPRNET, is a highly secure network, physically and logically separate from unclassified networks and the Internet. In the near future, we foresee greater reliance on the SIPRNET to enhance the security of Marine Corps war fighting and business operations. This effort will require additional resources, which will prove well worth the investment as we secure our networks and provide for better operational and force protection.

V. Naval Operating Forces and Concepts

As the "Arc of Instability" is substantially a maritime domain, a naval force is uniquely suited to respond and provide forward-deployed expeditionary combat forces in response to crises. It is the Marine Corps' obligation to provide our Nation a naval force that is fully prepared for employment as a Marine Air Ground Task Force operating across the spectrum of conflict. The Nation invests tremendous resources knowing that the ability to project power from the sea is a prerequisite for defending our sovereignty. To maneuver from the freedom of the seas provides timely and reliable response solutions to our Nation. In concert with the US Navy, we support the law of the sea convention, which preserves our ability to maneuver from the sea.

As demonstrated by the Navy-Marine Corps responses to hurricanes Katrina and Rita, tsunami relief in southern Asia, and noncombatant evacuation operations in Lebanon, maneuvering from the sea is a relevant capability possessing the flexibility to meet our country's needs both around the world and at home. Marines and Sailors embarked from amphibious platforms provide asymmetric, sustainable, and rapidly responsive solutions to our Combatant Commanders.

Working closely with our Navy and Coast Guard partners, we will advance the amphibious and expeditionary capabilities the Combatant Commanders rely on to meet their emerging challenges, strengthen concepts and training that enhance naval contributions to the Long War, and provide a naval force that is fully prepared for employment across the full spectrum of conflict.

Concepts to Capabilities. In September 2006, the Navy and Marine Corps published a new *Naval Operations Concept (NOC),* which provides our unified vision for the future and broadly describes how naval power and influence can be applied at and from the sea, across the littorals, and ashore. In tandem, we revised our *Marine Corps Operating Concepts (MOC) for a Changing Security Environment,* incorporating our lessons learned and the unified vision provided in the NOC. Building on the conceptual foundation for littoral power projection provided in *Operational Maneuver from the Sea*, the Naval and Marine Corps Operating Concepts call for more widely distributed forces to provide increased forward presence, security cooperation with an expanding set of international partners, preemption of non-traditional threats, and a global response to crisis in spite of challenges to access. Collectively, these concepts provide the foundation for selectively conducting either distributed or aggregated operations.

Due to changes to the security environment and the effects of globalization, the Navy, Coast Guard, and Marine Corps have all concurred with the need to reexamine our maritime strategy. Early this summer, we intend to produce a new maritime strategy in order to articulate the ways and means by which maritime forces will support the Nation's strategic ends in the new security era.

Amphibious Warfare Ships. Amphibious warfare ships are the centerpiece of the Navy-Marine Corps' forcible entry and Seabasing capability, and have played an essential role in the Long War. These ships are equipped with aviation and surface assault capabilities, which coupled with their inherent survival and self-defense systems, makes them ideally suited to support a broad range of mission requirements. This survivability is critical to ensure the Nation has the widest range of response options. Not only must our naval forces maintain the ability to rapidly close, decisively employ, and effectively sustain Marines from the sea, they must also respond to emerging Long War requirements, crisis response, and humanitarian assistance missions on short notice around the world.

For forcible entry, the Marine Corps' requirement is a single, simultaneously-employed two Marine Expeditionary Brigade (MEB) assault capability. One MEB requires seventeen amphibious warfare ships; however, given the fiscally constrained environment, the Navy and Marine Corps have agreed to assume risk by only using fifteen. Historical amphibious ship availability rates dictate a minimum of eleven ships of each of the current types of amphibious ship—a minimum of thirty-three total ships—resulting in a Battle Force that provides thirty *operationally available* amphibious warfare ships. In that Battle Force, ten aviation-capable big deck ships (LHA/LHD/LHA(R)) and ten LPD 17 class ships are required to accommodate the MEB's aviation combat element.

Amphibious Transport Dock (LPD). The LPD 17 *San Antonio* class of amphibious warfare ships represents the Department of the Navy's commitment to a modern expeditionary power projection fleet that will enable our naval force to operate across the spectrum of warfare. The Navy took delivery of the first LPD 17 in the summer of 2005 and operational evaluation is scheduled to begin in the summer of 2007. The LPD 17 class replaces four classes of older ships—the LKA, LST, LSD 36, and the LPD 4—and will have a forty-year expected service life. LPD 17 class ships will play a key role in supporting the ongoing Long War by forward deploying Marines and their equipment to respond to crises abroad. Its unique design will facilitate expanded force coverage and decreased reaction times of forward deployed Marine Expeditionary Units. In forcible entry operations, the LPD 17 will help maintain a robust surface assault and rapid off-load capability for the Marine Air Ground Task Force far into the future.

Amphibious Assault Ship (Replacement) (LHA(R)). The *Tarawa* class amphibious assault ships reach the end of their service life during the next decade (2011-2015). An eighth *Wasp* class LHD (multi-purpose amphibious assault ship) is under construction and will replace one *Tarawa* class ship during Fiscal Year 2008. In order to meet future warfighting requirements and fully capitalize on our investment in the MV-22 and Joint Strike Fighter, ships with enhanced aviation capabilities will replace the remaining LHA ships. These ships will provide enhanced hangar and maintenance spaces to support aviation maintenance and increased jet fuel storage and aviation ordnance magazines. The lead ship, LHA 6, is on track for detailed design and construction contract award during Fiscal Year 2007, with advanced procurement funds already provided in the Fiscal Year 2005 and 2006 budgets.

