

**DEPARTMENT OF DEFENSE APPROPRIATIONS
FOR FISCAL YEAR 2005**

WEDNESDAY, MARCH 10, 2004

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:02 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Ted Stevens (chairman) presiding.

Present: Senators Stevens, Cochran, McConnell, Burns, and Inouye.

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE NAVY

STATEMENT OF HON. GORDON R. ENGLAND, SECRETARY, UNITED STATES NAVY

OPENING STATEMENT OF SENATOR TED STEVENS

Senator STEVENS. Good morning. This morning, we're pleased to welcome the Secretary of the Navy, the Chief of Naval Operations, and the Commandant of the Marine Corps to discuss the fiscal year 2005 budget request.

Secretary England, we welcome you back after your time away with the Department of Homeland Security.

Mr. ENGLAND. Thank you.

Senator STEVENS. Admiral Clark, this is your fourth time before the committee, and we welcome you again. And, General Hagee, we also welcome you, sir.

We would like to take this opportunity to thank the Navy and Marine Corps for the extraordinary commitment and dedication to duty. The ever-increasing demands placed upon the men and women of the military do not go unnoticed here in Congress, and we really hope that you'll convey our thanks to all of the forces under your command. Our forces are deployed to more locations around the world than ever before, and will be called upon to return to some familiar places, like Haiti. We've heard a lot recently about your efforts to reduce manning and end strength. We've also heard about the new challenges associated with the joint strike fighter, and are anxious to hear about your shipbuilding initiatives.

Gentlemen, we look forward to hearing more about these topics and your budget priorities. I thank you for your personal visits in the past, and, as always, your full statements are already a part of the record.

And I turn to my co-chairman, Senator Inouye, for his remarks.

STATEMENT OF SENATOR DANIEL K. INOUE

Senator INOUE. I thank you very much, Mr. Chairman. And, gentlemen, thank you for being here with us to discuss your fiscal year 2005 budget request.

The Navy and Marine Corps forces are performing magnificently, as the chairman has stated, in difficult environments, from Operations in Iraq to Afghanistan and, most recently, in Haiti. The operational tempo is high, and forces are stretched thin. I would like to hear from you today on the impact that these operations have on the budget, and the effect on the forces if no supplemental funding is requested this fiscal year.

I also look forward to discussing how the fiscal year 2005 budget request continues to support the men and women serving the Department of the Navy while, at the same time, balancing the modernization of today's forces with the transformation of tomorrow's fleet.

The Navy and Marine Corps each have a number of significant investment programs underway. For the Navy, it's the E-2C Advanced Hawkeye, the next generation of destroyer DD(X) and carrier CVN 21, the Littoral combat ship and the Virginia class submarine, to name a few. The Marine Corps is investing heavily in the Expeditionary Fighting Vehicle, the Joint Strike Fighter, and the V-22 Osprey.

This committee knows well, as do each of you, that these major acquisition programs tend to experience significant cost and schedule growth as many of the programs I just mentioned have experienced over the course of their development. Although the capabilities that these programs will bring to the naval forces will surpass those of our adversaries, we still have an obligation to modernize equipment for use in today's conflicts and to ensure that the sailors, marines, and their families are taken care of. As you know, this is a difficult balance to strike. And so I look forward to working with each of you this year as we review our budget, and your budget, for the fiscal year 2005, and to hearing your remarks today on how to maintain the finest naval and marine forces in the world.

And I thank you very much, Mr. Chairman.

Senator STEVENS. Thank you very much.

Mr. Secretary?

Pardon me Senator Cochran.

STATEMENT OF SENATOR THAD COCHRAN

Senator COCHRAN. Mr. Chairman, thank you. I just—

Senator STEVENS. I apologize. I didn't see you come in, sir.

Senator COCHRAN. I'm happy to be here to help you welcome this distinguished panel before our committee, Secretary England, Admiral Clark, and General Hagee.

We understand the enormous strain that's been placed on the Navy and Marine Corps team, with major operations all over the world. It has already been mentioned by the chairman and the distinguished Senator from Hawaii that operations are underway in Iraq, Afghanistan, and in Haiti. You have deployed nine aircraft

carriers and 10 big-deck amphibious ships to these areas of major operations, and it indicates that this team is hard at work, and we are hopeful that we can find a way, within the constraints of the budget that we have to operate under, that we can provide the funds that you need to continue to protect those who are deployed and to help ensure that they carry out their missions successfully. I'm confident that that's the purpose that we will bring to this process, and we thank you for being here today to help acquaint us with the challenges you face and let us know how we can be helpful to you and to our country.

Thank you.

Senator STEVENS. Thank you very much, Senator. Again, I apologize. I didn't see you come in. You were sort of stealthy here this morning.

Mr. Secretary?

SUMMARY STATEMENT OF HON. GORDON R. ENGLAND

Mr. ENGLAND. Chairman Stevens, Senator Inouye, members of the committee, it is a distinct privilege and a great honor to appear before you again as Secretary of the Navy.

It is great to be back, back with the very best Navy and Marine Corps in our Nation's history, and particularly to be back with Admiral Vern Clark and General Mike Hagee. Admiral Clark and General Hagee are both magnificent military leaders, and I am distinctly privileged and proud to serve with them.

On behalf of all those great Americans in uniform, I thank you for ensuring that we are properly resourced. And on behalf of all our deployed men and women, and especially their families, I also thank you for your personal visits to our areas, both in combat and our home bases.

This is, indeed, a critical budget year for the Department of the Navy. This year, we have established a future course for our naval forces to quickly respond to and to quickly defeat future threats. We have been working for the past 3 years to develop this integrated program, a program where line items are now linked to provide synergy and complementary capabilities. The fiscal year 2005 proposal before you is more than just a budget. This is a naval roadmap for the future, and it should provide the foundation for many successive administrations.

Another critical aspect of the fiscal year 2005 proposed budget is our people. People continue to be our most valuable asset. We are a strong, well-trained, high-motivated and combat-ready force. Retention is at record levels, and recruiting continues to be robust. We have the best people, and their morale is high.

One last comment. A guiding principle in all we do is improving the effectiveness of our organization to also gain efficiency. We are good stewards of the taxpayers' money. At the same time, being a very lean organization makes us more vulnerable to budget adjustments and modifications.

PREPARED STATEMENT

In summary, the Chief of Naval Operations (CNO), the Commandant and I are confident that our proposed budget will dramatically improve our ability to secure America in the future while

protecting our Nation today. And I thank you for the opportunity to be here today with you.

[The statement follows:]

PREPARED STATEMENT OF HON. GORDON R. ENGLAND
 VALUE TO OUR NATION—THE NAVY/MARINE CORPS TEAM

INTRODUCTION

During my last appearance before this Committee in February 2002 and as reported in that statement, the Navy and Marine Corps contributions in the “War Against Terrorism” have been significant and important in the overall success of U.S. military forces. This continues to hold true today. Our Navy and Marine Corps Team projects decisive, persistent, joint power across the globe, in continuing to prosecute the war on terrorism.

Projecting power and influence from the sea is the enduring and unique contribution of the Navy and Marine Corps to national security. Operation IRAQI FREEDOM (OIF) demonstrated the strategic agility and operational flexibility that forward deployed Naval expeditionary forces provide. This committee’s support has been vital for the Navy and Marine Corps Team to exploit the access afforded by the seas and to respond to the full spectrum of contingencies. Congressional support has led to increased readiness which was proven in OIF, where dispersed military forces, networked together, fought as a single, highly coordinated joint team.

Naval warfare will continue its progression to operate in a joint environment in responding to new threats and to the increased asymmetric capabilities of our enemies. We will be bold and continue to develop new capabilities and concepts, and fund them in quantities that are relevant to tomorrow’s emerging threats. We have embraced transformation. We are addressing the challenge to operationalize our vision, Naval Power 21, with technological, organizational, and doctrinal transformation.

The following statement highlights key elements of the fiscal year 2005 President’s Budget applicable to the Department of the Navy within the Balanced Scorecard approach of managing Operational, Institutional, Force Management and Future Challenges Risks.

FISCAL YEAR 2005 BUDGET PRIORITIES—UNDERWAY WITH NAVAL POWER 21

The fiscal year 2005 Department of the Navy Budget fulfills our essential warfighting requirements. We are resourced to fight and win our Nation’s wars and our number one priority, the war against terrorism, is reflected across each allocation. Additionally, we continue to invest in future technologies and capabilities that are part of a broader joint warfighting perspective. The Navy and Marine Corps are continuously working with other Services to draw on the capabilities of each Service, to eliminate redundancy in acquisition, and create higher levels of military effectiveness. A prime example is our agreement with the Department of the Air Force to merge our two Joint Tactical Radio System (JTRS) programs into a single program that will produce a common family of radios for use aboard our ships, submarines, and aircraft. The following summarizes the fiscal year 2005 Budget request priorities for the Department of the Navy:

Personnel Salary and Benefits.—Smart, motivated and capable people are a key element to any successful transformation effort. Our Navy and Marine Corps are increasingly a technologically advanced maritime force and we are in competition with the private sector to attract and retain the best men and women we can find. Accordingly, our budget includes a 3.5 percent basic pay raise for all military personnel. Additionally, housing allowances have been increased to buy down out-of-pocket housing expenses for our military personnel. Concurrent with this commitment to provide an appropriate level of pay and benefits to our Sailors, Marines, and their families is a responsibility to operate this Department as efficiently and effectively as possible. While we want the best people we can get to serve in the Navy and Marine Corps, we don’t want a single person more than we need to properly operate the force. Job satisfaction comes not only just from compensation, but also from meaningful service—we owe it to our people to ensure that they are given duties and equipment appropriate to a volunteer force.

Operations and Maintenance.—The operations and maintenance accounts are funded with over a \$2 billion increase. The present environment requires Naval forces to be both forward deployed and capable of surging when called. This account will help develop the transformational Fleet Response Plan (FRP). This is the

means to institutionalize the capability to maintain a more responsive force that is ready to surge, more efficient to maintain, and able to reconstitute rapidly.

Shipbuilding Account.—The Department's shipbuilding plan supports our transformational vision and increases the number of new construction ships from seven in fiscal year 2004 to nine in fiscal year 2005 plus one SSBN Engineered Refueling Overhaul (ERO). Initial LCS and DD(X) platforms are funded from the RDT&E account. Additionally, the Navy's fiscal year 2005 spending plan completes the purchases of the last three DDG-51 Class ships for a total of 62 ships.

Aviation Account.—The Department's fiscal year 2005 Budget request is structured to maintain the continued aviation superiority of the Navy and Marine Corps. The Naval aircraft procurement plan emphasizes replacing costly stand-alone legacy platforms with more efficient and capable integrated systems. The number of aircraft requested increases from 99 in fiscal year 2004 to 104 in fiscal year 2005 which includes five VXX helicopters. The budget continues to maximize the return on procurement dollars, primarily through the use of multi-year procurement (MYP) for the F/A-18E/F, the E-2C, the MH-60S and the KC-130J programs. Development funding is provided for Joint Strike Fighter (JSF), MV-22, AH-1Z/UH-1Y, CH-53X, EA-18G and the Multi-mission Maritime Aircraft (MMA). The budget reflects an amended acquisition strategy for the V-22 to fund interoperability issues and cost reduction initiatives.

Munitions Account.—During OEF and OIF, the Department expended less precision ordnance than projected. In this environment, the precision munitions purchases for fiscal year 2005 have been decreased for JDAMs and LGBs. This decrease in procurement provides no increased risk to the DON but merely reflects the lower utilization rates of expended ordnance.

RDT&E Account.—An increase of \$1.4 billion reflects our commitment to future transformational capabilities and technology insertion for major platforms including DD(X), LCS, CVN-21, V-22, Joint Strike Fighter (JSF), Advanced Hawkeye (AHE), and MMA. As demonstrated in recent operations, our Naval forces have been able to project overwhelming combat power because they are technologically superior. We continue to sustain a robust RDT&E effort as we transform the Navy and Marine Corps to the next generation of combat systems.

Effectiveness and Efficiency.—A guiding principle in all we do is improving effectiveness to gain efficiency. The very best organizations are the most efficient organizations. If you are very efficient, you incorporate technology more quickly, you can develop new systems and capabilities, and you can bring them on line faster. Underlying all of the previous accounts and our execution of them is a continuing and concerted focus to achieve the most efficient organization. The Fleet Response Plan, TacAir Integration, and establishment of the Commander Naval Installations are a few of our initiatives to improve effectiveness within the Department.

Our objective for the fiscal year 2005 Budget request is to move forward with Naval Power 21. This budget builds upon the foundation laid in the fiscal year 2004 program and reaffirms our commitment to remain globally engaged today while developing future technology to ensure our future military superiority. We are also continuing to emphasize the Department's commitment in the areas of combat capability, people, technology insertion and improved business practices. With our fiscal year 2005 Budget request we are committed to executing this vision.

CY 2003 OPERATIONAL SUCCESSES (A NATION AT WAR)

The extraordinary capability of our joint forces to project power around the world in support of vital national objectives was demonstrated over the last year. The maritime contribution to our success in the defeat of Saddam Hussein's Baathist forces, as well as in support of other joint engagements in the Global War on Terrorism, was significant. The rapid deployment and the warfighting capability of your Naval force in the liberation of Iraq provided an example of the importance of readiness and the responsive capabilities to support our Nation's objectives in an era of unpredictability and uncertainty. The demonstrated importance of our multi-dimensional Naval dominance, our expeditionary nature, our ability to deal with complex challenges, and adaptability of our forces are illustrative of the high level of return on investment of your Naval force.

The accomplishments of this past year tell the Naval forces readiness story and its return on investment. The ships, aircraft, weapon systems, and readiness you funded provided our Sailors and Marines the tools necessary to remain the premiere maritime and expeditionary combat ready force. In preparing for and conducting operations in the Iraq Theater, speed of expeditionary operations and sustainment were important military competencies. Naval forces applied dominant, persistent, decisive and lethal offensive power in support of coalition warfighting objectives.

The speed, agility, flexibility and persistence of Naval combat capability helped end a regime of terror and liberate a people during OIF.

The past year has been one of significant accomplishment. Our men and women operating in the air, on and under the sea, and on the ground are at the leading edge in the Global War on Terrorism. As in OEF, we once again have demonstrated Naval forces' unique value in contributing to the security of our Nation and our friends and allies.

- During OIF, more than 50 percent of our force was forward deployed. The deployment of seven Carrier Strike Groups (CSGs) and eight large deck amphibious ships proved our ability to be both a surge and a rotational force demonstrating our flexibility and responsiveness.
- Navy and Marine Corps aircraft flew more than 8,000 sorties and delivered nearly 9,000 precision-guided munitions.
- Over 800 Tomahawk cruise missiles were fired from 35 coalition ships, one-third of which were launched from submarines. The highest number of TLAM's launched in one day occurred on March 21, 2003—nearly 400 Tomahawks.
- Navy Special Forces, MCM, EOD and coalition counterparts cleared more than 900 square miles of water, ensuring the safe passage of critical humanitarian relief supplies to the Iraqi people.
- Marines from the I Marine Expeditionary Force (I MEF), supported by Sea Basing concepts, made one of the swiftest combat advances in history. They fought 10 major engagements, destroying nine Iraqi divisions in the 450 mile advance into Iraq.
- Eleven Maritime Prepositioned Force (MPF) ships provided equipment and sustenance for over 34,000 Marines and Sailors and fourteen amphibious ships embarked and delivered another 12,000 Marines and Sailors and their equipment.

Since the end of major combat operations, Naval forces have been instrumental in supporting the coalition's goals of security, prosperity and democracy in Iraq. Coalition maritime forces have diligently supported the United Nations Security Council Resolution 1483. They have queried over 6,000 vessels, boarded close to 3,500 and diverted approximately 430. These forces have confiscated and returned to the Iraqi people approximately 60,000 barrels of fuel. Additionally, seaward protection of the Al Basara Oil Terminal (ABOT) is enabling the generation of critically needed oil revenue. Since re-opening, the ABOT has pumped 261,500,000 barrels of oil valued at over \$7.5 billion.

Navy Seabees and Marine Engineers, as the I MEF Engineer Group, undertook construction initiatives that built and repaired major roadways and bridges, and completed major utility restoration projects. In all, 150 projects valued at \$7.1 million were completed.

Naval Explosive Ordnance Disposal (EOD) forces are working with Army counterparts in support of the coalition forces and Iraqi Police and are collecting over 2,000 pounds of unexploded ordnance per week.

NAVY AND MARINE CORPS TODAY (CURRENT READINESS)

Today's Naval forces exist to control the seas, assure access, and project power beyond the sea to influence events and advance American interests. Navy and Marine Corps forces continue to lead the way to secure the peace by responding with speed, agility, and flexibility. The value of Naval forces continues to be demonstrated through the projection of decisive, persistent, joint power across the globe. The investment in training, maintenance, parts, ordnance, flying hours, steaming days, and combat ready days coupled with our forward presence and our ability to surge has positioned Naval forces as the most effective and efficient military force.

Congress' investment in readiness over the past several years has paid large dividends for Naval forces during OIF. With combat forces operating in two fronts in the GWOT our readiness investments have resulted in enhanced Naval forces ready to strike on a moment's notice, anywhere, anytime. Our success in deploying 9 out of 12 aircraft carriers and 10 out of 12 big deck amphibious ships to major combat areas of operation in demanding environments is attributable to the continued improvements in current readiness.

The Department is in the process of re-deploying Navy and Marine forces in preparation for Operation IRAQI FREEDOM II. Navy and Marine Forces will deploy in two seven-month rotations with the first beginning this month. This initial ground rotation will include about 25,000 Marines, 3,500 Marine Reservists, over 5,000 active duty Navy and 800 Naval Reservists.

Since the return of our forces from OIF we have invested heavily in constituting the Navy and Marine Corps Team for the next fight. Continued successful pro-

grammed investment will ensure we have the most capable forces to face the unique challenges ahead. The fiscal year 2005 Budget continues a broad range of modernization and readiness initiatives for Naval forces.

Acquisition Programs

The Fleet and Marine forces continue to take delivery of the most sophisticated weapon systems in the world. In 2003, the Navy launched the first of two new classes of ships, USS VIRGINIA (SSN 774) and USS SAN ANTONIO (LPD 17), commissioned the aircraft carrier USS RONALD REAGAN (CVN 76), and continued timely delivery of the ARLEIGH BURKE Class guided missile destroyers and F/A-18 E/F Super Hornets.

We are continuing to build on previous budgets to ensure we equip and train our forces to help us continue to meet the challenges of the future. What the DON budget will buy to advance our vision in Naval Power 21:

Shipbuilding.—The fiscal year 2005 to fiscal year 2009 shipbuilding rate of 9.6 battle force ships per year is up from 8.4 battle force ships per year for the same period in fiscal year 2004. The fiscal year 2005 Budget request closes the procurement gap and with the exception of a slight reduction in fiscal year 2006, provides an upward trend through the FYDP, procuring 17 battle force ships by fiscal year 2009. The fiscal year 2005 to fiscal year 2009 investment is an average of \$13 billion per year in new construction. The fiscal year 2005 to fiscal year 2009 plan also procures three Maritime Pre-positioned Force (Future) (MPF(F)) ships and a MPF(F) aviation variant. While our build rate drops to six in fiscal year 2006, this is a reflection of a shift to the next generation surface combatants and sea basing capabilities.

The Navy has nine new ships and one SSBN refueling requested in the fiscal year 2005 budget, as well as substantial shipyard/conversion work. This investment includes:

- 3 DDG's (\$3.4 billion)
- 1 VIRGINIA Class submarine SSN-774 (\$2.5 billion)
- 1 LPD-17 (\$967 million)
- 2 T-AKE (\$768 million)
- 1 DD(X) (\$221 million) (RDT&E funded)
- 1 Littoral Combat Ship (LCS) (\$108 million) (RDT&E funded)
- 1 SSBN conversion/refueling (\$334 million).

Fiscal year 2005 marks the final year of DDG 51 procurement, bringing to closure a 10-ship fiscal year 2002 to fiscal year 2005 MYP contract awarded in fiscal year 2002. The Navy will move to the DD(X) and LCS hulls as quickly as possible. In addition to vitally needed new capability, these ships will increase future shipbuilding rates. Investment in these platforms will also help maintain critical industrial bases.

The Department is modernizing its existing submarine with the latest technology while, at the same time, continuing to replace aging fast attack submarines with the new VIRGINIA Class submarine. The VIRGINIA Class design is complete and the lead ship (SSN 774), will commission on schedule. Fiscal year 2004 funded the first of five VIRGINIA Class submarines under a MYP contract. The second submarine of the MYP contract is funded in fiscal year 2005. Consistent with Congressional approval of five year-five ship MYP authority (fiscal year 2004 to fiscal year 2008) for SSN 774, the Navy is maintaining one submarine per year through fiscal year 2008.