The Maritime Prepositioning Force. Our proven Maritime Prepositioning Force—capable of supporting the rapid deployment of three Marine Expeditionary Brigades—is an important complement to our amphibious warfare capability. Combined, these capabilities provide the Marine Corps the ability to rapidly react to a crisis in a number of potential theaters and the flexibility to employ forces across the battlespace. The natural progression of this capability set, the Maritime Prepositioning Force (Future) (MPF(F)), is a key enabler of Seabasing and will build on the success of the legacy Maritime Prepositioning Force program. MPF(F) will provide support to a wide range of military operations with capabilities such as at-sea arrival and assembly, selective offload of specific mission sets, and long-term, sea-based sustainment. The squadron will be capable of prepositioning the Marine Expeditionary Brigade's critical equipment and sustainment; but this capability does not constitute a forcible entry capability. The MPF(F) squadron composition decision was made by the Acting Secretary of the Navy in May 2005; the program is currently in the technology development phase of acquisition, with a Milestone B decision planned in Fiscal Year 2008.

High Speed Connectors. High-speed connectors will facilitate the conduct of sustained sea-based operations by expediting force closure and allowing the persistence necessary for success in the littorals. Connectors are grouped into three categories: inter-theater, the Joint High Speed Sealift (JHSS), which provides strategic force closure for CONUS-based forces; intra-theater, the Joint High Speed Vessel (JHSV) that enables rapid closure of Marine forces and sustainment; and the Joint Maritime Assault Connector, to move troops and resources from the sea base to shore. These platforms will link bases and stations around the world to the sea base and other advanced bases, as well as provide linkages between the sea base and forces operating ashore.

Ship-to-Shore Mobility. For decades, Marine power projection has included a deliberate buildup of combat power ashore. Only after naval forces fought ashore and established a beachhead would the MAGTF begin to focus its combat power on the joint force's operational objective. Advances in mobility, fires, and sustainment capabilities will enable greater penetration and exploitation operations from over the horizon, by both air and surface means, with forces moving rapidly to operational objectives without stopping to seize, defend, and build up beachheads or landing zones. The Expeditionary Fighting Vehicle, MV-22 Osprey, and CH-

53K heavy lift helicopter are critical to achieving the necessary forcible entry capabilities of the future.

Expeditionary Fighting Vehicle. The Marine Corps provides the Nation's joint warfighting forces with a unique, flexible, and effective capability to conduct forcible entry operations from the sea. The Expeditionary Fighting Vehicle (EFV), the Corps' largest ground combat system acquisition program, is the sole ground combat vehicle that enables projection of combat power from a sea base. It will replace the aging Assault Amphibious Vehicle that has been in service since 1972 and will become a complementary component of our modernized fleet of tactical vehicles that include the Joint Light Tactical Vehicle, the Marine Personnel Carrier, and the Internally Transportable Vehicle. The EFV's amphibious mobility, day and night lethality, enhanced force protection capabilities, and robust communications will help the joint force meet security challenges across the spectrum of conflict. The over-the-horizon capability of the EFV will also enable amphibious ships to increase their standoff distance, no longer requiring them to close within the striking distance of many coastal defense systems in order to launch their amphibious assault platforms. The EFV will be specifically well suited to maneuver operations conducted from the sea and sustained operations in the world's littoral regions.

The Marine Corps recently conducted a demanding operational assessment of the EFV. It successfully demonstrated most critical performance requirements, but the design complexities are still providing challenges to system reliability. To that end, we conducted a comprehensive requirements review to ensure delivery of the required capability while reducing complexity of the system where possible. For example, the human stresses encountered during operations in some high sea states required us to reevaluate the operational necessity of exposing Marines to those conditions. Based upon this review, and a subsequent engineering design review, we will tailor final requirements and system design to support forcible entry concepts while ensuring the EFV is a safe, reliable, and effective combat vehicle.

Supporting Capabilities. Logistics Modernization is the largest coordinated and cross-organizational effort ever undertaken to transform Marine Corps logistics. A three-pronged improvement and integration initiative focusing on Marine Corps personnel, processes, and technology, Logistics Modernization is integrating and streamlining supply, maintenance, and distribution. As our roadmap for more effective and efficient expeditionary logistics, Logistics

Modernization is multiplying our ability to support the Marine Air Ground Task Force across the spectrum of conflict, in all environments and across all levels of theater maturity.

VI. Beyond the Horizon—Posturing the Marine Corps for the Future

History has proven that we cannot narrowly define the conditions for which our military must be ready. With little warning, our Nation has repeatedly called its Corps front and center—in the southern Pacific after Pearl Harbor, in Korea after the communist invasion in 1950, in the mountains of Afghanistan after 9/11, and in southern Asia in the wake of the catastrophic tsunami of 2004. Each of these strategic surprises demonstrates the broad range of possibilities for which the Marine Corps must be prepared.

The Long War requires a multi-dimensional force that is well trained and educated for employment in all forms of warfare. Historically, our Corps has produced respected leaders who have demonstrated intellectual agility in warfighting. Our current deployment tempo increasingly places our Professional Military Education (PME) programs at risk. No level of risk is acceptable if it threatens the steady flow of thinkers, planners, and aggressive commanders who can execute effectively across the entire spectrum of operations.

The Future of Training and Education. Looking ahead to the challenges of the Long War, we have enhanced our counterinsurgency capabilities while remaining vigilant that our Marine Air Ground Task Forces must remain ready to launch robust forcible entry operations and succeed across the spectrum of conflict with our naval partner. With Marine forces so closely engaged in an irregular fight, we will have to take extraordinary steps to retain this ability to serve as the Nation's shock troops during major conventional combat operations. Your support of our training and education needs will allow us to remain faithful to our enduring mission: to be where the country needs us, when she needs us, and to prevail over whatever challenges we face.

The Training Continuum. Some things remain constant—we continue to ensure that all Marines, regardless of occupational specialty, gain the self-confidence and skills derived from our warrior ethos "Every Marine a Rifleman." The experience at boot camp remains legendary; this transformation of young Americans is a national treasure—one that we must preserve and guard carefully. The core values of Honor, Courage, and Commitment—imprinted on their souls during recruit training and strengthened thereafter—mark a Marine's character for a lifetime. To

reinforce this transformation, we have focused the emphasis of our officer and enlisted professional military education on combat leadership.

Marine training is built along a continuum that is well defined, well structured, and of which we are extremely proud. Marines are forged in the furnace of recruit training and tempered by shared hardship and tough training. This transformation process begins the day they meet their recruiter, who introduces them to the concept of total fitness: body, mind, and spirit. It continues through their common experiences at Recruit Training and its Crucible, and Marine Combat Training. It moves on to skill training at one of our schools or at a sister Service school. It culminates with assignment to an operational unit with its own demanding training, where a powerful bond of trust develops between fellow warriors as they experience the rigors of combat against a diverse and adaptive foe.

The Infantry Battalion Enhancement Period Program (IBEPP). Long War operations have significantly increased our training requirements. Marines must now train to a broader range of skills; however, due to high operational tempo, we face ever-decreasing timetables for Marines to achieve mastery of these skills. Our first major initiative to maximize effective use of available time was the establishment of a standardized and well-defined Pre-deployment Training Program. To bolster home station training, we took an additional step by establishing the Infantry Battalion Enhancement Period Program (IBEPP). The primary goal of the IBEPP is to facilitate better small unit leader training within the infantry battalion. Highlights of the IBEPP include expanded quotas for rifle squad leader courses (sergeants) and a new tactical small unit leader course focused on fire team leaders (corporals). Additionally, we have updated our School of Infantry curriculum to incorporate the additional equipment added to our new infantry battalion table of equipment and increased the instructor base at our Schools of Infantry to support the new IBEPP.

Expansion of our Weapons and Tactics Training Program. We find ourselves in a cycle of rapid innovation of weapons and tactics with our enemies. This cycle challenges the creativity and knowledge of staff officers in our ground and combat logistics battalions who must direct training programs or staff combat operations. Our aviation squadrons experienced this during the Vietnam conflict. To address those challenges, we created the Weapons and Tactics Training Program to develop and field a cadre of aviators with advanced understanding of weapon and tactical innovations as well as the concepts and requirements to train other aviators

to adapt to these trends. This program placed prestige on training expertise and now provides an effective means by which Marine Aviation stays current on battlefield innovations. We will soon apply the fundamentals of that program to our ground staffs. The ground and logistics Weapons and Tactics Training Program will produce ground Marines expert in training and warfighting functions who will improve their units' ability to fight. Though we are assessing detailed requirements, we anticipate this effort could require up to 150 instructors, and increased demands on combined arms ranges, artillery and aviation units, simulation centers, and suites of operations center equipment.

Marine Corps Lessons Learned Management System. This adaptive enemy requires us to have a responsive and collaborative dialogue across the Corps. Our interactive and effective lessons management system promptly captures and disseminates the lessons being learned by our Marines and Sailors in complex combat actions around the globe. Our web-based lesson input support tool—selected by the Joint Staff last year to serve as the Department standard—guides this learning process. Capitalizing on the institutional agility that has been a hallmark of our success, last year we implemented changes in such areas as crew-served weapons use, tactical questioning, evidence gathering procedures, command and control equipment training and procedures, civil-military operations, and detainee handling.

Center for Advanced Operational Culture Learning. An example of adaptation for the Long War includes our Center for Advanced Operational Culture Learning, which we established during May 2005 and recently reached its full operational capability. Both officer and enlisted Marines now receive education in the operational aspects of culture at nearly every phase of their career development. This year, the Center is establishing Language Learning Resource Centers at our eight largest bases and stations. These centers provide language instruction using mobile language training shelters and contracted professional language trainers. These efforts support the Defense Language Transformation Roadmap increasing our interoperability with partner nations around the globe. We are also expanding our Foreign Area Officer program, creating language and culture experts from all occupational specialties who can be integrated into Marine units deployed worldwide. We thank the Congress for its support in this venture, as recent supplemental funding has proved instrumental to this effort.

Advisor Training. During 2006, we institutionalized the structure, resources, and equipment to advance the individual skills and education of Marines selected to serve as advisors

to partner military units. Our Security Cooperation and Education Training Center had already trained over fifty deploying advisor teams during 2004 and 2005. This formal establishment allowed us to increase our efforts, as we trained seventy-seven advisor teams during 2006. Additionally, we expanded advisor skills with upgrades to training in such areas as foreign weapon handling, medical procedures and survival, evasion, resistance, and escape. This year we are establishing a Civil Military Operations Center of Excellence within this Center, as the Marine Corps' focal agency for civil-military operations training and education.

Training Marine Air Ground Task Forces. Our continuing adaptations and investments in Core Values are checked once more prior to deployment with a series of unit mission rehearsals. These exercises occur during the culminating block of our formal Pre-deployment Training Program, which we expanded during 2004 to serve all deploying Marine Air Ground Task Forces. These mission rehearsals present all deploying personnel with increasingly complex situations designed to replicate the confusing swirl of combat on a complex battlefield. Role players, many of whom are Iraqi-Americans, portray battlefield civilians and insurgents alike, presenting exercise-worn Marines with sudden "shoot-don't shoot" decisions and forging within our Marines a sense of common cause with the civilians they will soon protect. The culmination of our pre-deployment training consists of three distinct exercises: Mojave Viper, Desert Talon, and Mountain Warrior—each specifically tailored to the deploying unit's destination combat environment.

During 2006, we continued to modify this program with expanded training in force escalation and with increased integration of logistics combat units. To better prepare Marines to counter the threat of improvised explosive devices, we added more training devices, built new ranges, and employed electronic warfare specialists at our rehearsal sites. This year we are focusing our enhancements on the training of advisor teams and of Marine Air Ground Task Force staffs by increasing the use of simulation. Our planned improvements promise to deliver Marine forces ready to more effectively meet the emerging challenges faced by the Combatant Commanders as a naval force in readiness in joint, combined, and interagency operations.