The DON accelerated one LPD from fiscal year 2006 to fiscal year 2005 leveraging fiscal year 2004 advanced procurement resources provided by Congress. The lead ship detail design has been completed and lead ship construction is over 80 percent complete with a successful launch in July 2003. Production effort is focused on a November delivery. The LPD 17 Class ship represents our commitment to a modernized expeditionary fleet.

The fiscal year 2005 Budget request also provides for procurement of two auxiliary cargo and ammunition ships (T-AKEs) in the National Defense Sealift Fund. These will be the seventh and eighth ships of the class. Lastly, the fiscal year 2005 Budget request accelerates the lead MPF(F) from fiscal year 2008 to fiscal year 2007 to reflect an emphasis on sea basing capabilities.

DD(X) is a centerpiece to the transformational 21st Century Navy and will play a key role in the Naval Power 21 strategic concept. This advanced warship will provide credible forward Naval presence while operating independently or as an integral part of Naval expeditionary forces. The DD(X) lead ship design and initial construction contract will be awarded in fiscal year 2005.

Conversion and Modernization.—The fiscal year 2005 Budget request proposes advanced procurement funds for the USS CARL VINSON (CVN 70) Refueling Complex

Overhaul (RCOH), now scheduled to begin in fiscal year 2006. CVN 70 has sufficient reactor fuel for one additional surge deployment.

Funding for the TICONDEROGA Class cruiser modernization effort began in fiscal year 2004 and continues in fiscal year 2005. The cruiser modernization effort will substantially increase the service life and capability of CG 47 Class ships. The conversion will reduce combat system and computer maintenance costs, replace obsolete combat systems, and extend mission relevance service life. Fiscal year 2005 will fund advanced procurement items for the first cruiser modernization availability in fiscal year 2006.

Funding is included in fiscal year 2005 to complete the conversion of the third and the overhaul of the fourth hull of four OHIO Class SSBNs to SSGNs. The SSGN conversion provides a covert conventional strike platform capable of carrying up to 154 Tomahawk missiles. The fiscal year 2006 Budget request will complete the conversion of the last SSGN. All four of these transformed platforms will be operational by CY 2007.

Aircraft Production.—Consistent with the fiscal year 2004 program, the fiscal year 2005 Budget request reflects continued emphasis on re-capitalizing our aging aircraft. Our focused efforts to aggressively “shore up” operational readiness by providing requisite funding for our Flying Hour Program, Ship Depot Maintenance, Ship Operations, and Sustainment, Re-capitalization and Modernization accounts continue. While we continue to make substantial investments in readiness accounts and working capital accounts, we identified the resources to procure 104 aircraft in fiscal year 2005. The Department’s aircraft procurement plan emphasizes replacing costly legacy platforms with more efficient and capable integrated systems. This has resulted in significant investments in transformational aircraft and program investments across the spectrum of aviation capabilities. Such valuable investments in more capable aircraft have allowed a reduction of 40 aircraft from fiscal year 2005 to fiscal year 2009.

During the past year, we continued to enjoy the fruits of our aviation investments with the successful first deployment and operational employment of the F/A–18 E/F Super Hornet in support of OIF. Highly praised for tactical capability and platform reliability, the F/A–18 E/F program has been funded to provide a transformational radar, helmet mounted sight, advanced targeting pod and integrated weapons system improvements. Additionally, we recently awarded a second MYP contract that includes the EA–18G airframe to replace the Navy’s aging EA–6B beginning in fiscal year 2009.

All helicopter missions continue to be consolidated into the MH–60R and MH–60S airframes. These helicopter platforms are the cornerstone of Navy helicopter concept of operations designed to support the CSG and ESG in various mission areas.

The Department significantly increases the funding requested for MMA. MMA will provide the Navy with strategic blue water and littoral capability by re-capitalizing the P–3 Maritime Patrol Aircraft broad area anti-submarine, anti-surface, maritime and littoral Intelligence, Surveillance and Reconnaissance (ISR) capability.

Progress continues towards delivering a high-quality aircraft to the Marines and Special Forces including increasing capability and interoperability of the aircraft, investing to reduce production costs, and maximizing production efficiency. Since the resumption of V–22 flight-testing, in May 2002, the V–22 is satisfying the threshold levels for all its key performance parameters and reliability and maintainability measures. V–22 test pilots have recorded more than 1,100 flight hours since that time. The V–22 program will continue Low Rate Initial Production (LRIP) until the Milestone III decision expected late CY 2005.

The Department will continue to procure the AH–1Z/UH–1Y. These aircraft meet the Marine Corps’ attack and utility helicopter requirements by providing increased aircraft agility, airspeed, range, and mission payload. They provide numerous capability improvements for the Marine Corps, including increased payload, range and time on station, improved sensors and lethality, and 85 percent component commonality. The KC–130J MYP is funded and supported in this budget. The advantages include an all digital cockpit that reduce aircrew manning requirements, a new propulsion system that provides more cargo capability, and increased fuel delivery.

Mine Warfare Programs.—In keeping with the Department’s goal to achieve an organic mine warfare capability in 2005, the budget request supports the development and procurement of five organic airborne systems integrated into the MH–60S helicopter: the AQS–20A Mine-hunting System, the Airborne Laser Mine Detection System (ALMDS), the Airborne Mine Neutralization System (AMNS), the Rapid Airborne Mine Clearance System (RAMICS), and the Organic Airborne and Surface Influence Sweep (OASIS) system. The fiscal year 2005 Budget request also supports the development and procurement of the Remote Minehunting System (RMS) inte-

grated into DDG-51 hulls 91-96, and the Long-term Mine Reconnaissance System (LMRS) integrated into SSN-688. The ALMDS, AQS-20A, and RMS will reach an initial operating capability in fiscal year 2005. The budget request supports the transition of assault breaching technologies into acquisition, which will provide a capability to detect, avoid, and defeat mines and obstacles in the surf and craft landing zones. In fiscal year 2005, we will continue with our Surface Mine Countermeasures (MCM) mid-life upgrade plan. We have initiated a product improvement program for the engines of the MCM-1 AVENGER Class mine countermeasure ships to enhance their reliability and availability. We are upgrading our mine-sweeping capability with new acoustic generators and magnetic sweep cables, and have programmed resources to replace our maintenance-intensive mine neutralization system (AN/SLQ-48) with an expendable mine neutralization system.

Munitions.—The Standard Missile (SM) program replaces ineffective, obsolete inventories with the procurement of more capable SM-2 Block IIIB missiles. The Rolling Airframe Missile (RAM) program continues procurement of the improved guided missile launching system and the upgraded Block I missile, providing an enhanced guidance capability along with a helicopter, air and surface mode. In addition to SM and RAM, the fiscal year 2005 Budget request provides funding to continue production of the Evolved Sea Sparrow Missile (ESSM) and will support the first Full Rate Production (FRP) contract award of 82 United States and 288 international missiles. We have committed to replenish our precision munitions inventories and to do so, we will utilize a five-year MYP to maximize the quantity of Tomahawk missiles procured.

Marine Corps Expeditionary Capability.—The Expeditionary Fighting Vehicle (EFV), formerly the Advanced Amphibious Assault Vehicle (AAAV), will provide surface assault elements the requisite operational and tactical mobility to exploit opportunities in support of joint operations. The EFV will be capable of carrying a reinforced Marine rifle squad at speeds in excess of 20 nautical miles per hour from over the horizon in sea state three. Once ashore, the EFV will provide Marine maneuver units with a world-class armored personnel carrier designed to meet the threats of the future. Production representative vehicle procurement occurred in fiscal year 2003 and will deliver in fiscal year 2005. IOC will be released in fiscal year 2008 and FOC in 2018.

Also critical to Marine Corps transformation efforts is the Joint Lightweight 155 mm Howitzer (LW-155). This system will enter FRP in fiscal year 2005, and our budget includes a request for a Joint Marine Corps—Army MYP. Another transformational component of the fiscal year 2005 Budget, the High Mobility Artillery Rocket System (HIMARS), will continue LRIP delivery.

Alignment

The DON is transforming to dramatically reduce operating and support costs. Changes will embrace efficiency and result in increased effectiveness and a higher readiness standard in concert with the overarching goals of the President's Management Agenda. We have made several fleet and shore organizational changes that have shown great potential in maximizing the way forces can be employed and supported.

Fleet Response Plan (FRP).—FRP provides a model for a new joint presence concept that will transform how the U.S. military is employed. It refines maintenance, training, and readiness processes in order to increase the number of combat ready ships and aircraft throughout the Fleet. FRP ensures six employable Carrier Strike Groups (CSGs) always are ready to respond to a crisis, plus two additional CSGs capable of deploying to the fight within 90 days of notification ("6+2"). With the implementation of FRP, half of the Fleet either could be deployed or postured to surge, able to arrive swiftly with the overpowering combat power needed either to deter or defeat the hostile intentions of an adversary, or to win decisively in combat against a significant enemy.

TacAir Integration.—The Navy and Marine Corps Team embarked on a Tactical Aircraft Integration plan that will enhance our core combat capabilities and provide a more potent, cohesive, and affordable fighting force. The culmination of a long-term effort to an increased level of readiness from the resources given to us, TacAir integration seeks to generate a greater combat capability from Naval TacAir. Through TacAir integration, the Department will reduce the number of tactical aircraft (JSF and F/A-18) from 1,637 to 1,140 aircraft by 2021. This integration will provide increased combat capability forward and is in concert with enhanced sea basing concepts. A cornerstone of this plan is the global sourcing of the Department's TacAir assets and the funding and maintenance of legacy aircraft at the highest level of readiness until they are replaced by the JSF and the Super Hornet (F/A-18 E/F).

Training Resource Strategy (TRS).—TRS was developed to provide high quality training to our deploying combat forces. The training of our high technology force in modern warfare has shifted to a network of existing ranges and installations stateside. Fully implemented, TRS has resulted in more training options, reduced pre-deployment training transit time, and has increased productive training days. The USS ENTERPRISE was the first CSG to deploy under the TRS, utilizing six training ranges, each unique to the successful completion of her qualification. TRS supports the FRP and will quickly respond to surge requirements by delivering and bringing to bear a capable fighting force.

Current and future readiness requirements underscore the continued need for realistic training and maximized use of training and testing ranges. While we continue to find ways to enhance readiness through increased use of information technology and simulation, live training on actual ranges and training areas remains critical during the essential phases of the training cycle. Maintaining training realism and access to these ranges has been of keen concern to our Naval forces. We continue to balance the need to maintain a ready and capable force with the need to be sensitive to environmental and encroachment issues.

For the last two years, Congress has addressed critical Navy needs regarding encroachment. Readiness-specific changes to the Marine Mammal Protection Act (MMPA), Endangered Species Act, and Migratory Bird Treaty Act will help the Navy meet training and operational needs. The Navy and Marine Corps has and will continue to demonstrate leadership in both its military readiness role and as an environmental steward of the oceans we sail and the lands we train upon. We are pursuing opportunities for acquiring land buffers adjacent to our training lands. We are implementing the Integrated Natural Resources Management Plans prepared under the Sikes Act to address endangered species concerns in lieu of designating critical habitats. We will continue operational actions to minimize harm to marine mammals, as we continue investments in research into marine mammal biology and behaviors. The Marine Mammal Protection Act is due for reauthorization in this legislative cycle. To maintain our military readiness, your support is necessary to retain the proper balance between environmental protection and military readiness during the reauthorization debate.

Carrier Strike Group (CSG)/Expeditionary Strike Group (ESG).—CSG alignment is complete and the first Pacific Fleet Expeditionary Strike Group (ESG-1), centered on the USS PELELIU Amphibious Ready Group and the embarked Marines of the 13th Marine Expeditionary Unit (Special Operations Capable), is completing an eight month deployment. The Navy deployed an Atlantic Fleet ESG, the USS WASP Amphibious Ready Group, last month.

The ESG adds to the ARG/MEU, a robust strike, anti-air, anti-surface, and anti-subsurface capability of a cruiser, destroyer, frigate and attack submarine and for the first time, the Advanced Swimmer Delivery System (ASDS). These combined capabilities give the Combatant Commander a wider variety of options and enables independent operations in more dynamic environments.

Vieques/NSRR closure.—The former training ranges on Vieques have been closed and the property has been transferred to the Department of the Interior (DOI), Fish and Wildlife Service. We have active clean-up and range clearance programs underway at disposal sites on both East and West parcels. We are working with the appropriate agencies to negotiate a Federal Facilities Agreement governing clean-up activities. We are refining costs to complete clean-up estimates for range areas and resolve litigation issues filed by the residents of Vieques. We will close Naval Station Roosevelt Roads by March 31, as directed by the Fiscal Year 2004 Defense Appropriations Act. Naval Activity Puerto Rico will serve as the caretaker organization following operational closure. Puerto Rico has established a Local Redevelopment Authority, and we will proceed quickly to property disposal.

Commander Navy Installations Command (CNI).—We have aligned all Navy shore installations under a single command that will allow us to make better decisions about where to invest limited funds. By consolidating all base operations worldwide and implementing common support practices the Navy expects to save a substantial amount of money over the next six years.

Communications

FORCENet will provide the overarching framework and standard communication mechanism for future combat systems. Navy Open Architecture, in conjunction with the FORCENet standards, will provide a common open architecture for warfare systems aboard surface, subsurface and selected airborne platforms such as the E-2C Advanced Hawkeye. A critical subset application already being procured is the Cooperative Engagement Capability (CEC), which will be installed on 38 ships and 4 squadrons (16 aircraft) by fiscal year 2006. CEC includes robust data communica-

tion capability among cooperating units in support of sensor netting. In the future, CEC will also include a Joint Track Manager to create a single integrated air picture of sufficient quality to support fire control application for each combat control system.

Navy Marine Corps Internet (NMCI) is operational and providing commercial IT services for more than 300,000 DON employees and two Combatant Commanders. To date, we have ordered 330,000 of the expected 345,000 fiscal year 2004 seats. Implementing NMCI has enabled us to increase the security posture of our networks and has given unprecedented visibility into IT costs. As we roll out NMCI we are doing away with the over 1,000 separate networks that the Navy used to run. We have reduced the number of legacy applications in the Navy's inventory from 67,000 to about 31,000 and begun further efforts to reduce this number to around 7,000—an almost 90 percent reduction. As we proceed with NMCI, we anticipate other opportunities for progress in areas such as enterprise hosting, software release management, IT resource analysis and technology insertion.

We have designed the NMCI Operational Evaluation to provide critical information necessary to determine how well NMCI is supporting mission of the user and to judge how well service level agreement metrics measure the service. As part of the spiral development process, NMCI worked with the testing community to segment the testing effort into a local evaluation of Network Services and a higher-level assessment of other Enterprise Services. Testing was completed December 15, 2003; the Final Report is due in April.

NAVY AND MARINE CORPS IN TRANSFORMATION (FUTURE READINESS)

The Chief of Naval Operations and Commandant of the Marine Corps consider the culture of transformation integral to the development of future combat capabilities. Innovative capabilities will result in profound increases in military power, maintaining the Navy and Marine Corps Team as the preeminent global Naval power. We are now at the point of delivering on many of our transformational goals.

We have embraced a vision in how Naval forces will contribute to joint warfighting in the future. This vision can only be implemented with the support of Congress. This section describes the principal components of Naval Vision 21.

Acquisition Programs

The fiscal year 2005 Budget request supports continued funding for accelerated development of several critical technologies into the CVN 21 lead ship. This transformational 21st Century ship, the future centerpiece of the Navy Carrier Strike Group, will bring many significant changes to the Fleet. These changes include a new electrical power generation and distribution system, the electro-magnetic aircraft launching system, a new enlarged flight deck, weapons and material handling improvements, and a crew reduction of at least 800. Construction of the CVN 21 remains on track to start in fiscal year 2007.

Critical components of Sea Power 21 are the DD(X) and LCS. These ships, designed from the keel up to be part of a netted force, are the centerpieces of the 21st Century surface combatant family of ships. DD(X) will be a multi-mission combatant tailored for land attack. LCS is envisioned to be a fast, agile, relatively small and affordable combatant capable of operating against anti-access, asymmetric threats in the littorals. The FYDP includes \$2.76 billion to develop and procure modular mission packages to support three primary missions of mine countermeasures, anti-submarine warfare, and anti-terrorism and force protection. Detail design and construction of the first LCS is planned to begin in fiscal year 2005.

The V-22 Osprey, a joint acquisition program, remains a top aviation acquisition priority. The V-22's increased capabilities of range, speed, payload and survivability will generate truly transformational tactical and operational opportunities. With the Osprey, Naval forces operating from the sea base will be able to take the best of long-range maneuver and strategic agility, and join it with the best of the sustainable forcible-entry capability. LRIP will continue until the Milestone III decision is made late CY 2005. We expect to move from LRIP to FRP in CY 2006.

Another important joint program with the Air Force, the JSF has just completed the second year of a 10-11 year development program. The program is working to translate concept designs to produce three variants. This is a complex process requiring more initial development than we predicted. JSF development is experiencing typical challenges that affect System Development and Demonstration (SDD) program schedule and cost. LRIP was deferred and research and development increased to cover SDD challenges. The current issues are solvable within the normal process of design fluctuation, and have taken prudent steps necessary to meet these challenges.

The plan to re-capitalize the P-3 Maritime Patrol Aircraft with the MMA was further refined this past year in collaboration with the Broad Area Maritime Surveillance-Unmanned Aerial Vehicle or BAMS-UAV program. With a MMA IOC of fiscal year 2013, we also developed a robust sustainment plan for the current P-3 that includes special structural inspections and kits that extend the platform service life by a minimum of 5,000 hours. Additionally, the Department has decided to join the Army's Aerial Common Sensor (ACS) program as the replacement platform for the aging EP-3.

In order to maintain Electronic Warfare (EW) superiority, the Department is pursuing both upgrades in current Airborne Electronic Attack (AEA) capability as well as a follow-on AEA aircraft to replace the aging EA-6B. The Navy has selected the EA-18G as its follow-on AEA aircraft and will begin to replace Navy EA-6Bs in fiscal year 2009.

Continuing an emphasis on transformational systems, the Department has budgeted R&D funding through the FYDP for several aviation programs. The Advanced Hawkeye (previously known as E-2 Radar Modernization Program (RMP)) is funded through the FYDP with the first production aircraft in fiscal year 2009. A fully automated digital engine control and improved generators have been incorporated into the aircraft to improve performance and reliability. Additionally, the Department has included funding to support procurement of required capabilities in the Fleet, such as Advanced Targeting Forward Looking Infra-Red and the Joint Helmet Mounted Cueing Systems.

The fiscal year 2005 Budget continues to demonstrate the Department's commitment to developing, acquiring and fielding transformational UAV technologies for Intelligence, Surveillance and Reconnaissance and tactical missions. The budget includes funding for a second Joint Unmanned Combat Air System (J-UCAS) demonstrator and continues development of the BAMS. The Navy's Unmanned Combat Air Vehicle (UCAV-N) is incorporated into J-UCAS under a DOD joint program office.

Helicopters.—The fiscal year 2005 Budget request includes an incremental approach to developing a replacement for the current aging Presidential helicopter. The Presidential Helicopter Replacement Aircraft (VXX) will enhance performance, survivability, communications, navigation and executive accommodations inherent in the existing fleet of Presidential airlift helicopters.

Ballistic Missile Defense.—The fielding of a National Ballistic Missile Defense capability is critical to protecting the U.S. homeland against the evolving ballistic missile threat. As part of the President's Directive to accelerate the fielding of a BMD Initial Defensive Operations capability by September 2004, the Navy will deploy, on a continuous basis, a DDG to serve as a Long-Range Surveillance and Tracking (LRS&T) platform. Additionally, Aegis Ballistic Missile Defense (ABMD) continues its development and testing of the SM-3 missile in order to support deployment of a sea-based mid-course engagement capability by December 2005. Since November 2002, ABMD had two of three successful intercepts with the SM-3 Block missile. The Navy is also evaluating the benefits associated with developing a Sea-based Terminal Missile Defense capability. A viable regional and terminal sea based ballistic missile defense system is important to ensure the safety of U.S. forces and the flow of U.S. forces through foreign ports and air fields when required.