Modernization of Training Ranges. With the support of the Congress, we also recently began the most ambitious modernization of our training ranges since World War II. From larger and more realistic urban training facilities to increased opportunities to evaluate advanced air-ground coordination, we have significantly improved the realism, safety, and capacity of our

ranges and training areas. While our immediate focus has been to acquire infrastructure and modern technology, our long-term investment is in people, largely civilian, to both operate and maintain these facilities and to form the critical training cadres capable of maintaining the realism our Marine Air Ground Task Forces require. Your continued support of our range modernization efforts, as well as the support for the Department's programs to ensure future access to adequate sea, air, and land space for our training ranges, remains vital to our ability to prepare for the challenges of the future with our joint, coalition, and interagency partners.

Marine Aviation Training Systems Program. The Aviation Training Systems Program (ATSP) plans, executes, and manages Marine Aviation Training to achieve individual and unit combat readiness through standardized training across all aviation core competencies. Through the ATSP, Marine Aviation develops aircraft systems that enhance operational readiness, improve safety through greater standardization, and significantly reduce the life cycle cost of maintaining and sustaining aircraft.

Core Values and Ethics Training. During this past year, we also reviewed our efforts to instill in Marines those core values necessary to guide them correctly through the complex ethical demands of armed conflict. We have ensured that every Marine, at every phase of the training continuum, studies ethical leadership, the Law of War, escalation of force, and Rules of Engagement. Our entry-level training first presents these concepts in the classroom, and then tests for proper application of these principles under stressful field exercises. We further reinforce confident, ethical decision-making through the Marine Corps Martial Arts Program that teaches our Core Values and presents ethical scenarios pertaining to restraint and proper escalation of force as the foundation of its curriculum. We imbue our Marines with the mindset that "wherever we go, everyone is safer because a US Marine is there."

Building Esprit and Warrior Pride. The Marine Corps dress blue uniform is as legendary as the Marines who wear it. However, while this well-known uniform is one of the most admired uniforms in the world, owning one is out of the reach of most enlisted Marines—it simply costs too much for them to buy on their own.

No Marine should be denied the honor of wearing this symbol of more than two centuries of bravery and sacrifice. Therefore, I have ordered that every Marine recruit now be issued a dress blue uniform before they graduate from Boot Camp, and all enlisted Marines are to receive

an appropriate clothing allowance so that they are able to purchase and maintain a dress blue uniform. They have earned this privilege.

VII. Improve the Quality of Life for our Marines and our Families

Enhancing Individual Survivability—Personal Protective Equipment. The Corps will continue to pursue technological advancements in personal protective equipment—our Marines deserve nothing less. Fully recognizing the trade-off between weight, protection, fatigue, and movement restriction, we are providing Marines the latest in personal protective equipment—such as the Modular Tactical Vest, Quad Guard, Lightweight Helmet, and Flame Resistant Organizational Gear.

Body Armor. Combat operations in Iraq and Afghanistan have highlighted a need to evolve our personal protective vest system. Therefore, in February, we started transitioning to a newly designed Modular Tactical Vest or MTV. This vest is virtually the same weight as its predecessor, the Outer Tactical Vest, but it more easily integrates our other personal protection systems. It provides greater comfort through the incorporation of state-of-the-art load carriage techniques that better distributes the combat load over the torso and onto the hips of the Marine. The acquisition objective for the Modular Tactical Vest is 60,000 systems, with anticipated completion of deliveries in December 2007. The MTV also incorporates our existing Enhanced Small Arms Protective Inserts, or E-SAPI, and Side SAPI plates. These plates are currently provided to every Marine in theater. The E-SAPI provides the best protection available against a wide variety of small arms threats, to include protection against 7.62mm ammunition threats.

QuadGard. The QuadGard system is designed to provide ballistic protection for a Marine's arms and legs when serving as a gunner on convoy duty. This system, which integrates with other personal ballistic protection equipment such as the Modular Tactical Vest, Enhanced SAPI, and Lightweight Helmet, reduces minimum standoff distances from the Marine to ballistic threats, particularly improvised explosive device fragmentation.

Lightweight Helmet. We are committed to providing the best head protection available to our warfighters. The Lightweight Helmet weighs less than its predecessor, and provides a high level of protection against fragmentation threats and 9mm bullets. We now require use of the pad system as study results demonstrated it provides greater protection against non-ballistic blunt trauma than the sling suspension system. We are retrofitting more than 150,000 helmets with the

pad system and have already fielded enough helmet pads for every deployed Marine. Beginning in January, all Lightweight Helmets produced by the manufacturer are now delivered with the approved pad system installed.

Flame Resistant Organizational Gear (FROG). In February, we began fielding FROG to all deployed and deploying Marines. This life saving ensemble of clothing items – gloves, balaclava, long-sleeved fire resistant shirt, combat shirt, and combat trouser – is designed to mitigate potential injuries to our Marines from flame exposure. These clothing items provide protection that is comparable to that of the NOMEX combat vehicle crewman suit/flight suit.

With this mix of body armor, undergarments, and outerwear, operational commanders can determine what equipment their Marines will employ based upon mission requirements and environmental conditions.

Taking Care of our Marines and Their Families. Just as every Marine makes a commitment to the Corps and the Nation when they earn the title Marine, we make an enduring commitment to every Marine and Marine family. Marines are renowned for "taking care of our own." Part of taking care of our own means we will provide for Marines and their families through appropriate pay and compensation, housing, health care, infrastructure, and community services. Strong Congressional support for many Administration initiatives has made possible the significant investments required to improve each of the components of quality of life. This support requires continuous assessment to ensure that it is both sufficient and relevant, particularly during war. These programs must be on a wartime footing to seamlessly sustain our Marines and their families for the duration—long past the redeployment of our Marines and Sailors.

We are scrutinizing the support for our Marines and their families to ensure our family support programs remain on a wartime footing—particularly those that assist in integrating civilian, military, charitable, and Veterans Affairs programs. This support targets both Marines who suffer from the physical costs of this war, and those who carry unseen scars—those suffering from Traumatic Brain Injury (TBI) and Post-Traumatic Stress Disorder (PTSD). As I testified in my confirmation hearing, I feel strongly that these wounds of war should be characterized as any other wound—and our commitment to those Marines who suffer from these ailments will not falter.

We continue to aggressively monitor post-deployment mental health screenings, suicides, domestic violence, and divorce rates. Marine commanders and noncommissioned officers at every level are charged to monitor these indications closely and to stay engaged on these issues. Our Casualty Assistance, Marine For Life, and Combat / Operational Stress Control Program continue to be the frontline of support to our wartime efforts.

Casualty Assistance. Each fallen Marine is a tragic loss to the survivors, the Corps, and our Nation. We endeavor to honor their sacrifices with sincerity and commitment. Our Casualty Assistance Calls Officers are trained to treat next of kin and other family members as they would their own family. Rendering casualty assistance begins with the basic tenet that there is no standard casualty call; each case is distinct, as families grieve in different ways. Assistance to surviving families is individually tailored to facilitate their transition through the stages of grief and the completion of the casualty assistance process.

Wounded Warrior Regiment. While the support to our Marine Corps and families has been exceptional, I intend to increase this support through the creation of a Wounded Warrior Regiment. This new regimental headquarters will provide centralized oversight of the care for our wounded Marines and assist in the integration of their support with military, Department of Veterans Affairs, charitable, and civilian systems. The regiment will have a battalion headquarters on each coast, commanded by officers personally selected by me. My criteria for this leadership will be rigorous, as I will seek to select only those officers with previous command experience. My staff is reviewing the fiscal program requirements for this unit now—to include facilities, manning, and support requirements. I view this initiative as a personal priority to fulfill our commitment to these valiant Americans.

Traumatic Brain Injury (TBI). As the quality of individual combat armor has increased, so have the number of blast survivors and Marines with Traumatic Brain Injury. Mild to moderate traumatic brain injuries can be difficult to diagnose and yet can cause changes in personality, cognition, and memory that significantly impair a service member's ability to make the life and death decisions required of them while in a combat environment. TBI and Post-Traumatic Stress Disorder (PTSD) have many symptoms in common, and TBI can co-occur with PTSD. Recent measures to mitigate the impact of traumatic brain injuries to individual Marines and their units include the release of a medical guidance letter from the Medical Officer of the Marine Corps outlining proper diagnosis and treatment strategies.

Post-Traumatic Stress Disorder (PTSD). The science of diagnosing and treating Post-Traumatic Stress Disorder continues to evolve. The Marine Corps Combat Development Command, Training and Education Command, Naval Health Research Center, and others are studying ways to identify risk and protective factors for Post-Traumatic Stress Disorder and to increase our resilience to stress. By improving the awareness of both individuals and our leaders, we can provide early identification and psychological first aid to those who are stress-injured. Better screening and referral of at-risk Marines is underway via pre- and post-deployment standard health assessments that specifically screen for mental health problems. Navy Medicine has established new Deployment Health Centers with additional mental health providers readily available to treat Post-Traumatic Stress Disorder and other combat stress injuries. The Department of Veterans Affairs and the Department of Defense have established comprehensive guidelines for managing Post-Traumatic Stress, which are available to all services. The Marine Corps, Navy Medicine, and Veterans Affairs have coordinated a Seamless Transition program to help our Marine veterans move smoothly into the Veterans Affairs treatment system to get the help they need and deserve. In addition, Veterans Affairs Readjustment Centers at 209 communities around the country now provide mental health services for eligible active and discharged veterans and their families.

Combat/Operational Stress Control (COSC). Battlefields are familiar territory for Marines—we train Marines to excel in chaotic and unpredictable surroundings. Yet all Marines will experience combat/operational stress to some extent, as transient symptoms for most, but as persistent stress injuries for others. Managing combat stress is vital to the operation of the Marine Corps as a fighting force and the long-term health and well-being of Marines and their families. All deploying Marines receive warrior preparation, transition briefs, and health assessments. In addition, mental health professionals or specially trained medical officers brief Marine leaders on the prevention and management of adverse stress reactions. We have also implemented the innovative Operational Stress Control and Readiness (OSCAR) program, which embeds mental health providers with ground forces. Operational Stress Control and Readiness provides early identification and treatment of combat/operational stress problems, attempts to defeat the stigma of combat stress, and overcomes the barriers to care.

The Combat/Operational Stress Control deployment cycle resources for families include the Family Deployment Support Program. The program's components consist of Family

Readiness Days, family crisis support services, Return and Reunion Briefs for spouses, and building a sense of community among our military families.

Marine For Life. The Marine For Life Injured Support program assists seriously and very seriously injured Marines, Sailors who served with Marines, and their families. This program bridges the gap between military medical care and the Department of Veterans Affairs by providing individualized support through the transition period.

Individual case tracking and enduring support for our injured Marines and Sailors complements the Office of the Secretary of Defense's Military Severely Injured Center, which enables the program to provide around-the-clock injured support service. Marine For Life provides support tailored to an individual's needs, including pre- and post-service separation case tracking, assistance with the physical evaluation board process, and an interactive website that acts as a clearinghouse for all disability and benefit information. The program also provides employment assistance through a preexisting Marine For Life network that establishes local coordination with veterans, public, private, and charitable organizations that provide support to our injured warriors.