FORCEnet/Navy Open Architecture/Space/C⁴I.—FORCEnet is the operational construct and architectural framework for Naval warfare in the Information Age which integrates warriors, sensors, networks, command and control, platforms and weapons into a networked, distributed combat force, scalable across the spectrum of conflict from seabed to space and sea to land. FORCEnet is the core of Sea Power 21 and Naval Transformation, and is the USN/USMC vehicle to make Network Centric Warfare an operational reality. It is being implemented in coordination with transformation initiatives in the Army, Air Force, and Coast Guard—enhancing efficiency, joint interoperability, and warfighting effectiveness. DD(X), LCS, CVN-21, SSGN, VIRGINIA Class SSN's, SAN ANTONIO Class LPD's, and MMA are examples of platforms that are being designed from inception to perform in the netted environment of the future. Systems being procured and produced under the FORCEnet concept are CEC, Naval Fires Network (NFN) and Airborne/Maritime/Fixed (AMF) Joint Tactical Radio System (JTRS).

The Navy is engineering a single open architecture for all warfare systems called Navy Open Architecture. Future systems will be designed to this architecture while legacy systems will be migrated to that single architecture where it is operationally and fiscally feasible. This integrates the Command and Control and Combat systems information flow using open specifications and standards and open architecture constructs, to support FORCEnet and other global information networks. Further, this significantly reduces the development and maintenance costs of computer programs. The Navy and its Joint Service partners continue to jointly engineer the Joint Track

Manager and plan to implement it into Navy Open Architecture as the Open Architecture Track Manager. This joint focused application will be populated in all Naval warfare systems that conform to the single OA warfare system architecture.

The Navy and Marine Corps continues to pursue the maximum use of space to enhance our operational capabilities. We look to leverage existing systems and rapidly adapt emerging technology. For example, the Navy has long been the leader in ultrahigh frequency (UHF) satellite communications (SATCOM). The Navy is the executive agent for the next generation UHF SATCOM system. This program, the Mobile Users Objective System, will be the system used by all DOD components for their UHF communications needs.

Sea Basing and Strategic Sealift.—Sea Basing is a transformational operating concept for projecting and sustaining Naval power and a joint force, which assures joint access by leveraging the operational maneuver of sovereign, distributed, and networked forces operating globally from the sea.

The Sea Basing concept has been endorsed by the other military services and its importance was confirmed when DOD announced a Joint Sea Basing Requirements Office will soon be established. Central to the staying power of Naval forces will be the Maritime Pre-positioned Force-Future MPF(F). The fiscal year 2005 Budget accelerates the lead MPF(F) from fiscal year 2008 to fiscal year 2007 to reflect an emphasis on Sea Basing capabilities.

Infrastructure

Prior Rounds of Base Realignment and Closure (BRAC).—The Department of the Navy completed the closure and realignment of activities from the 1988, 1991, 1993 and 1995 rounds of BRAC. All that remains is to complete the environmental cleanup and property disposal on all or portions of 23 of the original 91 bases. We have had significant successes on both fronts. We are successfully using property sales as a means to expedite the disposal process as well as recover the value of the property for taxpayers. We sold 235 acres last year at the former Marine Corps Air Station, Tustin, California on the GSA internet web site for a net \$204 million. We sold 22 acres at the former Naval Air Facility Key West, Florida in January 2004 for \$15 million. The City of Long Beach, California opted to pre-pay its remaining balance on a promissory note, and gave us \$11 million to conclude its purchase of the former Naval Hospital Long Beach, California. We are applying all funds to accelerate cleanup at remaining prior BRAC locations. More property sales are planned that will be used to finance remaining prior BRAC cleanup actions. Of the original 161,000 acres planned for disposal from all four prior BRAC rounds, we expect to have less than seven percent (or about 11,000 acres) still to dispose by the end of this fiscal year.

BRAC 2005.—The Fiscal Year 2002 Defense Authorization Act authorized another round of BRAC in 2005. We will scrupulously follow the process laid out in the law. We will treat each base equally and fairly, whether considered for closure or realignment in the past or not. In no event will we make any recommendations concerning any closures or realignment of our bases until all the data has been collected, certified and carefully analyzed within the overall BRAC 2005 statutory framework.

BRAC 2005 gives us the opportunity to transform our infrastructure consistent with the significant changes that are, and will be, happening with the transformation of our force structure. The Secretary of Defense is leading a process to allow the military departments and defense components to closely examine joint use opportunities. Military operations in Afghanistan and Iraq demonstrated the force multiplier benefits of joint operations. We will apply those approaches to our shore infrastructure. We will look beyond the traditional stovepipes of Navy bases and Marine Corps bases in BRAC 2005 and take a joint approach matching military requirements against capacity and capabilities across the Department of Defense.

The added benefit is the opportunity to eliminate excess capacity and seek greater efficiencies in our shore infrastructure. Continuing to operate and maintain facilities we no longer need diverts precious resources from our primary mission. Resources freed up as a result of this process will be used to re-capitalize our ships, aircraft, equipment and installations for the future.

Better Business Practices.—The DON has implemented several continuous improvement initiatives consistent with the goals of the President's Management Agenda that enable realignment of resources in order to re-capitalize.

Specific initiatives include: converging our Enterprise Resource Planning (ERP) pilots into an end-to-end operating system; incorporating proven world class efficiency methodologies such as Six Sigma and Lean concepts into our day-to-day operations; and implementing additional Multi-Ship/Multi-Option (MSMO) repair contracts and Performance Based Logistics (PBL) agreements. Of note, Lean efficiency events that concentrate on increasing velocity and productivity in our Aviation In-

intermediate Maintenance Departments (AIMD) were initiated on USS GEORGE WASHINGTON (CVN 73) and USS HARRY TRUMAN (CVN 75). The outcome of these events will allow us to improve our afloat AIMD processes and influence our future manning requirements on CVN 21 Class carriers. These are the first Lean events conducted on Navy warships.

These continuous improvement initiatives enable us to increase our combat capabilities with the expectation that we become more efficient, agile, flexible and reliable at a reduced cost of doing business.

OUR TOTAL FORCE (SAILORS, MARINES, AND CIVILIANS)

Today more than other time in recent history our Sailors and Marines have a greater understanding and appreciation for service to country. In time of war they have shown the Nation the highest standards of military professionalism and competence. The heaviest burdens in our war on terror fall, as always, on the men and women of our Armed Forces. We are blessed as a Nation to have a 228-year legacy where magnificent men and women volunteer to protect and defend America. Sailors and Marines—along with our civilian workforce—remain the strong and steady foundation of our Naval capabilities.

Active Duty

The Navy and Marine Corps again met enlisted recruiting and accession goals in 2003, and continue to attract America's finest young men and women to national service. The Navy achieved recruiting goals for a fifth consecutive year and in February completed the 31st consecutive month of attaining goals for accessions and new contracts. The Marine Corps met its eighth year of meeting monthly and annual enlisted recruiting goals and its thirteenth year of success in officer recruiting. Both Services are well positioned for success in meeting 2004 officer and enlisted accession requirements.

During 2003, the Navy implemented a policy requiring 94 percent of new recruits be high school diploma graduates (HSDG), and Navy recruiters succeeded by recruiting 94.3 percent HSDG. Navy Recruiting continued to seek the best and brightest young men and women by requiring that 62 percent of recruits score above 50 on the AFQT; Navy recruiters excelled with a rate of 65.7 percent. Navy recruiting also sought to increase the number of recruits with college experience in fiscal year 2003, recruiting more than 3,200 applicants with at least 12 semester hours of college.

The Marine Corps accessed 97.1 percent High School Diploma Graduates in fiscal year 2003, exceeding their annual goal of 95 percent and ensured the Marine Corps recruited the highest quality young men and women with 70.3 percent of Marine Corps recruits scoring over 50 on the AFQT. This achievement exceeded their annual goal of 60 percent of accessions scoring above 50 on the AFQT. The Marine Corps began fiscal year 2004 with a 58.8 percent starting pool in the Delayed Entry Program and has continued to achieve its monthly recruiting goals during the second quarter of fiscal year 2004. The Marine Corps Reserve achieved fiscal year 2003 recruiting goals, assessing 6,174 Non-Prior Service Marines and 2,663 Prior Service Marines. Navy Recruiting was also successful in Naval Reserve recruiting by exceeding the enlisted goal of 12,000 recruits for fiscal year 2003.

Retention.—Retaining the best and brightest is as important as recruiting them. Military compensation that is competitive with the private sector provides the flexibility required to meet that challenge.

The Marine Corps has achieved first-term reenlistment goals over the past nine years. They have already achieved 79.8 percent of their first term retention goal and 59.8 percent of second tour and beyond goals. Officer retention is at a 19 year-high.

Retention in the Navy has never been better. For the third straight year, we experienced the highest retention in history. Retention goals for all categories were exceeded. As a result, at-sea personnel readiness is exceptional and enlisted gaps at sea are at an all-time low.

Notwithstanding our current success in retention, we are constantly on alert for indicators; trends and developments that might affect our ability to attract and retain a capable, trained and talented workforce. We are aware that we need to compete for the best, and ensure continuing readiness, through a variety of means including effective compensation and bonus programs.

The Selective Reenlistment Bonus (SRB) remains the primary tool available to the Navy and Marine Corps for retaining our best and brightest enlisted personnel. SRB represents an investment in the future of our Navy and Marine Corps. The Department of the Navy has a proven track record in the judicious management of this program and other continuation pays used to keep the right force mix to meet the

nations requirements. Your continued support of the SRB program as a proven and highly effective tool is important and appreciated.

Attrition.—Navy leaders reduced attrition 10 percent from a year ago and 33 percent from fiscal year 2000, while Marine Corps First-Term Post Boot Camp attrition continues the favorable downward trend begun in fiscal year 1999. For the Marine Corps, fiscal year 2003 attrition was at a historical low, down 1,773 from the previous year. This drop is due largely to a reduction in misconduct and incidents of desertion.

The Department's "Zero Tolerance" drug-use policy continues to be strictly enforced, widely disseminated, and supported throughout the leadership. Through a comprehensive random drug testing program, educational programs, and Command support, the Navy and Marine Corps Team achieved an 18 percent reduction in attrition even while testing rates increased.

Training.—The Navy and Marine Corps have defined their respective strategies for advancing into the future as part of a Joint Force. The Services have developed strategies that clearly define how Navy and Marine forces of the 21st Century will be equipped, trained, educated, organized and used in our continued efforts to control the seas, to project American military influence abroad, and to protect our borders.

Marine Corps' Strategy 21 defines as its vision and goal the development of enhanced strategic agility, operational reach and tactical flexibility and enabled joint, allied and coalition operations.

Navy's Sea Power 21 defines its commitment to the growth and development of its Service members. Sea Warrior is the "people" part of Sea Power 21. Its focus is on growing individuals from the moment they walk into a recruiting office through their assignments as Master Chiefs or Flag Officers, using a career continuum of training and education that gives them the tools they need to operate in an increasingly demanding and dynamic environment. Transformation for the future, leveraging technology and tapping into the genius of our people to make them more efficient and effective—creating a single business process for the range of human resource management activities is exactly what Sea Warrior is all about. Our goal remains attracting, developing, and retaining the more highly skilled and educated workforce of warriors that will lead the 21st Century Navy.

Reserves

Reserves remain an integral part of our Navy and Marine Corps Team. The Department of Defense is undergoing a transformation to a more responsive, lethal and agile force based on capabilities analysis rather than threat analysis. Last July, Secretary Rumsfeld issued a memorandum, Rebalancing Forces, in which he directed the Services to promote judicious and prudent use of rebalancing to improve readiness of the force and to help ease stress on units and individuals. Three areas of focus of the Services are: Enhance early responsiveness; resolve stressed career fields; and employ innovative management practices.

The Navy recently completed a study focused on redesigning the Naval Reserve so that it is better aligned with, and operationally relevant to, active forces. Working groups have been chartered to implement key points of the study. Implementation has commenced and will continue through this year and next. The three main areas of focus are Personnel Management, Readiness and Training, and Organizational Alignment. The Navy is transforming the Naval Reserve so that it is fully integrated with active forces. Reservists are shifting away from thinking of "Naval Reserve requirements" to "Navy requirements"—a shift that includes goals, capabilities and equipment. The Navy mission is the Naval Reserve mission. One Navy, one team, is the message.

Naval and Marine Corps reservists are filling critical joint and internal billets along with their active counterparts. Naval and Marine Corps Reserve mobilization is a requirements-driven evolution and reservists, trained and ready, are making significant contributions. While the numbers of mobilized reservists can fluctuate as GWOT requirements dictate, our objective is to keep the number of mobilized personnel at a minimum.

Since September 11, 2001, the Navy has mobilized over 22,000 reservists with a peak of just over 12,000 during OIF. This is from a Selected Reserve population of just over 87,000. Mobilized commissioned Naval units include Coastal Warfare, Construction Battalion and Aviation communities, while individuals were mobilized primarily from Security Group, Naval Intelligence, Law Enforcement and Physical Security augment units. We anticipate a steady state of approximately 2,500 mobilized Naval Reservists this year.

The Marine Corps has mobilized over 22,000 reservists from an authorized Selected Reserve end strength of 39,600 and just over 3,500 from the Individual Ready

Reserve. Currently mobilized reservists number just under 6,500. With OIF II requirements, the number of mobilized Marine Reservists is expected to increase by approximately 7,000. OIF II Marines will deploy in two rotations of approximately seven months each, augmenting Marine Corps capabilities in Infantry, Armor, Aviation, Command, Control, Computers and Intelligence, Military Police and Civil Affairs.

Civilian Personnel

A large part of the credit for the Navy's outstanding performance goes to our civilian workforce. These experienced and dedicated craftspeople, researchers, supply and maintenance specialists, computer experts, service providers and their managers are an essential part of our total Naval force concept.

In the past, our ability to utilize these skilled human resources to accomplish the complex and fast-developing missions of the 21st Century has been limited by the requirements of a 19th Century personnel system. The fiscal year 2004 Defense Authorization Bill now allows DOD to significantly redesign a National Security Personnel System (NSPS) for the civilian workforce. This change represents the most significant improvement to civilian personnel management since the 1978 Civil Service Reform Act.

The DON has volunteered to be in the first wave of conversions to NSPS later this year. The Department expects to transition as many as 150,000 of our dedicated, hard-working civilians to the new system this year. We will work closely with DOD to ensure we meet this aggressive timeline. We are also working Defense Acquisition Workforce Improvement Act streamlining initiatives alongside NSPS to ensure we use these tools to produce a robust and capable workforce.

The reforms will provide supervisors and managers greater flexibility in managing our civil service employees, facilitate competition for high quality talent, offer compensation competitive with the private sector, and reward outstanding service. It will build greater pride in the civilian workforce and attract a new generation of civilians to public service. Properly executed, these changes also will assist us in better utilizing the active duty force by making it easier to employ civilians in jobs currently filled by uniformed military personnel.

NSPS legislation will have a transformational effect on organizational design across the Department. NSPS will improve alignment of the human resources system with mission objectives, increase agility to respond to new business and strategic needs, and reduce administrative burden. The NSPS Act authorizes a more flexible civilian personnel management system that allows us to be a more competitive and progressive employer at a time when our national security demands a highly responsive system of civilian personnel management. The legislation also ensures merit systems principles govern changes in personnel management, whistleblowers are protected, discrimination remains illegal, and veterans' preference is protected. The process for the design of NSPS is specified by statute and covers the following areas: job classification, pay banding, staffing flexibilities, and pay for performance.

The foundation for NSPS is a more rigorous tie between performance and monetary awards for employees and managers. Basic pay and performance incentives should be tied directly to the performance measurement process—supervisory personnel are also rewarded for successfully performing managerial duties. Implementation of this system will be a significant step forward by linking employees' performance to mission accomplishment and enabling better management of scarce resources throughout the DON.

We are faced with a monumental change in how we will do business and an even larger cultural change from one of entitlement to one that has a performance-based compensation. This will be a huge effort and we are determined to ensure successful implementation. We will continue to scrutinize our human resource business methods. As we implement the bold initiatives in NSPS, we will take a hard look at our administrative policies with a specific eye on those that are burdensome or add no value.

Quality of Service

We will continue to provide an environment where our Sailors and Marines, and their families have confidence in themselves, in each other, in their equipment and weapons, and in the institution they have chosen to serve. This year, with your help, we continued the significant advances in compensation, in building the structure to realize the promise of the revolution in training, in improving bachelor and family housing, and in strengthening our partnership with Navy and Marine families.

The Department remains committed to improving living conditions for Sailors and Marines, and their families. Our policy is to rely first on the private sector to house

military families. As a result, along with the initiative to increase Basic Allowance for Housing (BAH), the need and consequently the inventory for military family housing is going down. Additionally, we are partnering with the private sector in Public/Private Ventures (PPV) to eliminate inadequate housing.

At the top of nearly any list put together in our partnership is the promise of medical care for Sailors, Marines, and their families. Naval medicine is a force multiplier, ensuring our troops are physically and mentally ready to whatever challenges lie ahead. High quality care and health protection are a vital part of our ability to fight the Global War on Terrorism and execute other worldwide missions. Naval medicine today is focused on supporting the deployment readiness of the uniformed services and promoting, protecting and maintaining the health of all those entrusted to Naval Medicine care—anytime, anywhere.

Safety

The Navy and Marine Corps are working to meet the Secretary of Defense's goal of reducing mishaps by 50 percent from fiscal year 2002 to the end of fiscal year 2005. We have many initiatives in place and planned for the near future. We have seen real progress in reducing private motor vehicle fatalities, which are down 20 percent from the fiscal year 2002 baseline. We have begun applying technologies now used in commercial aviation to provide a visual and quantitative feedback loop to pilots and mechanics when either the pilot or aircraft has exceeded specific safety of flight parameters. We will continue to press forward with safety both to take care of people, our most precious asset, and to allow us to invest elsewhere.

Shaping the Force

The Navy is making an effort to reduce its active duty manpower as part of the DON transformation program. This is the first step and an integral part of our strategy to properly shape both the officer and enlisted force. Today, as the Navy moves to a more efficient and surge-ready force, maintaining the correct skill sets is more important than ever. We are convinced we can get the job done with fewer people; by eliminating excess manpower we can focus better on developing and rewarding our high-performing forces. Additionally, reducing manpower gradually today will ensure the Navy is properly manned when a new generation of optimally manned ships joins our force, with completely revised maintenance, training, and war-fighting requirements. We will ensure any manpower reductions will be preceded by reductions in functions.

SUMMARY

Naval forces remain a critical and unique element of our national security strategy. The Navy and Marine Corps Team answers the President's call to duty by being the first on station—with staying power. Our forces exploit the open oceans and provide the Combatant Commander with persistent sovereign combat Naval forces. This is the value that credible forward deployed Naval forces provide our Nation.

The fiscal year 2005 Budget unifies many of our innovative and transformational technologies with Naval Power 21. Sustaining investment in Naval forces continues to protect and promote American interests by allowing the forward deployed Navy and Marine Corps Team to shape the international security environment and to respond to the full spectrum of current and future crises.

With our fiscal year 2005 Budget request we focus on people, combat capability, technology insertion, and improved business practices. Additionally, we continue to work with our Joint Service partners in organizing, equipping and training to fight jointly. With continued Congressional support the Department of the Navy will position the Navy and Marine Corps Team as part of the most formidable military force in the 21st Century.

Senator STEVENS. Admiral Clark.

STATEMENT OF ADMIRAL VERNON CLARK, CHIEF OF NAVAL OPERATIONS

Admiral CLARK. Chairman Stevens, Senator Inouye, and distinguished members of the committee, good morning. I, like Secretary England, consider it an honor to be with you here today, representing all the sailors, both active and reserve, and the civilians who are serving in our Navy today.

I am particularly happy, also, to be here at the table with leaders like Secretary England and General Mike Hagee. I'd like to report to you that this group has a great partnership, working together, leading our Navy and Marine Corps team to the future. That's what we see as our task, and we are set out to do it.

Today, and I believe appropriately so, America's focus is primarily on the Army and, more so, soon to be the Marine Corps, as they execute their missions in Operation Iraqi Freedom II. Having said that, I want to report to you that your Navy continues to be out and about. And while the Army dominates Operation Iraqi Freedom today, we have two carriers and three Expeditionary Strike Groups, and fundamentally one-third of the Navy, still deployed around the world. Ships and submarines, forward deployed on the point representing the United States of America. And that includes two of our large-deck amphibious ships, the Boxer and the Bataan, who are now returning home, after surging forward just a few weeks ago to carry Marine Corps aviation assets forward for Operation Iraqi Freedom II.

A year ago this time when I appeared before this committee, we were an important part of the joint team that conducted major combat operations last spring in Iraq. Lifting the joint force, projecting power ashore, and fully 55 percent—Senator Cochran, mirroring the numbers that you talked about—55 percent of our Navy deployed in support of the conflict. No other Navy in the world can deliver this kind of decisive combat capability. It highlights our fundamental mission, and that is to take credible, persistent combat power to the far corners of this earth anywhere, anytime we need to do so, without a permission slip.