In April 2005, Marine For Life integrated Marine Corps and Department of Veterans Affairs' handling of Marine cases by assigning a Marine field grade officer to the Department of Veterans Affairs Headquarters' Seamless Transition Office. This integrates Marines into the Department of Veterans Affairs system and provides service oversight of Veterans Health Administration care and Veterans Benefits Administration benefits delivery. The Marine For Life program provides the direct point of contact for problem resolution for Marines within the Veterans Administration system.

Military Construction—Bachelor Enlisted Quarters Initiative. Bachelor housing is my top military construction priority for Program Objective Memorandum 2008. Barracks are a linchpin in the quality of life for our single Marines. With the help of Congress, we have tripled the funding for bachelor housing from Fiscal Year 2006 to 2007, and if the President's request is funded, we will double the 2007 funding in Fiscal Year 2008. We are funding barracks' furnishings on a seven-year replacement cycle and prioritizing barracks repair projects to preempt a backlog of repairs. Our $1.7 billion barracks investment plan in support of a 175,000 Marine end strength provides adequate billeting for our unmarried junior enlisted and non-commissioned officer Marines by 2012.

Public Private Venture Family Housing. Our efforts to improve housing for Marines and their families continue. Thanks to continuing Congressional support, the Marine Corps will have contracts in place by the end of Fiscal Year 2007 to eliminate all inadequate family housing.

VIII. Conclusion

This Nation has high expectations of her Corps—as she should. Your Marines are answering the call around the globe, performing with distinction in the face of great hardships. As they continue to serve in harm's way, our moral imperative is to fully support them—we owe them the full resources required to complete the tasks we have given them. Now more than ever they need the sustained support of the American people and the Congress to simultaneously maintain our readiness, reset the force during an extended war, modernize to face the challenges of the future, and fulfill our commitment to Marine families. On behalf of your Marines, I extend great appreciation for your support to date and thank you in advance for your ongoing efforts to support our brave countrymen and women in harm's way. I promise you that the Corps understands the value of each dollar provided and will continue to provide maximum return for every dollar spent.

QUESTIONS AND ANSWERS SUBMITTED FOR THE RECORD

MARCH 1, 2007

QUESTIONS SUBMITTED BY MR. MCKEON

Mr. MCKEON. Admiral, I note that you have listed $96M for Critical ASW Enhancements as the 4th of 20 items on your FY 2008 Unfunded Programs List. Can you describe for me the importance of unmanned surface vessels, operated from the Littoral Combat Ship and other surface combatants, to distributed anti-submarine warfare?

Admiral MULLEN. Unmanned surface vehicles are an important feature of the Navy's future ASW concepts for three reasons. First, unmanned surface vehicles allow the use of passive as well as active bistatic/multistatic systems to establish detection of the target submarine while separating the active acoustic source from the manned Navy platform. Other surface combatants could also be the passive receiver for these active sources. Second, by deploying multiple offboard vehicles, the host ship can search a larger ocean area than would be possible with hull mounted sensors. Finally, the relatively long endurance time of the unmanned surface vehicles dovetail with the availability of aerial "pouncers" like the SH–60B/F/R.

Mr. MCKEON. Admiral, you may know that a large part of the China Lake Naval Base is in my district. I was happy to see the results of the BRAC legislation which enacted, among other things, China Lake as a Center of Excellence (COE) for Weapons and Armaments research, development, acquisition, testing for the Navy while also establishing similar Centers for the Army and Air Force. I am especially pleased because of what it portends for greater efficiencies and the potential for these three centers to work together toward joint service solutions. I am anxious to learn how the implementation of the China Lake COE is progressing, understanding that the USAF and USA Weapons and Armaments COEs are moving forward. Will you please provide me with an update on the progress of the implementation as set forth by the BRAC Commission, and also comment on the Navy's view of the BRAC legislation relative to the China Lake COE? Will you please also include an estimate of when the Navy might start to realize the efficiencies that BRAC will bring?

Admiral MULLEN. The Department of the Navy (DON) submitted the Naval Integrated Weapons & Armaments Research, Development, Test & Evaluation Center (Tech 15) plan to the Office of the Secretary of Defense on 5 April 2007 for approval. A summary paper will be provided after the plan is approved. DON believes the technical synergy created by this recommendation will be invaluable.

QUESTIONS SUBMITTED BY MS. TAUSCHER

Ms. TAUSCHER. The Aegis Ballistic Missile Defense (Aegis BMD) is one of the most promising missile defense capabilities. a. Could you provide us an update on the status of your current plans for upgrading Aegis ships to conduct missile defense operations?

Admiral MULLEN. The Missile Defense Agency is committed to fund 18 Ballistic Missile Defense (BMD) capable ships (15 destroyers and three cruisers) by 2009. The Navy's Destroyer Modernization Program is funded to provide BMD capability for the remaining 47 destroyers. Two destroyers will begin modernization in FY12, and three destroyers will be upgraded each following year. BMD capability for the remaining 19 cruisers is not funded. Adding BMD capability for the remaining cruisers is under consideration for POM–10.

Ms. TAUSCHER. All Aegis BMD-capable ships are currently deployed in the Pacific. a. Given the emerging missile threat from Iran, have you given any thought to assigning Aegis BMD-capable ships to CENTCOM on a regular basis? b. Does the Navy currently have enough Aegis BMD-capable ships to meet all of its requirements over the next 5–10 years? c. Could that Navy use more resources to upgrade additional Aegis ships?

Admiral MULLEN. (a) There are currently seven BMD-capable ships available for deployment to any theater of operation. The Missile Defense Agency provides funding for 15 destroyers and three cruisers to be completed by FY 2009. Based on the demands of our combatant commanders, the Navy carefully considers where these multi-mission platforms are employed. Iran is certainly a growing concern.