I appreciate the opportunity, Mr. Chairman, to be here today, to appear before you, and to talk about this great Navy, and to thank you on behalf of all of our outstanding men and women in the uniform, and those that are wearing civilian clothes, too, that are working to make our Navy better every day. And we are all grateful for the continued strong support that is being provided by the Congress that is making our Navy ready to respond, ready to act anytime the Nation needs us to do so, but also helping us create the Navy of the future, which is our fundamental task, also.

As the Secretary said, our budget request this year is a solid and balanced investment plan, the roadmap, as he has called it, that focuses on three areas. First, it accelerates our investment in Sea Power 21 capability. Second, it delivers the right readiness at the right cost, and that's been a key factor in our ability to respond this past year. And it continues to shape the 21st century workforce. This budget includes the next steps in our journey to the future.

A much more capable Navy is what we're talking about. It includes funding for the Littoral combat ship, the DD(X), CVN 21, the Joint Strike Fighter, unmanned vehicles in the air and on the surface and under the sea, the Virginia class submarine and the modifications to Trident SSGNs, among others.

And maybe most importantly today, it lays the foundation with LHA(R) and maritime pre-positioned forces, the future for the Navy/Marine Corps team. That future is laid down in this budget request. And this is a very exciting concept, the next step in expe-

ditionary warfare. We stand at the threshold of creating the next generation Navy/Marine Corps team, a team that will deliver the kind of quick-response, global-reach capability that this Nation needs. This budget will help us deliver a more responsive Navy. The Fleet Response Plan and a readiness assessment process that we are now using has allowed us to better assess risk, and allowed us to present a budget that delivers the right readiness at the right cost.

And what this means, unlike previous submissions that I have been involved in, is that we have taken more risk—we have assessed the risk, and we have taken risk where we believe that it is prudent so that we can invest in the new acquisition that is required for us to have the Navy of the future. And so I ask for your support in this year's readiness request. It will deliver the right readiness at the right cost for the Nation.

Lastly, our request continues to sharpen our investment in our people so that we can shape them into the workforce that we need for the future. And, of course, in the Navy we recognize that every single thing that is good that is happening in the Navy is happening because we have been winning the battle for people. For all of our advanced technology—and our advanced technology is incredible—for the readiness that we have achieved, it is still our people that bring our capabilities to bear whenever and wherever the Nation needs them.

But, at the same time, Mr. Chairman, we do recognize the cost of manpower. We know that manpower is not free. And I am committed to building a Navy that can maximize the capability of our people and minimize the total number of people on the payroll. And as you can see from this request, and as Senator Inouye has indicated, this budget request reduces our end strength. Our strategy for doing this is straightforward, Senator. We are investing in the growth and the development of our people. We are improving training and our maintenance processes. We are leveraging technology. We are decommissioning older, more manpower-intensive platforms that have less capability for the future, and we are rebalancing our reserve and active forces. And as we deliver more high-tech ships and aircraft, our workforce will intentionally get smarter, but we intend for it also to get smaller.

Your support, over the years, of incentive pay, re-enlistment bonuses, and the kind of training and information tools that make our people more productive, has been critical to our success in the past and is crucial to our ability to attract and retain and shape the kind of workforce we need for the future.

I want to report to you that your support for these initiatives has been working. We have the highest retention that we ever had in the history of the Navy, and we have an extraordinarily competitive and talented group of people in our Navy. I ask you to continue to give us the tools that we need to shape this force for the future. And I look forward to discussing this with you in the minutes and hours ahead, and the months ahead, as we move toward this budget.

I close by saying that we have a higher quality Navy and Marine Corps team today than at any time that I've witnessed in my career, and I believe it's so for a very important reason. It is because

our sailors feel the support and the confidence that is being placed in them by the citizens of the United States of America.

Mr. Chairman, this is a very proud team. They believe in the importance of what they are doing. And each of you have seen them on the point, and you know how they are reacting to the challenges that are being presented to them. And they are responding to the signals of support that are being sent to them by the citizens of America.

PREPARED STATEMENT

I thank you for your support, and the citizens of America for their support, and I look forward to your questions this morning.

Thank you very much.

Senator STEVENS. Thank you very much, Admiral.

[The statement follows:]

PREPARED STATEMENT OF ADMIRAL VERN CLARK

Mr. Chairman and members of the Committee, I appreciate this opportunity to appear before you. I want to express my gratitude for the substantial investment you have made in making this Navy the best Navy the nation has ever seen.

Your Navy is built to take credible combat power to the far corners of this earth, taking the sovereignty of the United States of America anywhere we need to take it and at anytime we choose to do so. It is capable of delivering the options this nation needs to meet the challenges of today and it is committed to the future capabilities the joint force will need to win throughout the 21st century.

It is a wonderful time to be a part of this Navy and a great privilege to be associated with so many men and women—active and reserve, uniformed and civilian—committed to the service and defense of this nation. I speak for all of our men and women in thanking you for your exceptional and continuous support.

YOUR NAVY TODAY—PROJECTING DECISIVE JOINT POWER ACROSS THE GLOBE

Your Navy's performance in Operations ENDURING FREEDOM (OEF) and IRAQI FREEDOM (OIF) last year proved—more than anything else—the value of the combat readiness in which you have invested. It demonstrated the importance of the latest technology in surveillance, command and control and persistent attack. It highlighted our ability to exploit the vast maneuver space provided by the sea. Most importantly, it reaffirmed the single greatest advantage we hold over every potential adversary: the genius of young Americans contributing their utmost in their service to this nation.

This past year, the fleet produced the best readiness levels I've seen in my career. We have invested billions of dollars to training, maintenance, spare parts, ordnance, flying hours and steaming days accounts these last few years, and that investment resulted in the combat ready response of more than half the Navy to operations worldwide.

Seven aircraft carriers and nine big deck amphibious ships were among the 164 U.S. Navy ships forward deployed last spring in support of OEF and OIF and contingencies worldwide. The Military Sealift Command sailed and chartered more than 210 ships and moved 94 percent of the nation's joint and combined capability to the fight. We also deployed three Fleet Hospitals, a Hospital Ship, 22 P-3 aircraft, 25 Naval Coastal Warfare detachments and we mobilized more than 12,000 reservists.

OIF and OEF were the most joint operations in our history and they have provided the best possible opportunity to dissect, study and analyze some of the limiting factors and effects of how we fight. Beyond the mere numbers, these operations confirmed that we should continue to pursue the capabilities that enhance our power projection, our defensive protection and the operational independence afforded by the sea.

While we recognize that we must continue to challenge all of our assumptions in a variety of scenarios, our lessons learned indicate that the capabilities-based investment strategies, new war fighting concepts and enabling technologies we are pursuing in our Sea Power 21 vision are on the right vector. Let me give you some examples.

—The reach, precision and persistence of our Sea Strike capability added lethality to ground combat engagements in Afghanistan and Iraq. The joint surveillance and attack technologies and processes that we have already put in place forced enemy combat formations to either disband and desert or be destroyed in place by precision weapons. Navy aviation generated more than 7,000 combat sorties in support of OIF, sometimes flying joint missions with land-based Air Force tankers more than 900 miles from their carriers. Surface combatants and submarines struck targets throughout Iraq with more than 800 Tomahawk missiles. The initial deployments of new F/A-18E/F Super Hornet squadrons greatly extended our range, payload, and refueling options. And we will realize more of these capabilities in the future through the conversion of the first of four Trident SSBNs into the SSGN conventional strike and Special Operations Forces platform.

—USS HIGGINS (DDG 76) provided early warning and tracking to joint forces in Kuwait and southern Iraq to help warn forces and defend against the threat of theater ballistic missiles. This tracking-only capability demonstrated the initial potential of extending Sea Shield defenses to the joint force. In a sign of things to come, we advanced our missile defense capability with another successful flight test of our developmental sea-based defense against short-to-medium range ballistic missiles. USS LAKE ERIE (CG 70) and USS RUSSELL (DDG 59) combined to acquire, track and hit a ballistic test target in space with an SM-3 missile in support of the Ballistic Missile Defense program. This was the fifth success in six tests.

Our OIF mine warfare efforts cleared 913 nautical miles of water in the Khor Abd Allah and Umm Qasr waterways, opening 21 berths in the Umm Qasr port and clearing the way for operations in the littoral areas of the Northern Persian Gulf and for humanitarian aid shipments into Iraq. These operations included the use of the High Speed Vessel X1 (JOINT VENTURE), Navy patrol craft and six unmanned, autonomous underwater vehicles (AUV) directly from our science and technology (S&T) program in the littoral for special operations and mine clearance operations, and gave us important insights into our vision for both future littoral and mine warfare concepts and capabilities.

—We projected joint combat forces across the globe with greater speed and agility than we have ever done in the past. Along with our number one joint partner, the United States Marine Corps, we put more than 60,000 combat-ready Marines ashore in Kuwait in 30 days. The Navy's Military Sealift Command delivered more than 32 million square feet of combat cargo and more than one billion gallons of fuel to the nation's war fighters in Operations Enduring Freedom and Iraqi Freedom. We were able to sustain the strategic and operational flexibility afforded by Sea Basing to generate a three-axis attack on Iraq from our dispersed aircraft carriers, surface combatants and submarines in the Red Sea, the Mediterranean Sea and the Persian Gulf.

We forged ahead in our shipbuilding investments. We awarded three preliminary design contracts for the Littoral Combat Ship (LCS), leading to the construction of the first LCS in fiscal year 2005. We selected the baseline design for the DD(X) 21st Century multi-mission destroyer, launched SAN ANTONIO (LPD 17), christened VIRGINIA (SSN 774) and began fabrication of MAKIN ISLAND (LHD 8) and LEWIS AND CLARK (T-AKE 1).

—In OIF, we were able to know more, decide faster and act more decisively than ever before. Our three-axis, multi-platform attack from the Persian Gulf, Red Sea and Mediterranean Sea—as well as the geometric increases in striking power, defensive protection and speed of maneuver generated by our joint forces—is made possible by the power of joint command, control, communications, computers, intelligence, surveillance and reconnaissance (C⁴ISR). Fully eighty percent of targets struck with precision ordnance were unknown at aircraft launch. We developed and installed CENTRIX and COWAN networks to enhance joint and coalition interoperability on all of our deploying ships, and we also promulgated the FORCEnet campaign plan, defining the architecture and standards that will help us further integrate warriors, sensors, weapons, and platforms.

These accomplishments this past year have taught us more about who we are and where we're headed. We know that the combat power of the truly joint force is much more than the sum of the services' contributions. We understand the value of readiness and the importance we must place on improving the fleet's ability to respond and surge with decisive combat power. We relearned the lesson that over flight and basing is not guaranteed; our dominance of the maritime domain and our consequent ability to quickly deliver an agile combat force is a priceless advantage for

our nation. And we reaffirmed that our people are now, and always will be, the root of our success.

YOUR NAVY TOMORROW—ACCELERATING OUR ADVANTAGES

Readiness, advanced technology, dominance of the maritime domain, and the genius of our people—these are our asymmetric advantages. They are the core of our Sea Power 21 Navy and we intend to accelerate these advantages over the coming year. We are in a position to continue to build upon and recapitalize these strengths, to innovate and experiment, and to push the envelope of operational art and technological progress. Our ability to project persistent, sovereign combat power to the far corners of the earth now and in the future depends on it.

In last year's statement, I discussed principally the advantages brought by advanced technology and the vast maneuver area of the sea in our Sea Power 21 vision.

This year, I'd like to spend a few moments on the efforts we've taken to improve our other advantages: our readiness to respond to the nation's defense needs and the tools we'll need to ensure the right people for our Sea Power 21 Navy.

Today's naval forces and personnel are superbly trained and well provisioned with ordnance, repair parts and supplies. They are ready earlier—for a longer period of time—and they are deploying at a higher state of readiness than ever before. In short, the Navy the nation has paid for is truly ready to accomplish its missions and it is more ready to do so than I've ever seen it in my career.

I mentioned the results; in OIF, we surged more than half the fleet to fight half a world away. The combined power of our forward presence forces and those that we were able to surge overseas helped keep our enemies on the run. This conflict and our analysis of future campaign scenarios make it apparent that the readiness of both our forward forces and the forces that must surge forward will be critically important to our future. It is no longer good enough to be able to surge just once every ten years or so.

The war on terrorism and the unpredictability of the global security environment make this an immediate imperative. The nation needs a Navy that can provide homeland defense and be both forward and ready to surge forward to deliver overwhelming and decisive combat power whenever and wherever needed. We are committed to do so.

With this in mind, we launched the Fleet Response Plan (FRP) this past year. The FRP resets the force in a way that will allow us to surge about 50 percent more combat power on short notice and at the same time, potentially reduce some of the personnel strain of forward rotations.

In simplest terms, rather than having only two or three CSGs forward-deployed and properly equipped at any one time—and an ability to surge only a maximum of two more—the FRP enables us to now consistently deliver six forward deployed or ready to surge Carrier Strike Groups (CSGs) almost immediately, plus two additional CSGs in the basic training phase in 90 days or less. This FRP capability is commonly known as six plus two.

To do this, we have fundamentally reconfigured our employment policy, fleet maintenance, deployment preparations and fleet manning policies to expand the operational availability of non-deployed fleet units. We have shifted the readiness cycle from one centered solely on the next-scheduled-deployment to one focused on returning ships to the right level of readiness for both surge and deployed operations. The net result is a fleet that is more ready, with more combat power—more quickly—than was possible in the past.

Our forward rotations remain critically important to our security, to strengthening alliances and coalitions, and to the global war on terrorism. But it is clear we must make these rotations with purpose, not just to fill the calendar.

For example, implementing the new Proliferation Security Initiative to counter weapons of mass destruction as a tool for terrorists and their sponsors is likely to involve the use of forward naval forces in maritime interdiction. Additionally, we plan to be ready to establish Initial Missile Defense operations using forward-deployed ARLEIGH BURKE class guided missile destroyers and their AEGIS systems in Long-Range Tracking and Surveillance roles. And of course, we will continue to provide Combatant Commanders with the combat-credible, rapidly employable forward forces required for the nation's defense.

But at the same time, we recognize that our ability to rapidly surge significant additional combat power and provide a range of joint employment options is critically important to the swift and decisive combat operations that must be our future. The FRP allows us to do just that.

We have an obligation to accurately assess the readiness needs and create the resources necessary to support this FRP capability. This has also been a major focus this past year.

Readiness is a complex process. It is much more than a count of our end strength, our ordnance and spares, and the number of hours and days spent training. It is the product of our ability to deliver the required effects needed to accomplish the mission. We know too that readiness at any cost is unacceptable; as leaders we must achieve and deliver the right readiness at the right cost.

The Integrated Readiness Capability Assessment (IRCA) was developed for the fiscal year 2005 budget to more carefully examine our readiness processes. Starting with our new FRP operating construct, we took a hard look at everything that we needed to have on hand and what we needed to do to deliver the required combat readiness for the nation's needs.

The IRCA assessment helped us understand the collective contributions of all the components of readiness, accurately define the requirements, align the proper funding and provide a balanced investment to the right accounts. It improved our visibility into the true requirements and it gave us a methodology to assess and understand both acceptable and unacceptable risks to our current readiness investments.

The end result is this: we have carefully defined the readiness requirement. We have identified areas where we can streamline or cease activities that do not add to readiness. And we have requested the funds our commanders need to create the right readiness for fiscal year 2005. I ask for your support of this year's current readiness request as we've re-defined these processes and already taken acceptable risks. We will deliver the right readiness at the right cost to the nation.

These improvements to our operational availability of forces and the associated readiness elements will not be made on the backs of our people.

We have a smart, talented cadre of professionals who have chosen a lifestyle of service. Our ability to challenge them with meaningful, satisfying work that lets them make a difference is part of our covenant with them as leaders.

A new operating concept like the Fleet Response Plan could not be made if we still had the kind of manpower-intensive mindset to problem solving we had even five years ago. But today, thanks to your sustained investment in science and technology among others, we have already realized some of the advancements in information technology, simulators, human system integration, enterprise resource planning, web-enabled technical assistance and ship and aircraft maintenance practices that can reduce the amount of labor intensive functions, the training and the technical work required to ensure our readiness.

These advances speak to our larger vision for our Sea Power 21 Navy and its Sea Warrior initiative. Our people are today's capital assets. Without them, all the advanced weaponry in the world would sit dormant. But at the same time, it is the effects they deliver that are the true measure of their contribution to readiness and capability.

We have long had a force stove-piped into active and reserves, uniformed and civilian, sea and shore, and enlisted and officer components, all with work driven largely by the limits of industrial age military capabilities, personnel practices, technology and the organizational models of the day.

In today's era, when we have whole corporations bought or sold just to capture the intellectual capital of an organization, we recognize that our human resource strategy must capture the talents and efforts of our capital as well. Our vision for the future is a more truly integrated workforce wholly committed to mission accomplishment. This must include a total force approach that can functionally assess missions, manpower, technology and training and produce an enterprise-wide resource strategy.

The principles of this strategy are clear. We will capture the work that contributes to mission accomplishment. We will define enterprise-wide standards. We will leverage technology to both enhance and capitalize on the growth and development of our people. We will streamline organizational layers. We will instill competition. And we will incentivize the talents and behaviors needed to accomplish the mission.

There is still much to study and discuss as we develop our total force approach in the months and years ahead, but we can already see that the application of these principles will help us more accurately define our manpower requirement and lead us to a smaller workforce in the future.

The benefits are enormous. Our people will be powerfully motivated and better educated and more experienced in the coming years. They will be properly equipped to maintain, operate and manage the higher technology equipments that are our future. Our combat capabilities will continue to grow.

We must be committed to building a Navy that maximizes the capability of its people while minimizing the total number in the manpower account. Manpower is

never free; in fact, manpower we do not truly need limits both the true potential of our people and the investments needed to transform our combat capability for the future.

Our developing human resource strategy will likely require changes in the way we recruit, assess, train, manage and balance the workforce in the years to come. Sea Warrior of course, is crucial here. Last year's authorization of the National Security Personnel System (NSPS) is very important to such an effort as well. The NSPS Act authorized a more flexible civilian personnel management system that allows DOD to be a more competitive and progressive employer. The Navy has volunteered to be in the first wave of conversions to NSPS because it will facilitate the kind of competition and performance we need in the 21st century.

In the near future, we will need to look at improving the two-way integration of our active and reserve force. At a time when our ability to surge is more important to the nation than ever, we must ensure our Navy reserves have the kind of future skills, front-line equipment, training standards and organizational support that will facilitate their seamless integration into required combat and support structures.

Most importantly, I believe we will need the kinds of flexible authorities and incentive tools that will shape the career paths and our skills mix in a way that lets us compete for the right talent, not just within the Navy, but with all the nation's employers as well.

In the months ahead, I will continue to discuss with you our developing human resource strategy and the kinds of authorities we'll need to deliver on it.

We are beginning to realize the powerful war fighting capabilities of Sea Power 21. Our culture of readiness and our commitment to developing a 21st Century workforce will help us employ those transformational capabilities to achieve unprecedented maritime power.

OUR FISCAL YEAR 2005 BUDGET REQUEST

This past year our Navy's budget request continued our effort to sustain our current readiness gains, deepen the growth and development of our people and invest in our transformational Sea Power 21 vision while harvesting the efficiencies needed to fund and support these three critical priorities. This year we intend to:

- Deliver the right readiness at the right cost to support the war on terror and the nation's war fighting needs,
- Shape the 21st century workforce and deepen the growth and development of our people,
- Accelerate our investment in Sea Power 21 to recapitalize and transform our force and improve its ability to operate as an effective component of our joint war fighting team.

At the same time, we will continue to pursue the Sea Enterprise improvements that make us a more effective Navy in both fiscal year 2005 and beyond. Our Navy budget request for fiscal year 2005 and the future supports this intent and includes:

- Nine new construction ships in fiscal year 2005, including construction of the first transformational destroyer (DD(X)) and the Littoral Combat Ship (LCS), the acceleration of a SAN ANTONIO Class Amphibious Transport Dock Class ship from fiscal year 2006 to fiscal year 2005, and one SSBN conversion and refueling. Our request this year includes the following ships:
 - 3 ARLEIGH BURKE Class Guided Missile Destroyers (DDG)
 - 1 VIRGINIA Class submarine (SSN)
 - 1 SAN ANTONIO Class Amphibious Transport Dock (LPD)
 - 2 Lewis and Clark Class Dry Cargo and Ammunition ships (T-AKE)
 - 1 21st Century Destroyer (DD(X))
 - 1 Littoral Combat Ship (LCS), and
 - 1 SSBN conversion/refueling

The investment plan across the future year's defense plan (FYDP) also includes three Maritime Prepositioned Force (Future) (MPF (F)) ships and advanced procurement for an MPF (F) aviation variant. While our build rate dips to six ships in fiscal year 2006, this is a reflection of a shift in focus to the next generation surface combatants and sea basing capabilities. We have also assessed the risks and divested several assets that have high operating costs and limited technological growth capacity for our transformational future; this includes decommissioning two coastal mine hunter ships, and the accelerated decommissioning of the remaining SPRUANCE-class destroyers, SACRAMENTO Class Fast Combat Store Ships and the first five TICONDEROGA-class guided missile cruisers in the future year's plan.

- Procurement of 104 new aircraft in fiscal year 2005, including the F/A-18 E/F Super Hornet, the MH-60 R/S Seahawk and Knighthawk Multi-mission Com-

bat Helicopter, the T-45 Goshawk training aircraft and the Marine Corps MV-22 Osprey among others. We continue to maximize the return on procurement dollars through the use of multi-year procurement (MYP) contracts for established aircraft programs like the Super Hornet and we have increased our research and development investment this year in the Joint Strike Fighter (JSF), the EA-18G Airborne Electronic Attack (AEA) aircraft and the broad area anti-submarine, anti-surface, maritime and littoral intelligence, surveillance and reconnaissance (ISR) capable Multi-mission Maritime Aircraft (MMA).

- Investment in transformational unmanned underwater vehicles (UUV) like the Long-Term Mine Reconnaissance System, and unmanned aviation vehicles (UAV) such as the Broad Area Maritime Surveillance UAV and the Joint-Unmanned Combat Air System. The budget also requests funding for experimental hull forms like the X-Craft, and other advanced technologies including the Joint Aerial Common Sensor (JACS).
- A 3.5 percent basic pay raise, and a reduction in average out-of-pocket housing costs from 3.5 percent to zero, allowing Sailors and their families more of an opportunity to own their own homes and have more of a stake in their communities.
- Investment in housing and Public-Private Ventures that will help eliminate inadequate barracks and family housing by fiscal year 2007 and enable us to house shipboard Sailors ashore when their vessel is in homeport by fiscal year 2008.
- Readiness investment that supports the Fleet Response Plan (FRP), including sustained funding for ship and aircraft operations, aviation depot maintenance, and precision guided munitions. This includes improvements in ship maintenance and training scheduling to maximize surge capabilities.

Delivering the Right Readiness at the Right Cost

To me, the “right readiness” is the return on your investment in the Navy. Readiness is the catalyst that brings combat power to bear whenever it is needed. Achieving readiness at any cost however is not good for the nation. This year’s request accurately defines our readiness needs, assesses the risks to our investment and—as requested—will deliver the resources necessary for leaders in the Navy to create the required readiness.

- Ship Operations and Flying Hours requests funds for ship operations OPTEMPO of 51.0 days per quarter for our deployed forces and 24 days per quarter for our non-deployed forces. We have properly funded the flying hour account to support the appropriate levels of readiness and longer employability requirements of the FRP. This level of steaming and flying hours will enable our ships and air wings to achieve the required readiness over the longer periods defined by the Fleet Response Plan, and as a result, it will improve our ability to surge in crisis and sustain readiness during deployment.
- Ship and Aviation Maintenance. We have made significant improvements these last few years by reducing major ship depot maintenance backlogs and aircraft depot-level repair back orders; improving aircraft engine spares; adding ship depot availabilities; ramping up ordnance and spare parts production; maintaining steady “mission capable” rates in deployed aircraft; fully funding aviation initial outfitting; and investing in reliability improvements.

Our fiscal year 2005 request continues to improve the availability of non-deployed aircraft and meets our 100 percent deployed airframe goals. Our ship maintenance request continues to “buy-down” the annual deferred maintenance backlog and sustains our overall ship maintenance requirement. We are making great strides in improving the visibility and cost effectiveness of our ship depot maintenance program, reducing the number of changes in work package planning and using our continuous maintenance practices when changes must be made.

- Shore Installations. Our Facilities Sustainment, Restoration and Modernization (SRM) program remains focused on improving readiness and quality of service for our Sailors. While our fiscal year 2005 Military Construction and Sustainment program reflects difficult but necessary trade-offs between shore infrastructure and fleet recapitalization, the majority of the SRM trends are very good. Facilities sustainment has increased in fiscal year 2005. Our budget request keeps us on a course to achieve the DOD goal of a 67-year recapitalization rate by fiscal year 2008, achieve DON goals to eliminate inadequate family and bachelor housing by fiscal year 2007 and provides Homeport Ashore Bachelor Housing by fiscal year 2008. We are exploring innovative solutions to provide safe, efficient installations for our service members, including design-build improvements, and BRAC land sales via the GSA Internet. Additionally, with

the establishment of Navy Installations Command, we have improved our capability to manage our dispersed facility operations, conserve valuable resources, establish enterprise-wide standards and continue to improve our facility infrastructure.

- Precision Guided Munitions receive continued investment in our fiscal year 2005 request with emphasis on increasing the Joint Stand-Off Weapon (JSOW) baseline variant, Joint Direct Attack Munition (JDAM), and Tactical Tomahawk (TACTOM) inventory levels, while the JSOW penetrator variant enters full-rate production. We have also entered into a Common Missile program with the U.S. Army to replace the aging inventory of TOW, Maverick and Hellfire missiles. Joint partnerships with the Air Force and Army in several of our munitions programs continue to help us optimize both our inventories and precious research and development investments and will remain a focus for us in the future.
- Training Readiness. We continue to make significant strides in this critical area. In fiscal year 2004, the Congress supported two important programs to advance our training readiness. First, you endorsed the Training Resource Strategy (TRS), to provide more complex threat scenarios and to improve the overall realism and value of our training. Additionally, you funded the Tactical Training Theater Assessment and Planning Program to provide for a comprehensive training range sustainment plan. Our fiscal year 2005 budget continues this work. We are working to make the Joint National Training Capability a reality. We have established a single office to direct policy and management oversight for all Navy ranges as well as serve as the resource sponsor for all training ranges, target development and procurement, and the Navy portion of the Major Range Test Facility Base (MRTFB).
- Environmental Readiness. In the last two years, Congress has provided significant legislative relief from encroachment and environmental requirements by amending the Endangered Species Act, the Migratory Bird Treaty Act and the Marine Mammal Protection Act. These amendments help to balance environmental stewardships and realistic military training. We will continue to focus the use of our ranges on military training, and remain committed to our environmental obligations through integrated natural resource management plans. We will make every effort to protect marine mammals while ensuring our Sailors are properly trained and our transformational systems are properly tested. We look forward to demonstrating our ongoing commitment to environmental stewardship.

Shaping the 21st Century Workforce

At the heart of everything good in our Navy today is this: we are winning the battle for people. Higher quality recruits, historic retention rates, innovative incentive pay pilots, reduced attrition, competitive reenlistments and detailing, and outstanding leadership in the ranks has made this the highest quality workforce the Navy has ever seen.

In 2003 specifically, we exceeded all of our aggregate retention goals for the third straight year; our recruiters reached their quotas for the 28th consecutive month; we reduced attrition another 10 percent from fiscal year 2002 levels; and, through decommissioning older, manpower-intensive platforms, improving training and employment processes, and more efficient infrastructure organization, we have reduced gaps at sea to less than 1,000, down from 18,000 gaps just six years ago.

These accomplishments will help us develop the 21st Century workforce we'll need for our Sea Power 21 Navy. As our Navy becomes more high tech, so must our workforce. Our people will be a more educated and experienced group of professionals in the coming years, and we must properly employ their talents. We will spend whatever it takes to equip and enable these outstanding Americans, but we do not want to spend one extra penny for manpower we do not need.

As part of that effort, we continue to pursue the kind of new technologies and competitive personnel policies that will streamline both combat and non-combat personnel positions, improve the two-way integration of active and reserve missions, and reduce the Navy's total manpower structure. To that end, we are proposing a fiscal year 2005 Navy end strength reduction of 7,900 personnel.

We will use existing authorities and our Perform to Serve program to preserve the specialties, skill sets and expertise needed to continue the proper balancing of the force.

We intend to build on the growth and development momentum of the last three record-breaking years. We are fully committed to ensuring every Sailor has the opportunity and resources to successfully compete. Our goal remains attracting, developing, and retaining the most highly skilled and educated workforce of warriors we have ever had, to lead the 21st century Navy.

As I testified last year, Sea Warrior is designed to enhance the assessment, assignment, training and education of our Sailors.

Our fiscal year 2005 budget request includes the following tools we need to enhance mission accomplishment and professional growth:

—Innovative personnel employment practices are being implemented throughout the fleet. Optimal manning experiments in USS BOXER (LHD-4), USS MILIUS (DDG 69) and USS MOBILE BAY (CG 53) produced revolutionary shipboard watch standing practices, while reducing overall manning requirements and allowing Sailors to focus on their core responsibilities. The fleet is implementing best practices from these experiments to change Ship Manning Documents in their respective classes. Optimal manning means optimal employment for our Sailors.

We have our fourth crew aboard USS FLETCHER (DD 992) and our third crew aboard USS HIGGINS (DDG 76) in our ongoing Sea Swap initiative. This has saved millions of dollars in transit fuel costs and increased our forward presence without lengthening deployment times for our Sailors. FLETCHER and HIGGINS will return to San Diego this year after a period of forward deployed operations of 22 months and 17 months respectively. We will continue to assess their condition and deep maintenance needs to develop and apply lessons learned to future Sea Swap initiatives.

—Selective Reenlistment Bonus (SRB). Targeted bonuses such as SRB are critical to our ability to compete for our highly trained and talented workforce both within the Navy and with employers across the nation as well. Proper funding, adequate room for growth and the flexible authorities needed to target the right skills against the right market forces are important to the shape of the workforce. This program specifically targets retention bonuses against the most critical skills we need for our future. We ask for your continued support and full funding of this program.

—Perform to Serve (PTS). Last year, we introduced PTS to align our Navy personnel inventory and skill sets through a centrally managed reenlistment program and instill competition in the retention process. The pilot program has proven so successful in steering Sailors in overmanned ratings into skill areas where they are most needed that the program has been expanded. More than 2,400 Sailors have been steered to undermanned ratings and approved for reenlistment since the program began last February and we will continue this effort in 2005.

—Assignment Incentive Pay (AIP) is a financial incentive designed to attract qualified Sailors to a select group of difficult to fill duty stations. AIP allows Sailors to bid for additional monetary compensation in return for service in these locations. An integral part of our Sea Warrior effort, AIP will enhance combat readiness by permitting market forces to efficiently distribute Sailors where they are most needed. Since the pilot program began last June, more than 1,100 AIP bids have been processed resulting in 238 Sailors receiving bonuses for duty in these demanding billets. We ask for continued support of this initiative.

—Professional Military Education (PME). We are taking a more comprehensive approach to the education of our people than we have done in the past. We are in the process of developing a PME continuum that integrates general education, traditional Navy-specific Professional Military Education (NPME), and Joint Professional Military Education (JPME) curricula. This will allow us to develop a program that fully incorporates all aspects of our professional and personal growth and development training needs. Improvements so far include establishing networks with civilian educational institutions, developing new degree programs, and establishing partnerships with other services' institutions. We are also expanding opportunity through distance learning and the Internet. We are committed to broadening the professional and intellectual horizons of both our officers and our enlisted men and women to prepare them to operate tomorrow's fleet and assume key naval and joint leadership roles.

—Human Performance Center (HPC) has been established to apply Human Performance and Human System Integration principles in the research, development and acquisition processes. In short, the HPS will help us understand the science of learning. They will ensure training is driven by Fleet requirements and they will focus requirements on the performance needed to carry out our missions. This will eliminate potential performance and training deficiencies, save money and help us improve our readiness.

—The Integrated Learning Environment (ILE) is the heart of our Revolution in Training. ILE is a family of systems that, when linked, will provide our Sailors with the ability to develop their own learning plans, diagnose their strengths

and weaknesses, and tailor their education to support both personal and professional growth. They will manage their career requirements, training and education records. It will match content to career requirements so training is delivered at the right time. Most importantly, these services will be provided anytime, anywhere via the Internet and the Navy-Marine Corps Intranet (NMCI).

We are taking advantage of every opportunity to accelerate the tools we need to develop our 21st Century workforce. The improvements and pilots that Congress has supported—including bonuses, pay table adjustments, retirement reforms, better medical benefits, and our Sea Warrior initiatives—are having the desired impact.

Your support of our fiscal year 2005 request for a 3.5 percent basic pay raise, for our efforts to transform our manpower structure in some fundamental ways, and for a reduction in average out-of-pocket housing costs from 3.5 percent to zero will have a direct effect on our ability to properly size and shape the 21st century workforce that is our future.

Accelerate Our Investment in Sea Power 21

As I testified last year, Sea Power 21 defines the capabilities and processes that the 21st century Navy will deliver. We now have an opportunity to accelerate the advantages that our vision for a joint, netted and sea-based force provides this nation, thanks to the tremendous investments that you have made in our battle for people, in the quality of service for each of our Sailors, and in readiness.

This year, we will pursue distributed and networked solutions that could revolutionize our capability. We will focus on the power of Sea Basing and our complementary capability and alignment with our number one joint partner, the U.S. Marine Corps. We will sustain a robust science and technology program, and we will exploit investments made in joint research and development wherever possible.

For example, we are urgently pursuing technical advances to support our Sailors, Soldiers, Airmen and Marines in Iraq. The Naval Sea Systems Command and the Office of Naval Research are working closely with all services, government agencies, industry, and academic and government laboratories to identify, test, and deploy promising technologies that can counter improvised explosive devices (IEDs), snipers, suicide bombers and other force protection threats. We are also pursuing other quick-reaction technology initiatives such as persistent wide-area surveillance using small Unmanned Aerial Vehicles, blue force tracking technology, body armor and extremity protection. We are committed to ensuring that the joint force on the ground is as equipped as they possibly can be to accomplish their mission.

Our highest priority programs within each of the core capability sets that define our Sea Power 21 vision.

Sea Basing is the projection of operational independence. Our future investments will exploit the largest maneuver areas on the face of the earth: the sea. Sea Basing serves as the foundation from which offensive and defensive fires are projected—making Sea Strike and Sea Shield a reality. Sea Basing capabilities include, Joint Command and Control, Afloat Power Projection and Integrated Joint Logistics.

Our intent is to maximize our sea basing capability and minimize as much as possible our reliance on shore-based support nodes. To do this, we will make doctrinal, organizational and operational changes mandated by this concept and by the underlying technology that makes it possible. We have an opportunity here, along with the U.S. Marine Corps and the U.S. Army, to reexamine some of the fundamentals of not only how we move and stage ground forces, but how we fight ashore as well. Our highest priority Sea Basing investments include:

—Surface Combatant Family of Ships. As I've already testified, the power of joint forces in OIF was in the synergy of individual service strengths. The same concept holds true within the Navy itself. We seek the synergy of networks, sensors, weapons and platforms that will make the joint force greater in combat power than the sum of the individual parts. Development of the next generation of surface combatants as “sea frames”—analogous to “air frames”—that are part of a modular system is just such an endeavor.

The surface combatant family of ships allows us to dramatically expand the growth potential of our surface combatants with less technical and fiscal risk. To bring these concepts to life and to take them—and the fight—to the enemy, we have decided upon three entirely new ship classes. The first to premier will be the Littoral Combat Ship (LCS) in 2007. The advanced strike destroyer (DD(X)) will follow in about 2011. And just a few years after the first DD(X), the keel will be laid on the first CG(X), the next class of cruiser designed from the keel up for theater air and ballistic missile defense.

Our research and development efforts and experimentation with high speed and theater support vessels like SWIFT, and the X-Craft later this year, are

helping us reduce our technical risk and apply important lessons in hull design and mission modularity to the development of the surface combatant family of ships. DD(X) is the heart of the family and will spiral promising technologies to both CG(X) and LCS in the future. I will discuss each one of these ships in more detail below.

- CVN 21 is the centerpiece of the Navy Carrier Strike Group of the future. It will bring transformational capabilities to the fleet, including a new electrical generation and distribution system, the electro-magnetic aircraft launching system (EMALS), a new/enlarged flight deck, weapons and material handling improvements, and a crew reduction of at least 800 personnel. It will be able to generate higher daily and sustained sortie rates than our NIMITZ-class aircraft carriers. Our fiscal year 2005 request of \$979 million in research and development and procurement funding continues the development of CVN 21 and several critical technologies in the lead ship, including the EMALS prototype and testing already ongoing in Lakehurst, New Jersey. Construction of the CVN 21 remains on track to start in fiscal year 2007.
- CVN 70 RCOH. The fiscal year 2005 budget provides advanced procurement funds for the USS CARL VINSON (CVN 70) RCOH, now scheduled to begin in fiscal year 2006. CVN 70 has sufficient reactor fuel for one additional deployment. This action makes the best possible use of CARL VINSON's remaining fuel capacity and improves shipyard work loading.
- MPF(F). These future Maritime Prepositioning Ships will serve a broader operational function than current prepositioned ships, creating greatly expanded operational flexibility and effectiveness. We envision a force that will enhance the responsiveness of the joint team by the at-sea assembly of a Marine Expeditionary Brigade that arrives by high-speed airlift or sealift from the United States or forward operating locations or bases. These ships will off-load forces, weapons and supplies selectively while remaining far over the horizon, and they will reconstitute ground maneuver forces aboard ship after completing assaults deep inland. They will sustain in-theater logistics, communications and medical capabilities for the joint force for extended periods as well. Our fiscal year 2005 request accelerates the lead MPF(F) from fiscal year 2008 to fiscal year 2007 to reflect our emphasis on Sea Basing capabilities.

Sea Strike is the projection of precise and persistent offensive power. The core capabilities include Time Sensitive Strike; Intelligence, Surveillance and Reconnaissance; Ship to Objective Maneuver; and Electronic Warfare and Information Operations.

We are already investing in impressive programs that will provide the capabilities necessary to support Sea Strike; these include the following fiscal year 2005 priorities:

- DD(X). The technology engine for the Fleet, DD(X) is the centerpiece of a surface combatant family of ships and will deliver a broad range of capabilities. This advanced multi-mission destroyer will bring revolutionary improvements to precise, time-critical strike and joint fires and our Expeditionary Strike Groups of the future.

Transformational and leap ahead technologies include an electric drive and integrated power system; an Advanced Gun System with the high rate of fire and precision to reach almost 8 times farther and command more than 110 times the area of our current five inch capability; the new Multi-Function Radar/Volume Search Radar suite; optimal manning through advanced system automation, stealth through reduced acoustic, magnetic, IR, and radar cross-section signature; and enhanced survivability through automated damage control and fire protection systems. DD(X) is an enabler both technically and operationally. This seaframe will also reduce our seagoing manpower requirements and will lower total ownership costs.

This program will provide a baseline for spiral development of technology and engineering to support a range of future seaframes such as (CG(X)). It will also enable the transformation of our operations ashore. Imagine an Army or Marine rifleman on the ground and Navy Petty Officer at sea looking at the same real-time picture of enemy troops encamped at a municipal airport. With the push of a button, the rifleman sends targeting coordinates to the Petty Officer in a DD(X) more than 50 miles offshore. Within a few minutes, rounds from the AGS start falling on the airport with incredible accuracy. That kind of on-demand, persistent time-critical strike will revolutionize our joint fire support and ground maneuver concepts of operation and it will free our strike fighter aircraft for more difficult targets at much greater ranges.

DD(X)'s all-electric drive, called the Integrated Power System (IPS), will not only drive the ship through the water, but will also generate the kind of power

capacity that will enable eventual replacement of the Advanced Gun System (AGS). When combined with the physical capacity and volume of the hull form, DD(X) could lead us to revolutionary technologies from the naval research enterprise like the electromagnetic rail gun and directed energy weapons. The fact that rail guns do not require any explosives will free up magazine space for other mission areas. This capability is projected to be a reality in the 2015 to 2018 timeframe. DD(X) will be in service for decades after that; having the kind of growth potential to install those kinds of technologies dramatically lowers our future development costs.

The funding profile for DD(X) supports the 14,000-ton design and the S-Band Volume Search Radar (VSR). Lead ship detail design and construction are planned to start in fiscal year 2005.