(b) The Missile Defense Agency (MDA) will modify a total of 15 destroyers and three cruisers by 2009. The Navy's Destroyer Modernization Program is funded to provide BMD capability to the remaining 47 destroyers beginning in FY12. The requirement for BMD capability for the remaining 19 cruisers is unfunded and is under consideration for POM–10.

(c) Additional ship capacity provides increased flexibility to operational commanders. The Missile Defense Agency's (MDA) resources provided in the President's budget will upgrade a total of 18 Aegis ships for Ballistic Missile Defense (BMD), including two destroyers in the Atlantic Fleet. Future war fighting requirements are uncertain; however, the addition of 19 BMD capable Aegis cruisers to the 18 Aegis ships provided by MDA and the 47 destroyers programmed in the Destroyer Modernization Program is being considered in POM–10.

QUESTIONS SUBMITTED BY MS. DAVIS OF CALIFORNIA

Ms. DAVIS. I have had some concerns about the battalion aid stations at Camp Pendleton. And so, I would just ask you to take a look at that.

One of the concerns is that the corpsmen there do not have access to the technology that they need to track many of the Marines there. And the other concern is that they are using Marine Corps dollars as opposed to Navy medical dollars to treat many of the folks there.

General CONWAY. Based on input we compiled from a recent installation data call, the Marine Corps has action underway on several fronts. For the near term, HQMC developed minimum habitability standards and directed that our operational commanders and installations take immediate action to ensure these standards are met. If they cannot be met, the facility is to be closed. Installations are to report back no later than 30 June of this year that each BAS/RAS has met these standards or has been closed. These standards include but are not limited to requirements for clean and freshly painted surfaces, floors in good structural repair and well maintained, mechanical systems in good operating order, sufficient lighting, regularly scheduled field day and solid waste disposal, exam room privacy, waiting areas that are separated from the examination rooms, clean and operational windows with proper window treatments, sufficient "double lock" storage for medical records, doors with properly functioning hardware, sufficient fire suppression equipment/smoke detectors with documented evidence of routine inspection, and furnishings that comply with basic infection control by being clean, functional and in reasonable repair. Funding is in place at the operational unit level and at our installations to take necessary corrective actions to meet these standards.

We are also translating recently developed medical standards for the level of care that is to be provided within a BAS/RAS into basic facilities criteria to support this level of care. These criteria define the square footage, configuration, special requirements, mechanical systems, etc. necessary to support the number of Marines assigned. These criteria will be used to assess whether sufficient capacity and quality of facilities are available to support these units, and where not, provide the necessary information to develop corrective projects. In addition, we are revising our facility coding process to provide BASs/RASs with a unique facility identifier, which will allow better tracking of the condition of these facilities. We expect these efforts to be completed this fiscal year. These criteria and unique identifiers will allow us to ensure the appropriate priority is assigned to corrective projects for these facilities and that we programmatically address overall requirements through our minor construction and, if necessary, the Military Construction Program.

Finally, a recent revision to the Manual of the Medical Department delineating Navy Medicine's funding responsibilities for garrison care was signed by the Surgeon General of the Navy on May 16, 2007. Establishing both the medical standards and the fiscal responsibilities, this revision has allowed USMC and USN Health Services and Facilities organizations to develop facilities criteria for aid stations that when combined with the medical standards can be incorporated into inspection protocols used by the Inspector General and other oversight organizations to validate routine compliance.

QUESTIONS SUBMITTED BY MR. MILLER

Mr. MILLER. The F–35 Joint Strike Fighter procurement plan has shifted so far to the right that there is a real danger that we will not have enough carrier air wings to match up with our carriers in the middle of the next decade. What is the plan? Are you going to ramp up the F/A–18 production line? Where does the delay

of the F–35 leave the Marine Corps, which never transitioned to the F/A–18 from the F/A–14 Tomcats?

Secretary WINTER and Admiral MULLEN. Inventory reductions stemming from the USN/USMC TACAIR Integration; F/A–18/A/B/C/D service life limits, the 2004 Joint Strike Fighter (JSF) program replan, and lowered JSF procurement ramps have combined to create a Department of the Navy (DoN) strike-fighter shortfall that exists today and possibly extends through 2020.

The USMC shortfall peaks in 2013, and is a result of service life limitation and attrition of the F/A–18D and AV–8B airframes. The USMC shortfall is being minimized by prioritizing Short Take-Off & Vertical Landing (STOVL) JSF in the early Low-Rate Initial Production (LRIP) buys to maintain the Initial Operational Capability (IOC) of 2012.

Navy's shortfall is projected to peak in 2018. The depth and breadth of that shortfall is directly related to the JSF recapitalization plan and legacy F/A–18A/C service life predictions. The strike-fighter shortfall range varies depending on these recapitalization rates and service life limitations.

To begin mitigating the shortfall, the Fiscal Year (FY) 2008 budget procures 28 additional F/A–18E/F above the FY07 Appropriations Bill in FYs 2010–2012. This investment will also keep the F/A–18E/F production line open and provide DoN with options during a more informed POM–10 decision process.

The F/A–18A/B/C/D Hornet service life assessment program is due to complete in December 2007. Results of this effort will better define the shortfall and support required adjustments to F/A–18E/F and JSF procurement plans, while ensuring DoN provides the capacity and capabilities desired by component commanders.

Mr. MILLER. How will the delay of BRAC 2005 FY07 funding impact Navy BRAG execution?

Secretary WINTER and Admiral MULLEN. Department of the Navy (DON) has received approximately $297M out of a budget request of $690M. If the FY07 supplemental request for $3.1B is approved, DON would expect to receive an additional $393M, which would fully fund the BRAG 05 FY07 program.

Impacts if additional funding is not received:

- BRAC construction projects will be disproportionately affected. $565M (81%) of the BRAC 05 PB 07 program is for planning, design and execution of construction projects. There are forty-nine construction projects scheduled for contract award this fiscal year.
- Without the full program amount for FY07, savings already programmed, that are intended to support BRAG implementation, will be delayed or possibly not realized.
- May impact September 15, 2011 statutory deadline.