- JSF. The Joint Strike Fighter will enhance our Navy precision with unprecedented stealth and range as part of the family of tri-service, next-generation strike aircraft. It will maximize commonality and technological superiority while minimizing life cycle cost. The JSF has just completed the second year of a 10–11 year development program, and is experiencing a variety of typical challenges that affect System Development and Demonstration (SDD) program schedule and cost. Additional design work is required to address technical issues, primarily weight projections. The budget therefore realigns \$5 billion from procurement appropriations in fiscal year 2005 through fiscal year 2009, and Low Rate Initial Production was deferred one year to fiscal year 2007. The JSF remains vital to our future. It will give us the range, persistence and survivability needed to keep our strike fighters viable for years to come.
- SSGN. Funding is included in fiscal year 2005 to continue the SSGN conversion program. Our future SSGN capability will provide covert conventional strike platforms capable of carrying 150 Tomahawk missiles. The SSGN will also have the capacity and capability to support Special Operations Forces for an extended period, providing clandestine insertion and retrieval by lockout chamber, dry deck shelters or the Advanced Seal Delivery System, and they will be arrayed with a variety of unmanned vehicles to enhance the joint force commander's knowledge of the battlespace. The inherently large capacity of these hulls will enable us to leverage future payloads and sensors for years to come. We still expect our first SSGN to be operational in 2007.
- EA-18G. Last year, you initiated funding at our request to replace the aging EA-6B Prowler with the EA-18G Airborne Electronic Attack aircraft. Increased EA-6B usage in 2003 has resulted in wing center section or outer wing panel fatigue for some 43 EA-6B aircraft, making your support last year critical to our ability to dramatically accelerate the recapitalization of the nation's only joint electronic attack capability. Using the demonstrated growth capacity of the F/A-18E/F, the EA-18G will quickly recapitalize our Electronic Attack capability at lower procurement cost, with significant savings in operating and support costs; all while providing the growth potential for future electronic warfare (EW) system improvements. It will use the Improved Capability Three (ICAP III) receiver suite and provide selective reactive jamming capability to the war fighter. This will both improve the lethality of the air wing and enhance the commonality of aircraft on the carrier deck. We begin purchasing airframes in fiscal year 2006 and will achieve initial operating capability in 2009.

Sea Shield is the projection of layered, global defensive power.

Sea Shield will enhance deterrence and war fighting power by way of real-time integration with joint and coalition forces, high speed littoral attack platforms setting and exploiting widely distributed sensors, and the direct projection of defensive power in the littoral and deep inland. Sea Shield capabilities include, Homeland Defense, Sea and Littoral Control, and Theater Air and Missile Defense. Our highest priority Sea Shield programs this year include:

- Mine Warfare Programs. We intend to field a set of unmanned, modular Mine Counter-Measure (MCM) systems employable from a variety of host platforms or shore sites to minimize our risk from mines and sustain our national economic and military access to every corner of the globe. Our future MCM capability will be faster, more precise and organic to both Expeditionary and Carrier Strike Groups and will ultimately remove both the man and our mammals from the minefield. Within the FYDP, we expect to reduce the time that it takes to render sea mining ineffective by at least half of the time that it takes us today.

Our fiscal year 2005 budget request includes funding to realize organic mine warfare capabilities in one Strike Group this year, while maintaining the funding necessary for a potent and dedicated Mine Countermeasure (MCM) force. We have also requested an increase of \$167 million across the FYDP for mine warfare programs, to include unmanned vehicles such as the Long-Term Mine

Reconnaissance System (LMRS) to provide a clandestine mine reconnaissance capability from our LOS ANGELES-class submarines, and the Remote Minehunting System on ARLEIGH BURKE-class destroyers (DDGs 91–96). Both of these programs are scheduled to reach Initial Operating Capability (IOC) milestones this year. Future introduction of the Littoral Combat Ship (LCS) with mine warfare mission modules will improve the ability of Strike Groups to neutralize mine threats in parallel with—not in sequence before—other operations.

- Littoral Combat Ship (LCS). The role of LCS is to provide access to joint forces in the littorals; a capability gap we identified as a result of the 2001 Quadrennial Defense Review. During the past year and a half, considerable campaign analysis and fleet battle experiments have demonstrated that naval forces need better ways to fight mines; small, fast, highly armed boats; and quiet diesel and advanced air-independent propulsion submarines operating in shallow waters. The performance of U.S. Navy Patrol Craft and the experimental HSV-X1 JOINT VENTURE in the Iraqi littoral was critical to the early detection and destruction of the Iraqi mine threat. The same kind of capability needs to be delivered in a fast, maneuverable, shallow-draft platform that has the survivability to operate independently. LCS will have these characteristics, along with self-defense, navigation, and command-and-control systems.

LCS will be built from the keel up to be a part of a netted and distributed force, and will be the first ship designed with FORCEnet as a requirement. The main battery of LCS will be its off-board systems: manned helicopters and unmanned aerial, surface and underwater vehicles. It is the off-board vehicles—with both sensors and weapons—that will enter the highest threat areas. Its modular design, built to open-systems architecture standards, provides flexibility and a means to rapidly reconfigure mission modules and payloads. As technology matures, the Navy will not have to buy a new LCS platform, but will upgrade the mission modules or the unmanned systems.

LCS also will have an advanced hull design and be significantly different from any warship that has been built for the U.S. Navy. Detail design and construction of the first LCS Flight 0 ship is planned in fiscal year 2005. The LCS requirements process is tailored to support the rapid delivery of two flights (Flight 0 and 1) of ships, using an evolutionary, “spiral” acquisition approach. The spiral development process allows time-phased capability improvement for ship and mission systems. This incremental development and delivery strategy supports the ship’s accelerated acquisition schedule, diverse threat and capability requirements, and dynamic levels of technology push/pull. The ship’s modular, open design will also enable lifecycle adaptability and affordability. Four LCS’s have been added since last year’s budget plan was submitted.

- Missile Defense. Our Navy is poised to contribute significantly in fielding initial sea based missile defense capabilities to meet the near-term ballistic missile threat to our homeland, our deployed forces, and our friends and allies. We are working closely under the authority of the Missile Defense Agency (MDA) to deliver this much-needed capability to the nation’s Combatant Commanders. Our sea-based missile defense programs experienced tremendous success on the test range this year, scoring two of three intercepts. Continued development and testing will support Initial Defensive Operations beginning in the fall of 2004, with select ARLEIGH BURKE-class destroyers providing Long Range Surveillance and Tracking to the nation’s capability late this year.
- Multi-mission Maritime Aircraft (MMA)—Broad Area Maritime Surveillance (BAMS). We significantly increased this year’s research and development funding for the Multi-Mission Aircraft to recapitalize our 1950’s-era Lockheed “Electra” based P-3 force. Our acquisition plan was further refined this past year with the integration of the Broad Area Maritime Surveillance-Unmanned Aerial Vehicle (BAMS-UAV) program into the overarching Maritime Patrol and Armed Reconnaissance requirement. This lethal combination of manned and unmanned reconnaissance aircraft will recapitalize our maritime patrol anti-submarine warfare, anti-surface warfare and armed intelligence, surveillance and reconnaissance capability. We also developed a robust sustainment plan for the current P-3 fleet that includes special structural inspections (SSI) and kits that extend P-3 service lives by a minimum of 5,000 hours. This SSI program will replace, correct or modify our current P-3 force to ensure that they do not prematurely reach the end of their fatigue life before we achieve Initial Operating Capability (IOC) of the MMA in 2013.
- VIRGINIA-class submarine (SSN-774). The first ship of this class was christened last year and will commission in 2004. This class will replace LOS ANGELES-class (SSN-688) attack submarines and will incorporate new capabilities,

including unmanned vehicles, and the ability to support Special Warfare forces. It will be an integral part of the joint, networked, dispersed 21st Century Fleet. Our fiscal year 2004 budget funded the first of five submarines under the multi-year procurement (MYP) contract authorized by Congress last year. The second submarine of the MYP contract is funded in fiscal year 2005. Approximately \$240 million in economic order quantity advance procurement is funded in fiscal year 2005 in support of this contract.

—CG Modernization. Funding for the TICONDEROGA-class cruiser modernization continues in fiscal year 2005. The Cruiser Modernization Program is a mid-life upgrade for our existing AEGIS cruisers that will ensure modern, relevant combat capability well into this century and against evolving threats. These warships will provide enhanced area air defense to the joint force commander. These modifications include installations of the Cooperative Engagement Capability, which enhances and leverages the air defense capability of these ships, and an ASW improvement package. These converted cruisers could also be available for integration into ballistic missile defense missions when that capability matures. Our first cruiser modernization begins in fiscal year 2006.

FORCENet is the operational construct and architectural framework for naval warfare in the joint, information age. It will allow systems, functions and missions to be aligned in a way that will transform our situational awareness, accelerate speed of decisions and allow naval forces to greatly distribute its combat power in a unified, joint battlespace. FORCENet provides the world-class IT tools that we need to continue to be the world-class Navy.

Programs that will enable the future force to be more networked, highly adaptive, human-centric, integrated, and enhance speed of command include:

—Navy Marine Corps Intranet (NMCI). NMCI is operational and providing commercial IT services for more than 300,000 DON employees and two Combatant Commanders. This initiative, as part of our FORCENet strategy, is providing a single, secure shore-based network and will link with our tactical networks to provide end-to-end collaboration within the DON and across the joint community. Fiscal year 2005 funding of \$1.6 billion provides for NMCI operations and, at the same time, continues transition of the remaining legacy IT networks to NMCI enterprise network services. This past year, with the help of the authorizing language you provided, the NMCI program finalized a full partnership agreement with the Defense Information Systems Agency for operations and provisioning.

—Mobile User Objective System (MUOS). The new MUOS Satellite Communications (SATCOM) program will increase DOD Narrowband UHF SATCOM capacity by roughly 1,300 percent over current capabilities. MUOS is a \$6.4 billion joint interest program, and it supports a particularly important “Comms-on-the-Move” capability for handheld terminals, aircraft, missiles, and UAVs in urban and heavily wooded terrain. We plan to reach the Initial Operating Capability milestone in 2009, with Full Operational Capability in 2013.

—Joint Aerial Common Sensor (JACS). We have partnered with the Army in the Joint Aerial Common Sensor development program in our pursuit of a replacement for the aging EP-3 airborne information warfare and tactical signals intelligence (SIGINT) aircraft. JACS will provide multi-intelligence strike targeting data and Signals Intelligence capabilities, and will include a Synthetic Aperture Radar, Ground Moving Target Indicator, Electro-Optical and Infrared Sights, and Measurements and Signature capabilities. These will be coupled with automatic/manual data fusion. Our fiscal year 2005 request includes \$25 million for this program.

—Joint Tactical Radio System (JTRS). JTRS will be the wireless “last tactical mile” component of the Global Information Grid (GIG) and will transform Navy’s tactical communications systems by incorporating Internet Protocol (IP) communications over multi-spectral radio frequency (RF) media. JTRS is a software programmable, multi-band, multi-mode family of networkable radios, capable of simultaneous voice, data, video communications and mobile ad hoc networking. Our fiscal year 2005 request includes \$56 million for JTRS.

—Deployable Joint Command Control System (DJC²). DJC² is the SECDEF and CJCS priority C² transformation initiative. DJC² will provide a standing, fully deployable, scaleable, and standardized command and control (C²) capability to the Regional Combatant Commanders (RCC) and Joint Force Commanders. DJC² responds to the need for joint, deployable C² capability, with first RCC delivery to PACOM in fiscal year 2005. DJC² is an enabler for the Standing Joint Force Headquarters concept being developed by Joint Forces Command (JFCOM). DON is Lead Component for the acquisition program, and we ask your support for the \$81 million we’ve requested in fiscal year 2005.

Improving Effectiveness

As I've testified, your Navy today is the most capable and most ready Navy in our history, thanks in large part to the support of the Congress and of the American people. But, I believe that we can do better—that, in fact, we must do better—as stewards of the public trust in determining not just how much we should spend on programs, but how those defense dollars are spent. This is especially true today because of the strategic challenges posed by the ongoing global war on terrorism, because of our need to recapitalize aging, Cold War-era infrastructure and capability, and because of the burgeoning technological and operational changes that will dramatically alter the way we fight. Revolutionizing the way in which our defense dollars are spent presents opportunities to increase our effectiveness, both now and in the future.

Sea Enterprise is focusing headquarters leadership on outputs and execution, and is creating ideas that will improve our productivity and reduce our overhead costs. Its key objectives are to:

- Leverage technology to improve performance and minimize manpower costs.
- Promote competition and reward innovation and efficiency.
- Challenge institutional encumbrances that impede creativity and boldness in innovation.
- Aggressively divest non-core, under-performing or unnecessary products, services and production capacity.
- Merge redundant efforts.
- Minimize acquisition and life-cycle costs.
- Maximize in-service capital equipment utilization.
- Challenge every assumption, cost and requirement.

Department of the Navy senior leadership is actively engaged in tracking the execution of ongoing Sea Enterprise initiatives totaling approximately \$40 billion, and identifying \$12.4 billion in cost savings and requirements mitigation across the Future Years Defense Program (FYDP). We are committed to efficiency and productivity improvements that will generate the savings necessary to augment our investment stream and implement our Sea Power 21 vision—delivering the right force, with the right readiness, at the right cost. Specific highlights of these fiscal transformation initiatives include:

- Right Readiness. Along with the Fleet Response Plan, we have also initiated processes ashore that will generate a more effective force. As just one example, we have established a single shore installation management organization, Commander, Navy Installations (CNI), to globally manage all shore installations, promote “best practices” development, and provide economies of scale, increased efficiency, standardization of policies, and improved budgeting and funding execution. This initiative is anticipated to save approximately \$1.2 billion across the FYDP.
- Right Cost. We've taken a hard look at our “level of effort” programs to maximize return on taxpayer investment. This year's effort generated \$2 billion in future savings in programs not supported by specific performance metrics in force structure, readiness or cost benefit. In addition, we focused on streamlining our organizations and processes as a means to harvest efficiencies and control costs. Innovative programs like SHIPMAIN and the Naval Aviation Readiness Integrated Improvement Program are aiding in developing and sharing best practices, streamlining maintenance planning and improving performance goals in shipyards, aviation depots, and intermediate maintenance activities. We also reorganized the Navy Supply Systems Command, including the establishment of the Naval Operational Logistics Support Center to consolidate transportation, ammunition and petroleum management. We will continue to look for additional opportunities in this area while leveraging the gains already made.
- Right Force. We believe transformation to our future force must include improving our buying power. To improve upon our force structure, we're divesting non-core, redundant, under-performing, and outdated products and services. We are using multi-year procurement contracts and focusing where possible on economic order quantity purchase practices to optimize our investments. An excellent example lies in the F/A-18E/F multi-year procurement contract that anticipates procurement of 210 aircraft while saving us in excess of \$1.1 billion across the FYDP. We also recognize the need to transform our single greatest asymmetric advantage, our people. The upcoming year will focus on ensuring we not only have the right number, but the right mix of military, civilian, and contractor personnel to accomplish the mission at the lowest possible cost. You've given us a tremendous tool to enhance our flexibility in this area, the National Security Personnel System, and we plan to take full advantage of it.

Building on prior efforts, I'm dedicating a significant amount of personal time to conducting execution reviews with leadership at the major commands across the Navy because, as I see it, leadership engagement in execution is an essential step to achieving our Sea Enterprise objectives. These reviews have provided me the opportunity to focus on the intricate details of the organizations while ensuring commanders are aligned with the vision and direction in which we are steaming. We focus on ways to swiftly move from strategy to implementation, as well as innovative ways to reduce costs and return resources to the enterprise for reinvestment.

In 2005, the Navy will continue to pursue product and process efficiencies and the opportunities to be more effective while improving our war fighting capability. Harvesting the savings for recapitalization is a vital part of that effort, and we will continue to balance the benefits of new productivity initiatives against operational risks. Our intent is to foster a culture of continuous process improvement, reduce overhead, and deliver the right force structure both now and in the future.

CONCLUSION

For us, winning the Global War on Terrorism remains our number one objective—and victory is the only acceptable outcome. To achieve this, we are accelerating the advantages we bring to the nation.

The Fleet Response Plan will improve upon the operational availability of fleet units, providing forward deployed forces for enhanced regional deterrence and contingency response, while at the same time, retaining the ability to rapidly surge in times of crisis.

We are investing in enhanced war fighting capability for the joint force, using the extended reach of naval weapons and sensors to reach farther and more precisely with striking power, and deliver broader defensive protection for joint forces ashore and fully leverage our command of the sea.

We are creating a personnel environment that attracts, retains and relies upon creative, effective and competitive people. We are investing in the tools, the information technology and the training that delivers more meaningful job content to them because it is they who offer us our greatest advantage.

The support of Congress is vital to our readiness today and to building the Navy of tomorrow—I thank you for your dedicated efforts and support.

STATEMENT OF GENERAL MICHAEL W. HAGEE, COMMANDANT, UNITED STATES MARINE CORPS

General HAGEE. Chairman Stevens, Senator Inouye, and distinguished members of this committee, it is my privilege to report on the state of your Marine Corps.

First, like Admiral Clark and Secretary England, I would like to thank you for your visits to our servicemen and women within and outside the United States. These trips always have a positive effect on individual morale. I would also like to thank this committee for its support of your marines and their families over the past few years. This support is critical to ensuring that we remain the expeditionary force that is most ready when the Nation is least ready.

After we withdrew from Southern Iraq, in September of last year, we continued to have significant numbers of marines deployed to Afghanistan, Horn of Africa, Philippines, Japan, the Republic of Georgia, and other regions in support of the global war on terrorism. With these ongoing deployments, and in the midst of reconstituting our force and equipment, we were directed to have approximately 25,000 marines trained and prepared to deploy to Iraq within 4 months. Today, we have nearly completed, almost 2 weeks ahead of schedule, the movement of these marines and sailors to Kuwait and Iraq in support of Operation Iraqi Freedom II.

Simultaneous with this major deployment, we have executed a short-notice deployment of over 1,400 marines and sailors to Haiti to conduct security and stability operations there. The immediate responsiveness, speed, flexibility, and adaptability of your marines

demonstrate the continued relevance of naval expeditionary capabilities to our Nation's security.

Your sustained commitment and support of the American people have been indispensable in my ability to report to you that your marines are well trained, well equipped, and highly motivated to meet the challenges vital to maintaining the Nation's security today and in the future.

Let me assure you that the Marine Corps' first priority is and will continue to be warfighting readiness and excellence in support of our Nation. In the near term, the Marine Corps is focused on readiness to provide capable forces that meet the demanding needs of our Nation. For the long term, the Marine Corps and Navy are committed to developing a new transformational sea-basing capability that will provide a critical joint competency for assuring access and projecting combat power ashore worldwide.

During Operation Iraqi Freedom, we used a combination of forward-deployed marine expeditionary units, maritime pre-positioning squadrons, two large amphibious task force, and strategic air- and sealift to deploy a combat-ready and sustainable force of almost 70,000 marines and sailors in less than 60 days. No other fighting force in the world can do that. Exploding the operational speed, reach, and inherent flexibility of sea power, your Navy/Marine Corps team, closely integrated with joint and coalition partners and special operating forces, engaged in 26 days of sustained combat operations, fought ten major engagements, destroying eight Iraqi divisions before stopping north of Baghdad, in Tikrit, almost 500 miles inland.

Today, marines are relieving the United States (U.S.) Army units in Western Iraq. In preparation for this deployment, we work closely with the U.S. Army in and out of Iraq, focusing on equipment, tactics, techniques, and procedures. We drew on analysis of our experiences in conducting security and stability operations last year in Southern Iraq, the tactics of the British, and our own extensive small-wars experience. We have assimilated these lessons through a comprehensive training package that includes rigorous urban operations and language and cultural education. We are paying particular attention to individual protective equipment, enhanced vehicle and aircraft hardening, and aviation survival equipment and procedures.

However, we also continue to plan for the future. In close cooperation and collaboration with the U.S. Navy, as Admiral Clark has mentioned, we have developed operational concepts that will deliver increased capabilities for the Nation and the regional combatant commanders in 10 to 14 days for major contingencies, and 0 to 4 days for smaller contingencies, an increase in over 50 percent response time.

The MV-22 Osprey, Expeditionary Fighting Vehicle, Joint Strike Fighter, Littoral combat ship, LHA(R), DD(X), and the Maritime Pre-positioning Force Future are in the 5-year defense plan and are critical to this effort. These platforms will comprise a system of systems that will significantly improve our warfighting capabilities by leveraging advancements in technology. The integration and interdependence of these transformational programs will enable us, as part of the joint force, to project more combat power ashore in less

time with the same number of marines. We ask for your continued support of these important complementary and transformational programs and concepts.

Your support for quality-of-life issues has been critical in our ability to recruit and retain the best young men and women America has to offer. The success in these programs is reflected in our ability to continue to meet our recruiting and retention goals even in these demanding times.

PREPARED STATEMENT

Mr. Chairman, Senator Inouye, members of this committee, I would like to emphasize the magnificent performance of your individual marine, the most agile and lethal weapons system on today's battlefield. On behalf of all marines, I thank this committee for its steadfast support, and I look forward to your questions.