QUESTIONS SUBMITTED BY MR. KLINE

Mr. KLINE. What are the costs associated with the Wounded Warrior regiment? Will additional funding be required and requested?

General CONWAY. Initial stand up costs for the wounded warrior regiment will be approximately $61M in FY08 primarily due to new MILCON projects. Daily operational costs for the command and its facilities will be about $7.2M annually. The Marine Corps has incorporated these costs into its baseline funding requests. No unfunded requirements have been identified at this time.

$Million	FY07	FY08	FY09	FY10	FY11	FY12	FY13
MILCON		**$56.0**					
O&M							
FSRM				$2.1	$2.1	$2.1	$2.1
CIVPAY	$0.5	$1.5	$1.5	$1.6	$1.6	$1.6	$1.6
Contracts/Supplies/TAD	$2.9	$2.9	$2.9	$3.0	$3.0	$3.0	$3.0
Collateral Equipment			$4.8				

$Million	FY07	FY08	FY09	FY10	FY11	FY12	FY13
NMCI		$0.4	$0.6	$0.4	$0.5	$0.5	$0.5
O&M—Total	**$3.4**	**$4.8**	**$9.8**	**$7.1**	**$7.2**	**$7.2**	**$7.2**
Total All Appn	**$3.4**	**$60.8**	**$9.8**	**$7.1**	**$7.2**	**$7.2**	**$7.2**

Mr. KLINE. In your written testimony, you discuss the goal of achieving a 1:2 deployment-to-dwell ratio. For the Marine Corps, this translates to seven months deployed, fourteen months at home station. What was the deployment-to-dwell ratio prior to the September 11, 2001 terrorist attacks and since the commencement of combat operations in Operations Enduring Freedom and Iraqi Freedom?

General CONWAY. Prior to the September 11, 2001 terrorist attacks the Marine Corps maintained a deployment-to-dwell ratio of 1:3. This allowed us to conduct all necessary field training and still provide our Marines with two months in their home residence for each one month away from home.

Dwell since the September 11, 2001 terrorist attacks varies by unit type but in aggregation reflects an approximate 1:1.5 deployment to dwell over the entire period.

Mr. KLINE. In Section III, "Resetting the force and preparing for the next contingency," you discuss the high optempo's, the high utilization rates for both ground and aviation equipment, and the high mission capable rates for that deployed equipment. As you note in that testimony, the cost of these high mission capable rates is "a decrease in non-deployed unit readiness." What are the current readiness levels of non-deployed (i.e., those units at home station) units?

General CONWAY. [The information referred to is classified and retained in the committee files.]

Mr. KLINE. How much money was allocated specifically for recruitment advertising in FY 2006 and FY 2007? What has been budgeted for advertising in FY 2008 (to include the supplemental funding)?

General CONWAY.

3CIF OMMC		2006	2007	2008
	BASELINE			
Recruiting		69,808	63,948	82,196
Advertising		44,584	44,935	59,182
Total		114,392	108,883	141,378
	SUPP			
Recruiting		13,569	20,253	25,139
Advertising		14,742	38,205	19,048
Total		28,311	58,458	44,187

4A6G OMMCR				
	BASELINE			
Recruiting		3,187	3,149	3,397
Advertising		4,726	4,815	5,293
Total		7,913	7,964	8,690
	SUPP			
Recruiting		60		
Advertising		0		
Total		60	0	0

QUESTIONS SUBMITTED BY MRS. DRAKE

Mrs. DRAKE. Mr. Secretary, as you know, the Navy is in the process of conducting an Environmental Impact Statement to study the feasibility of stationing additional

surface ships and/or a nuclear aircraft carrier at Naval Station, Mayport, FL. The Quadrennial Defense Review and the retirement of the Kitty Hawk will begin the movement of aircraft carriers and submarines to the Pacific. Considering the large military construction bill that faces us on the West Coast and in places such as Guam, do you believe the threat and the cost of building new nuclear infrastructure merits such an investment at this time?

Secretary WINTER. The Navy is very sensitive to the full impact of any change in force structure. In addition to environmental concerns addressed in the Environmental Impact Statement (EIS) process, we take into account numerous other important factors when developing a complete assessment of any such changes. These factors include national security requirements, strategic positioning of our ships, force posture adjustments in accordance with the QDR, existing capabilities, total cost and other programmatic implications, impact on sailors and their families, and the effect on local economies. These and other considerations help to form a complete and total plan that will guide any force structure decisions.

For Naval Station Mayport, the Navy has undertaken this EIS to ensure that we continue to effectively support Fleet operational requirements through the most efficient utilization of this base in the future and to evaluate the potential enviromnental impacts on Mayport for each of the ship homeporting alternatives that are under consideration.

The Navy is being both environmentally and fiscally responsible in awaiting the conclusion of the EIS, with a Record of Decision expected in January 2009, to add to the body of knowledge before making any specific recommendations for force structure changes.

Mrs. DRAKE. Mr. Secretary, in FY07, Congress authorized and appropriated $13.5 million dollars to construct the first phase of a much-needed headquarters facility for the Joint Forces Command. As you know, the Military Quality of Life Bill was not completed last year. Today, Joint Forces Command has the Service's lead role in transformation. It serves a pivotal role in experimentation, modeling and simulation and joint training. As the Executive Agent for Joint Forces Command, what is the Navy's plan to ensure the warfighters have a modern headquarters that meets the requirements and demands of Joint Forces Command's mission?

Secretary WINTER. The P839 Joint Forces Command (JFCOM) Headquarters Building is included as a priority in the Department of the Navy project list for consideration and rationalization in the next budget cycle. Joint Forces Command's requirements are being evaluated with respect to other competing priorities and funding, and will be addressed with the rest of the Navy shore infrastructure requirements.

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