[The statement follows:]

PREPARED STATEMENT OF GENERAL MICHAEL W. HAGEE

Chairman Stevens, Senator Inouye, distinguished members of the Committee; it is my honor to report to you on the state of readiness of your United States Marine Corps. Your Marines are firmly committed to warfighting excellence, and the support of the Congress and the American people has been indispensable to our success in the Global War on Terrorism. Your sustained commitment to improving our Nation's armed forces to meet the challenges of today as well as those of the future is vital to the security of our Nation. On behalf of all Marines and their families, I thank this Committee for your continued support.

INTRODUCTION

In the near-term, the Marine Corps' top priorities are to maintain our high state of readiness and to provide capable forces that meet the demanding needs of the Unified Combatant Commanders in order to prosecute the Global War On Terrorism in support of the Nation. For the long-term, the Marine Corps and Navy are committed to developing a Seabasing capability that will provide a critical joint competency for assuring access and projecting power that will greatly improve the security of the United States. The marked increase in our warfighting capability will be apparent as we introduce new systems such as the MV-22 Osprey, the Expeditionary Fighting Vehicle, the Joint Strike Fighter, and the Lightweight 155 mm howitzer into our force structure, using them to enhance the already potent combat power of our Marine Air-Ground Task Forces as integral elements of our Nation's joint force.

The Navy-Marine Corps team continues to play a critical role in the Global War On Terrorism and in the establishment of stability and security throughout the world. During this past year, the Marine Corps, both active and reserve, was engaged in operations from Afghanistan, to the Arabian Gulf, the Horn of Africa, Liberia, the Georgian Republic, Colombia, Guantanamo Bay, and the Philippines. Most prominent in highlighting the value and power of the Nation's naval expeditionary capability was the Marine Corps' participation in Operation IRAQI FREEDOM. Success in this operation underscored the unique contributions of our multi-dimensional naval dominance, our expeditionary nature, our flexibility to deal with complex situations and challenges, and the adaptability of our forces and individuals in order to defeat the challenges posed by adaptive, asymmetric enemies and long-term threats.

Early last year, the I Marine Expeditionary Force deployed a combat ready force of almost 70,000 Marines and Sailors in less than 60 days using the full array of our complementary power projection capabilities. Forward deployed Marine Expeditionary Units (Special Operations Capable) again demonstrated their proven value for immediate response. Eleven strategically located Maritime Prepositioned Force ships were unloaded in 16 days to provide the equipment and sustainment for two Marine Expeditionary Brigades. A seven ship amphibious force from each coast embarked a total of 11,500 Marines, Sailors, and their equipment and within thirty days these fourteen ships began to arrive and offload in Kuwait. Strategic sea and air lift was also vital to our success in this effort. Exploiting the operational speed,

reach, and inherent flexibility of seapower, the Navy-Marine Corps team achieved a rapid buildup of sustained warfighting power that was combat ready to support U.S. Central Command on March 1, 2003.

Closely integrated with our joint and coalition partners, as well as Special Operations Forces, the I Marine Expeditionary Force provided the Combatant Commander with a potent combined arms force comprising a balance of ground, aviation, and combat service support elements all coordinated by a dynamic command element. This teamwork—the product of demanding and realistic Service and joint training—presented a multi-dimensional dilemma for the Iraqi regime’s forces and loyalists. It also greatly increased the range of options available to our leadership as they addressed each unique and complex situation. The integration of the 1st United Kingdom Division within the I Marine Expeditionary Force provides outstanding lessons for achieving merged coalition capabilities and consistent goals in the future.

The combat power of I Marine Expeditionary Force generated an operational tempo that our enemy could not match. With short notice that operations would commence early, the Marines and their joint and coalition partners rapidly secured key strategic objectives. The I Marine Expeditionary Force then engaged in 26 days of sustained combat operations. Using the tenets of maneuver warfare, they executed four major river crossings, fought ten major engagements, and destroyed eight Iraqi divisions before stopping in Tikrit—almost 500 miles inland. In support of Joint Special Operations Forces Northern Iraq, the 26th Marine Expeditionary Unit inserted a Marine-Air Ground Task Force from the Eastern Mediterranean into Northern Iraq—almost 1,200 miles distance. The sustained resources of the Marine force, which were derived primarily from our seaborne logistics, provided us unrivaled advantages. While our logistics were stretched by the operational commanders, our combat service support units demonstrated flexibility and resourcefulness.

Highlighting the expeditionary mindset of Marines, our combined arms force successfully operated in desert, urban, swamp, and rural environments while effectively conducting combat, peacekeeping, and humanitarian operations—at times simultaneously. Marines also demonstrated the ability to re-task and reorganize to conduct unanticipated missions like the taking of the city of Tikrit. Following major combat operations, I Marine Expeditionary Force assumed responsibility for security and stability in five Central Iraq provinces until they were relieved of the last province by coalition forces this past September. Flexibility and adaptability are key characteristics of an expeditionary force, and they are critical advantages that we must seek to optimize for the future, particularly in this era of global uncertainty.

Recent operations also emphasize the increased importance of access to key regions for projecting our Nation’s power. With global interests, the United States must retain the capability to secure access as needed. Power projection from the sea greatly increases the range of options available to avert or resolve conflicts. A credible naval forcible-entry capability is critical to ensure that we are never barred from a vital national objective or limited to suboptimal alternatives.

Since the end of major combat operations, the Marine Corps has been setting the force in order to enhance warfighting readiness for future contingencies. We are re-loading combat equipment and materiel on the ships of the Maritime Prepositioned Squadrons while also ensuring that the requirements for Operation IRAQI FREEDOM II are fulfilled. We are using provided funding to repair, refurbish, and where necessary, replace equipment. During this period, Marines have continued to forward deploy. Marine Corps units are supporting Operation ENDURING FREEDOM in Afghanistan, operations in the Horn of Africa, exercises critical to supporting the Combatant Commanders’ Theater Security Cooperation Plans, and counter-drug operations in support of joint and joint-interagency task forces. In addition, we have conducted a major program to identify and analyze lessons learned from the Iraqi campaign. We have also begun to assimilate these lessons and determine where and how our force should be rebalanced.

As the last few years have demonstrated, the Marine Corps Reserve is a full partner in our total force. Reserve units participated in all aspects of the war in Iraq, providing air, ground, and combat service support as well as a large number of individual augmentees to Marine and joint staffs. Mobilized Marine reserve infantry battalions have also served as ready reaction forces, “on call” to support the Federal Emergency Management Agency’s role in homeland security.

BUILDING ON SUCCESS FOR IMMEDIATE OPERATIONS

We continue to execute global operations and exercises with our joint and coalition partners. The Marine Corps is beginning to relieve the 3d Armored Cavalry

Regiment and the 82d Airborne Division in Western Iraq in support of Operation IRAQI FREEDOM II. These forces will be deployed in two rotations of seven months each. This rotation policy will result in the least disruption for the long-term health of the Marine Corps, precluding stop-loss/stop-move and unnecessary interruptions in recruit training, career progression and development, professional military education, and other deployment requirements. The first rotation, from March until September 2004, will include 25,000 Marines and their equipment and includes almost 3,000 reserve component Marines. A second rotation—of like size and composition—will overlap the first and ensure a smooth and stable transition.

In preparation for Operation IRAQI FREEDOM II, I Marine Expeditionary Force has analyzed lessons learned from their experiences in conducting security and stability operations from March to September 2003, and recent Army lessons learned. As they did last year, I Marine Expeditionary Force is working closely with the Army forces in Iraq; they have conducted a number of liaison visits with the Army units they will relieve. They have drawn from procedures used by the Los Angeles Police Department for neighborhood patrolling in gang dominated areas, the tactics of the British in Iraq—which reflect years of experience in low intensity conflicts and peacekeeping operations, as well as the Marine Corps' own extensive "Small Wars" experience. We have assimilated these lessons through a comprehensive training package that includes tactics, techniques, procedures for stability and counter-insurgency operations. We have conducted rigorous urban operations training and exercises. Over 400 Marines are receiving Arabic language immersion training, and all deploying Marines and Sailors are receiving extensive cultural education. Our supporting establishment is focused on the equipment, logistics, and training requirements of this force—paying particular attention to individual protective equipment, enhanced vehicle and aircraft hardening, and aviation survival equipment and procedures. This training and support are critically important as we send Marines back to war in a volatile, dangerous, and changing situation.

During this next year Marine Expeditionary Units will still deploy as part of Naval Expeditionary Strike Groups in support of Combatant Commander requirements. Units will continue to rotate to Okinawa and Iwakuni Japan, and some of those forces will further deploy in support of Operation IRAQI FREEDOM II. While the operational tempo remains high, recruiting and retention continue to exceed our goals. We are monitoring the health of our Service, and we are focused on ensuring that the Marine Corps remains ready for all current and future responsibilities.

TAKING CARE OF OUR OWN

Events of the past year continue to highlight the value of the individual Marine over all other weapon "systems." While we always strive to provide our Marines with the best equipment and weapons, we never forget that people and leadership are the foundations of the Marine Corps' readiness and warfighting capabilities. Operation IRAQI FREEDOM demonstrated that the Marine Corps' recruiting, training, and education of the force are extremely successful in maintaining the high standards of military readiness our Nation requires. The Marine Corps remains committed to taking care of our Marines, their families, and our civilian Marines.

Marines

End Strength.—The Marine Corps is assimilating the Congressionally authorized increase in Marine Corps end-strength to 175,000. The increase of 2,400 Marines previously authorized by Congress addressed an urgent need to train and maintain enough Marines for the long-term requirements associated with the Global War on Terrorism. It has been particularly important in enabling us to provide the Nation with a robust, scalable force option specifically dedicated to anti-terrorism—the 4th Marine Expeditionary Brigade (Anti-Terrorism).

The Marine Corps is expeditionary by nature and therefore accustomed to deploying in support of contingency and forward presence missions. We are structured in such a way as to satisfy our enduring requirements and meet operational contingencies as long as the contingencies are temporary in nature. While the force is stretched, we are meeting our current challenging operational commitments. Our high operational and personnel tempos have not negatively impacted accessions or retention efforts; however, we continue to monitor both very closely.

Recruiting.—Sustaining our ranks with the highest quality young men and women is the mission of the Marine Corps Recruiting Command. Recruiting Command has consistently accomplished this mission for more than eight years for enlisted recruiting and thirteen years for officer recruiting. This past year the Marine Corps recruited over 100 percent of its goal with over 97 percent Tier I High School graduates. In order to continue attracting America's finest youth, Recruiting Command provides its recruiters the best tools available to accomplish their mission.

The Marine Corps Reserve achieved its fiscal year 2003 recruiting goals with the accession of 6,174 Non-Prior Service Marines and 2,663 Prior Service Marines. With regard to our reserve component, officer recruiting and retention to fill out the requirements of our Selected Marine Corps Reserve units remains our most challenging concern. This is primarily due to the fact that we recruit Reserve officers almost exclusively from the ranks of those who have first served a tour as an active duty Marine officer and currently the Corps is experiencing a low attrition rate for company grade officers in our active force. We are attempting to alleviate this challenge. Two successful methods include increasing awareness of the benefits of service in the Reserves to the company grade officers who are leaving the active ranks and reserve officer programs for qualified enlisted Marines.

Retention.—Retaining the best and the brightest Marines is a constant goal; history has proven that superb leadership in the staff noncommissioned officer ranks is a major contributor to the Corps' combat effectiveness. The ranks of this elite group of leaders can only be filled by retaining our best enlisted Marines. The Marine Corps has two retention measures and both clearly indicate healthy service continuation rates. Our First Term Alignment Plan (first tour) has consistently achieved its reenlistment requirements over the past nine years. With under one-half of the current fiscal year completed, we have achieved 82 percent of our first-term retention goal. Furthermore, our Subsequent Term Alignment Plan (second tour and beyond) reveals that we have already retained 66 percent of our goal for this fiscal year.

Current officer retention is at a nineteen year high, continuing a four-year trend of increasing retention. Despite the increased retention overall, certain Military Occupational Specialties perennially suffer high attrition. We are attempting to overcome this challenge by offering continuation pay for those Marines with Military Occupational Specialties that include special qualifications and skills. Military compensation that is competitive with the private sector provides the flexibility required to meet the challenge of maintaining stability in manpower planning.

Marine Corps Reserve.—In 2003, the Marine Corps Reserve rapidly mobilized combat ready Marines to augment and reinforce the active component. Marine Corps Reserve activations in support of Operation IRAQI FREEDOM began in January 2003, and peaked at 21,316 Reserve Marines on active duty in May 2003. This represented 52 percent of the Selected Marine Corps Reserve (SMCR). Of the over 5,400 Reservists currently on active duty, almost 1,300 Individual Mobilization Augmentees, Individual Ready Reserves, and Retirees fill critical joint and internal billets. As of January 2004, the Marine Corps Reserve began activating approximately 7,000 SMCR Marines in support of Operation IRAQI FREEDOM II. Judicious employment of Reserve Marines remains a top priority of the Marine Corps to ensure the Marine Corps Reserve maintains the capability to augment and reinforce the active component. Marine Corps Reserve units and individuals are combat ready and have rapidly integrated into active forces commands demonstrating the effectiveness of the Total Force Marine Corps.

A strong Inspector-Instructor system and a demanding Mobilization and Operational Readiness Deployment Test program ensured Marine Corps Reserve units achieved a high level of pre-mobilization readiness. Marine Reserve Units continuously train to a C1/C2 readiness standard, eliminating the need for post-mobilization certification. Ninety-eight percent of SMCR Marines called up for duty reported for mobilization and less than one percent requested a deferment, delay, or exemption. The Marine Corps Reserve executed a rapid and efficient mobilization with units averaging six days from notification to being deployment-ready, and 32 days after receiving a deployment order they arrived in theater. Many activated Marine Reserve units were ready to deploy faster than strategic lift could be provided.

Building on the important lessons of the last year, the Marine Corps is pursuing several transformational initiatives to enhance the Reserves' capabilities as a ready and able partner with our active component. These pending initiatives include: increasing the number of Military Police units in the reserve component; establishing a Reserve Intelligence Support Battalion to include placing Reserve Marine Intelligence Detachments at the Joint Reserve Intelligence Centers; returning some of our Civil Affairs structure to the active component to provide enhanced planning capabilities to the operational and Service Headquarters; and, introducing an improved Individual Augmentee Management Program to meet the growing joint and internal requirements.

When called, the Marine Corps Reserve is ready to augment and reinforce. Our Reserve Marines are a vital and critical element of our Total Force. The training, leadership, and quality of life of our reserve component remain significant Marine Corps priorities.

Marine For Life.—The commitment to take care of our own includes a Marine's transition from active service back to civilian life. The Marine For Life Program's mission is to provide sponsorship for our more than 27,000 Marines who honorably leave active service each year. The program was created to nurture and sustain the positive, mutually beneficial relationships inherent in our ethos, "Once a Marine, Always a Marine." In cities across the United States, Reserve Marines help transitioning Marines and their families get settled in their new communities. Sponsorship includes assistance with employment, education, housing, childcare, veterans' benefits, and other support services needed to make a smooth transition. To provide this support, Marine For Life taps into the network of former Marines and Marine-friendly businesses, organizations and individuals willing to lend a hand to a Marine who has served honorably.

Initiated in fiscal year 2002, the program will reach full operational capability in fiscal year 2004. In addition to 110 Reserve Marines serving as "Hometown Links," an enhanced web-based electronic network, easily accessed by Marines worldwide, will support the program. The end state of the Marine For Life Program is a nationwide Marine and Marine-friendly network available to all Marines honorably leaving active service, that will improve their transition to civilian life.

Civilian Marines

Civilian Workforce Campaign Plan.—Recognizing that our Civilian Marines are integral to the success of military operations, General James L. Jones, the 32nd Commandant of the Marine Corps, charged our senior Marine Corps officials with the development and implementation of a strategic 5-year plan for the recruitment, development, and retention of our Civilian Marines. The Civilian Workforce Campaign Plan (CWCP) consists of six strategic goals: (1) nurture, build, and grow Civilian Marines; (2) provide flexible career opportunities; (3) create leaders at all levels; (4) improve the performance evaluation system; (5) strengthen workforce management expertise; and (6) establish an integrated Total Force management approach. As Commandant, I have provided the following additional implementing guidance.

Our vision is to make the Marine Corps the employer of choice for a select group of civilians imbued with the Marine Corps values of honor, courage, and commitment. Through implementation of the CWCP, we will not only define what the Marine Corps will offer its Civilian Marines, but what the Corps expects from them. We will attract, nurture, build, and grow Civilian Marines by providing innovative recruitment, development, retention, reward, and acculturation programs throughout the work-life cycle.

National Security Personnel System.—We want to take this occasion to thank again the committee and the Congress for enacting the National Security Personnel System (NSPS) in the Fiscal Year 2004 National Defense Authorization Act. The Act authorized a more flexible civilian personnel management system for the Department that allowed the Department to be a more competitive and progressive employer at a time when our national security demands a highly responsive system of civilian personnel management. The legislation ensures that merit system principles govern any changes in personnel management, whistleblowers are protected, discrimination remains illegal, and veterans' preference is protected. The Department will collaborate with employee representatives, invest time to try and work out our differences, and notify Congress of any differences before implementation. In January, Department officials met with union representatives to begin the development of a new system of labor-management relations. Later this year, following an intensive training program for supervisors, managers, human resources specialists, employees, as well as commanders and senior management, the Department plans to begin implementing NSPS. The Marine Corps, along with the entire Department of the Navy, expects to be in the first wave of implementation.

Military-Civilian Conversions.—The Marine Corps will continue to actively pursue a review of all functional areas within the Marine Corps in an effort to return more Marines to the operating forces. Through fiscal year 2003, we have returned over 2,000 manned structure spaces to the operating forces, and we will return approximately 650 more Marines in fiscal year 2004. The fiscal year 2005 President's Budget converts roughly an additional 1,400 more billets from Marines to Civilian Marines, which will provide us more options to increase manning in the operating forces.

Education

Amid today's uncertain, volatile security environment, our most effective weapon remains the individual Marine who out-learns, out-thinks, and out-fights any adversary. Such warfighting competence is secured only through intellectual development. Recent events demonstrated how quality education instills confidence in Marines.

Our educational standards and programs produce innovative leaders who take initiative and excel during challenging situations involving uncertainty and risk. These high educational standards are inculcated by the Marine Corps University and are designed to target every rank in both our active and reserve forces. Each year the Marine Corps University student population includes members of the other armed services, various government agencies as well as dozens of international military officers from over thirty different countries.

The Marine Corps endeavors to provide its Marines with “lifelong learning” opportunities through a variety of educational programs, college courses, and library services on our bases and stations. Furthermore, distance learning programs through the Marine Corps University make continuing education available to Marines regardless of their location. In addition, the Marine Corps will continue to fully fund the Tuition Assistance Program in accordance with the Department of Defense guideline—funding for 100 percent of tuition cost up to \$250 per semester hour with a maximum of \$4,500 per year. In fiscal year 2003, there were 25,454 Marines enrolled in almost 80,000 courses with the help of the Tuition Assistance Program.

Joint Initiatives.—The Marine Corps synchronizes its educational objectives with those of the other armed services in order to provide Regional Combatant Commanders with the most capable joint force. We support the proposal for a Joint Advanced Warfighting School (JAWS) and for broadening Joint Professional Military Education (JPME) opportunities for the Total Force. By working closely with Joint Forces Staff College and our sister services, JAWS has the potential to empower future combatant commanders with talented officers who are experienced in campaign planning. Intent on broadening our joint experience base, the Marine Corps is pursuing an accredited advanced joint curriculum (JPME Phase II) at the Marine Corps War College and will continue to work to provide JPME opportunities for both active and reserve components.

Senior Leader Development Program.—The Senior Leader Development Program was developed last year to address General Officer and Senior Executive Service career development and to link education opportunities to career progression. A study was commissioned to identify the competencies required in each of our general officer billets in an effort to link core and complimentary curriculum with the assignment process. Within the core curriculum, senior leaders will attend the Joint Warfare series of courses as prerequisites by rank and billet while they study innovation, business transformation, and resource management through complementary courses.

Quality of Life / Quality of Service

The Marine Corps works to improve the quality of life for Marines and their families in order to continue the success of the all volunteer force. We provide excellent quality of life programs and services, while also helping new Marines to better understand what to expect in the military lifestyle. We continuously assess, through a variety of means, the attitudes and concerns of Marines and their families regarding their quality of life expectations. With 67 percent of our Marines deployed away from their home installations at the height of Operation IRAQI FREEDOM, we carefully captured lessons learned to ensure quality of life programs meet the needs of deployed Marines and families who remain at home. Community and Family Assistance Centers were established at Camp Lejeune, Camp Pendleton, Marine Corps Air Station Miramar, and Marine Corps Base Twentynine Palms to provide Marine family members and loved ones access to relevant information and referral services.

To further help Marines and their families before, during, and after deployments, the Marine Corps implemented Marine Corps Community Services (MCCS) One Source, a Marine Corps-conducted, Department of Defense funded pilot program providing around-the-clock information and referral services. MCCS One Source is especially useful to our activated Marine Reserves and their families as they negotiate the requirements and procedures associated with utilization of military programs such as TRICARE and other benefit services. In recognition of the importance of the transition home after deployments for both Marines and their families, the Marine Corps developed a standardized return and reunion program consisting of a mandatory warrior transition brief for returning Marines, a return and reunion guidebook for Marines and family members, a caregiver brief, and briefs designed for spouses.

We greatly appreciate the supplemental appropriations bills during 2003, that contained additional help for deployed Marines and their families. In 2004, quality of life efforts will continue to focus on issues related to supporting deployed forces and their families.

Safety

Safety programs are vital to force protection and operational readiness. Marine leaders understand the importance of leadership, persistence, and accountability in the effort to reduce mishaps and accidents. The fiscal year 2003 off duty and operational mishap rates were driven upward by the mishaps that occurred during and post Operation IRAQI FREEDOM, while the aviation mishap rate decreased. To meet the Secretary of Defense's challenge to all Services to reduce mishaps by 50 percent in two years, the Marine Corps is focusing on initiatives that deal particularly with the development of strategies and specific interventions to reduce all mishaps. Our leadership at every level understand the challenge, and we are actively involved in the effort to safeguard our most precious assets—Marines and Sailors.

BUILDING ON SUCCESS FOR THE FUTURE

The Marine Corps, in partnership with our Navy brethren, provides our Nation with unrivaled maritime power to help secure peace and promote our national interests. The President's fiscal year 2005 budget, together with your support, will provide a strong foundation for our continued success. The fiscal year 2005 budget—predicated on a peacetime operational tempo—sustains a high level of readiness and ensures our ability to rapidly respond to emerging situations. It also allows us to assimilate new technologies and explore new concepts that will help realize the full potential of our people and their equipment. We will continue to seek improved means to increase the efficiency of our investments and increase the combat effectiveness of our forces.

Technology and Experimentation

The Marine Corps has a long history of innovation and adaptation. Experimentation is our principle means to explore new ideas and technologies in order to develop new capabilities to overcome emerging challenges. The Marine Corps Combat Development Command has realigned its experimentation program around the Sea Viking campaign. This campaign will explore both concept and prototype technology development pathways leading to the sea-based expeditionary capabilities envisioned for the future, to include forcible entry from the sea. The Sea Viking campaign is complementary to the joint concept development and experimentation campaign of Joint Forces Command and the Navy's Sea Trial experimentation process. As an integral part of this effort, the Marine Corps is refining the expeditionary combat capabilities best suited to participate in future Expeditionary Strike Group and Expeditionary Strike Force operations. It is also exploring the potential for an expanded Seabasing capability in support of future joint operations.

The Marine Corps Warfighting Laboratory has experimented with several new pieces of equipment to enhance individual and small unit effectiveness. Based on successful experimentation, limited numbers of the M16A4 Modular Weapons System, Rifle Combat Optic, and the Integrated Intra Squad Radio were fielded for use during Operation IRAQI FREEDOM. The Marine Corps continues to seek enhanced capabilities for the future as we continue to improve and transform the force. In addition, we have procured sufficient quantities of the Outer Tactical Vest and its Small Arms Protective Insert plates to ensure all Marines participating in Operation IRAQI FREEDOM II are equipped with enhanced ballistic protection.

New Concepts and Organizations

The Expeditionary Force Development System implemented this past year is a methodological process that is designed to facilitate the development and realization of military operational concepts. It is a streamlined and integrated system that covers all phases of concept development to the acquisition of necessary equipment and weapons systems. The Expeditionary Force Development System proved to be of great value to our forces engaged in combat operations and is proving to be a helpful means of ensuring that the Marine Corps quickly profits from recent operational experiences. The system is compatible with and supports naval and joint transformation efforts as it integrates transformational, modernization, and legacy capabilities and processes. Several emerging concepts and organizational structures are maturing that will benefit the Marine Corps and ensure we can meet the future demanding requirements of the Combatant Commanders.

The Seabasing Concept.—Seabasing, envisioned as a National capability, is our overarching transformational operating concept for projecting and sustaining multi-dimensional naval power and selected joint forces at sea. As stated by the Defense Science Board in its August 2003 Task Force report: "Seabasing represents a critical future joint military capability for the United States." It assures joint access by leveraging the operational maneuver of forces globally from the sea, and reduces joint force operational dependence upon fixed and vulnerable land bases. Seabasing

unites our capabilities for projecting offensive power, defensive power, command and control, mobility and sustainment around the world. This will provide our Regional Combatant Commanders with unprecedented versatility to generate operational maneuver. Seabasing will allow Marine forces to strike, commence sustainable operations, enable the flow of follow-on forces into theater, and expedite the reconstitution and redeployment of Marine forces for follow-on missions. As the core of Naval Transformation, Seabasing will provide the operational and logistical foundation to enable the other pillars of Naval Transformation (Sea Strike, Sea Shield, Sea Base, and FORCEnet).

This year, the Marine Corps has continued to refine plans for the Marine Expeditionary Brigade of 2015, in concert with our concept for sea-based operations. Similarly, the Analysis of Alternatives for our Maritime Prepositioning Force (Future), a critical component of Seabasing, will provide valid choices for achieving Seabasing capabilities. These initiatives will complement, rather than replace, the amphibious lift and forcible entry capacity of the LHA(R), LPD-17, and LHD, and will provide the Nation a deployment and employment capability unmatched in the modern world.

Expeditionary Strike Groups.—The Marine Corps and Navy continue the series of experiments that will refine the Expeditionary Strike Group concept. This concept will combine the capabilities of surface action groups, submarines, and maritime patrol aircraft with those of Amphibious Ready Groups and enhanced Marine Expeditionary Units (Special Operations Capable) to provide greater combat capabilities to Regional Combatant Commanders. Navy combatants are incorporated within the existing training and deployment cycle of the Amphibious Ready Group. Further experimentation will also allow us to test command-and-control arrangements for the Expeditionary Strike Group (ESG). The ESG-1, composed of West Coast Navy and Marine forces, recently completed the pilot deployment in this series. The ESG-2, composed of East Coast Navy and Marine forces, will deploy later this year. Currently, the Marine Corps Combat Development Command is working with Navy and Marine operating forces to capture critical information from these experimental deployments to ensure that the ESG capability thoroughly integrates doctrine, organization, training, materiel, leadership, education, personnel, and facilities. Also, the Marine Corps Combat Development Command is working with the Navy to develop the concept for the employment of the additional capabilities that the ESG provides Regional Combatant Commanders. Finally, the Center for Naval Analyses is evaluating the series of experiments through embedded analysts deployed with both ESGs and will submit their consolidated reports to the Navy and Marine Corps in October 2004.

Marine Corps—U.S. Special Operations Command Initiatives.—The Marine Corps continues to aggressively improve interoperability with Special Operations Forces. The U.S. Special Operations Command-Marine Corps Board has developed over 30 initiatives to support our interoperability goals. The Marine Corps and U.S. Special Operations Command are working to leverage existing pre-deployment and deployment training as a means to “operationalize” our relationship. Our deploying Marine Expeditionary Units (Special Operations Capable) exchange liaison officers with the Theater Special Operations Commands as the Marine Expeditionary Units deploy within the various theaters. On June 20, 2003, a Marine Corps “proof of concept” Detachment that is task organized to complement U.S. Special Operations Command mission areas in Direct Action, Special Reconnaissance, Coalition Support and Foreign Internal Defense formally stood up at Camp Pendleton, California. The Detachment transferred to the operational control of U.S. Special Operations Command last December, to facilitate joint pre-deployment training and is scheduled to deploy in April 2004, with a Naval Special Warfare Squadron supporting U.S. Central Command. Finally, we are conducting joint training with U.S. Special Operations Command in the areas of fixed and rotary wing air support of special operation missions.

Reestablishment of Air-Naval Gunfire Liaison Companies.—During this past summer the Marine Corps reestablished an Air-Naval Gunfire Liaison Company in I Marine Expeditionary Force and another in the II Marine Expeditionary Force. These companies provide teams that specialize in all aspects of fire support—from terminal control to support of division fire support coordination centers. They greatly enhance Marine Air-Ground Task Force Commanders’ liaison capability—with foreign area expertise—to plan, coordinate, employ, and conduct terminal control of fires in support of joint, allied, and coalition forces. Each company will be fully stood up by this summer, and a separate platoon will be stood up in III Marine Expeditionary Force in October 2004.

Tactical Aircraft Integration.—Naval Tactical Aircraft (TacAir) Integration makes all Naval Strike-Fighter aircraft available to meet both Services’ warfighting and

training requirements. As part of the TacAir Integration plan, a Marine Fighter-Attack squadron will eventually be attached to each of the ten active Carrier Air Wings and will deploy aboard aircraft carriers. In addition, three Navy Strike-Fighter squadrons will be assigned into the Marine Corps' Unit Deployment Program for land-based deployments. Force structure reductions associated with this plan should result in a total cost savings and cost avoidance of over \$30 billion. The integration of the fifth Marine squadron into a Carrier Air Wing and the first Navy squadron into the Unit Deployment Program are scheduled for later this year.

TacAir Integration retains our warfighting potential and brings the Naval Services a step closer to the flexible sea based force we envision for the future. A leaner, more efficient naval strike-fighter force is possible because of three underlying factors. The first factor is "Global Sourcing"—the ability to task any non-deployed Department of Navy squadron to either Service's missions, allowing for a reduction in force structure. Second, "Level Readiness"—applying the proper resources to training, maintenance, and modernization, will ensure the smaller force is always capable of responding to the Services' and Nation's needs. Third, the development of an operational concept that will efficiently manage the employment of this integrated strike-fighter force within the naval and joint context. Support of readiness accounts, modernization programs, and our replacement of the F/A-18 and AV-8B with the Short Takeoff and Vertical Landing (STOVL) Joint Strike Fighter will ensure the potential promised by this integration.

Better Business Practices

The Secretary of Defense and Secretary of the Navy have emphasized, and the Marine Corps is committed to, business transformation in order to optimize resource allocation. The Marine Corps is employing a variety of business transformation initiatives including: competitive sourcing of over 3,500 commercial billets to save \$57 million annually; outsourcing garrison food service in our mess halls in the continental United States in to free up 594 Marines for other duties; using public-private ventures to fund new family housing and to increase the quantity of safe, comfortable, and affordable homes; consolidation of equipment maintenance from five to three echelons in order to improve maintenance effectiveness and efficiency; and, regionalizing garrison mobile equipment to realign Marines and dollars with higher priorities. The Marine Corps continues to develop its activity based costing capability in order to support fact based decision making.

In March 2003, the Marine Corps began participation in the Navy Marine Corps Intranet (NMCI)—a network outsourcing initiative that will provide a common end-to-end Department of Navy information system capability for voice, video, and data communications. By outsourcing information technology services not considered to be core competencies, the Marine Corps has been able to return 355 supporting establishment personnel structure spaces to the operating forces. As a result of this improved business practice, the NMCI operating environment will promote greater naval interoperability. The Marine Corps will continue to refine our business practices and increase the effectiveness of warfighting potential.

OUR MAIN EFFORT—EXCELLENCE IN WARFIGHTING

Training

Training at Eglin Air Force Base.—In anticipation of the cessation of naval expeditionary forces training in Vieques, Puerto Rico, efforts began in September 2002 to establish a new training capability at Eglin Air Force Base (AFB). Training at Eglin AFB is envisioned to provide a near term pre-deployment training capability for East Coast Navy Amphibious Ready Groups/Expeditionary Strike Groups and Marine Expeditionary Units (Special Operations Capable), with the potential to be part of the long-term solution. The training concept was designed for up to two 10-day training periods per year. The long-term objective is that during each 10-day event, the Expeditionary Strike Groups will be able to conduct the full spectrum of training required. The Marine Corps has invested approximately \$4.2 million in environmental assessment/mitigation and infrastructure development required to establish an initial training capability at Eglin AFB.

In December 2003, the Marine Corps completed its first 10-day training period at Eglin AFB, at an additional cost of approximately \$1 million. The Marine Corps is assessing the quality the training offered at Eglin AFB while continuing to explore and develop other options, both within the United States and abroad. While Eglin AFB has the potential for enhanced live fire and maneuver training, developing this capability will require a significant investment by the Department of the Navy and Department of Defense to upgrade existing facilities.

Joint National Training Capability.—As described by the Deputy Secretary of Defense: “The centerpiece of our Training Transformation effort will be a Joint National Training Capability.” The Joint National Training Capability is one of the three pillars of Training Transformation, and will improve joint interoperability by adding certified “joint context” to existing Service training events. The Joint National Training Capability is a cooperative collection of interoperable training sites, nodes, and events that synthesizes Combatant Commander and Service training requirements with the appropriate level of joint context.

The first in a series of pre-Initial Operational Capability Joint National Training Capability exercises was held in January 2004, linking a Marine Corps Combined Arms Exercise with live Close Air Support sorties, a Navy Stand-off Land Attack Missile Exercise, an Army rotation at the National Training Center, and an Air Force Air Warrior Exercise. The Marine Corps will be actively involved in future Joint National Training Capability exercises including Combined Arms Exercises and Marine Aviation Weapons and Tactics Squadron-1 evolutions scheduled for fiscal year 2005. The Marine Corps is fully engaged in the Joint National Training Capability program development, and is on track to enhance Service core-competency training with the appropriate level of joint context. In concert with the other Services, the Marine Corps is working with Joint Forces Command to refine the phrase “joint context,” certify ranges, and accredit exercises to ensure the force is training properly.

Infrastructure

Blount Island Facility.—The acquisition of the Blount Island facility in Jacksonville, Florida, is critical to our Nation and to our Corps’ warfighting capabilities. Blount Island’s peacetime mission is to support the Maritime Prepositioning Force. Its wartime capability and capacity to support massive logistics sustainment from the continental United States gives it strategic significance. The Blount Island facility has a vital role in the National Military Strategy as the site for maintenance operations of the Maritime Prepositioning Force. The Marine Corps thanks Congress for your role in supporting this acquisition project. Phase II, funded by the \$115.7 million appropriated in the Defense Authorization Act of 2004, gives the Marine Corps ownership of the leased maintenance area and supporting dredge disposal site consisting of 1,089 acres.

Encroachment.—We are grateful to Congress for providing a tool to facilitate the management of incompatible developments adjacent to or in close proximity to military lands. We are working with state and local governments and with non-governmental organizations such as the Trust for Public Lands, The Nature Conservancy, the Sierra Club, and the Endangered Species Coalition to acquire lands buffering or near our bases including Camp Lejeune, Marine Corps Air Station Beaufort, and Camp Pendleton. In return for our investment, the Marine Corps is receiving restrictive easements that ensure lands acquired remain undeveloped and serve as buffer zones against future encroachment on our bases.

We are also grateful to Congress for codifying legislation that gives us the opportunity to partner with the U.S. Fish and Wildlife Service and State fish and game agencies in order to manage endangered species present on military lands. Management via our Integrated Natural Resources Management Plans, which we prepare in partnerships with these agencies, allows us to protect and enhance populations of these species on our lands while allowing Marines to train. Finally, we support the Secretary of Defense’s efforts to provide flexibility under the Clean Air Act and to clarify the governing authorities under which DOD would manage operational ranges. The Marine Corps strives to be a good environmental steward and the growing number of endangered species on our lands and their increasing populations are examples of our successes. We remain committed to protecting the resources entrusted to us by the American people.

Base Realignment and Closures.—A successful Base Realignment and Closure process, resulting in recommendations in 2005, is critically important to the Nation, the Department of Defense, and the Department of Navy. By eliminating excesses and improving efficiencies, the armed services will achieve a transformation of our infrastructure in the same way we are achieving a transformation of our forces. Recommendations will be developed only after a thorough and in-depth review.

Command and Control

Naval expeditionary warfare will depend heavily on the ability of the forces to share linked and fused information from a common source which will, in turn, ensure command and control of widely dispersed forces. Exploiting the use of space, ground and aerial platforms requires a networked, protected, and assured global

grid of information. Leveraging command and control technology to improve our interoperability continues to be our focus of effort.

Advances in technology and a need to leverage existing infrastructure requires us to establish a new Information Technology (IT) framework—one that is more reliable, efficient, secure, and responsive. This new IT framework must provide enhanced information access and improved information services to the operating forces. By streamlining the deployment of IT tools and realigning our IT resources, the Marine Corps Enterprise IT Services will shift the burden away from the operating forces by establishing a new IT environment. This IT environment will fuse and integrate Department wide, net-centric enterprise services to provide a common set of sharable IT services to the entire Marine Corps. By eliminating individual organizations providing duplicative and redundant services, we will reduce the IT burden on the operating forces through enterprise provided IT services, and improve our ability to process information and enhance the speed of decision-making.

Intelligence

Our fiscal year 1996 through fiscal year 2004 enhancements to Marine intelligence improved the intelligence capability within Marine units and established a “reach-back” intelligence production capability between forward deployed units and our Marine Corps Intelligence Activity in Quantico, Virginia. These improvements are proving to be remarkably beneficial to our efforts in Operation IRAQI FREEDOM and Operation ENDURING FREEDOM. Marine intelligence is concurrently supporting ongoing operations, preparing for near term operations, and transforming our intelligence systems to meet future warfighting requirements. Marine Intelligence Specialists have provided significant contributions to ongoing operations in Iraq, Afghanistan, and Djibouti and will play a crucial intelligence role as Marine Forces return to Iraq in larger numbers this year. Before again deploying to Iraq, we will train over 400 Marines in basic Arabic to aid in our efforts to work with the Iraqis at the patrol level, and we will provide enhanced language training for some of our Arabic heritage speakers and others trained linguists to increase our operational influence and effectiveness. Meanwhile, we prepare for future conflicts by ensuring that our intelligence training and systems funded in the fiscal year 2005–2009 program incorporate the latest technological advances and become more capable of seamless interoperability with the systems used by other armed services and national agencies.

Mobility

As preliminary assessments of operations in Iraq highlight, operational and tactical mobility are essential to overcome the current range of threats. The ability to rapidly respond and then flexibly adapt to a changing situation is critical to address future challenges. Increasing the speed, range, and flexibility of maneuver units that are enhanced by logistical power generated from the sea, will increase naval power projection. The following initiatives are vital to achieve greater operational mobility:

MV-22 Osprey.—The MV-22 remains the Marine Corps’ number one aviation acquisition priority. While fulfilling the critical Marine Corps medium lift requirement, the MV-22’s increased range, speed, payload, and survivability will generate truly transformational tactical and operational capabilities. With the Osprey, Marine forces operating from a sea base will be able to take the best of long-range maneuver and strategic surprise, and join it with the best of the sustainable forcible-entry capability. Ospreys will replace our aging fleets of CH-46E Sea Knight and CH-53D Sea Stallion helicopters.

KC-130J.—Continued replacement of our aging KC-130 fleet with KC-130J aircraft is necessary to ensure the viability and deployability of Marine Corps Tactical Air and Assault Support well into the 21st Century. Acquisition of the KC-130J represents a significant increase in operational efficiency and enhanced refueling and assault support capabilities for the Marine Corps. The KC-130J provides the aerial refueling and assault support airlift resources needed to support the Osprey, the Joint Strike Fighter, and the Marine Air-Ground Task Force and Joint Force Commanders.

Expeditionary Fighting Vehicle (EFV).—The EFV, formerly known as the Advanced Amphibious Assault Vehicle (AAAV), will provide Marine surface assault elements the requisite operational and tactical mobility to exploit fleeting opportunities in the fluid operational environment of the future. Designed to be launched from Naval amphibious shipping from over the horizon, the EFV will be capable of carrying a reinforced Marine rifle squad at speeds in excess of 20 nautical miles per hour in sea state three. This capability will reduce the vulnerability of our naval forces to enemy threats by keeping them well out to sea while providing our surface

assault forces mounted in EFVs the mobility to react to and exploit gaps in enemy defenses ashore. Once ashore, EFV will provide Marine maneuver units with an armored personnel carrier designed to meet the threats of the future. EFV will replace the aging Assault Amphibious Vehicle (AAV). With its high speed land and water maneuverability, highly lethal day/night fighting ability, and advanced armor and Nuclear Biological and Chemical protection, the EFV will significantly enhance the lethality and survivability of Marine maneuver units and provide the Marine Air Ground Task Force and Expeditionary Strike Group with increased operational tempo across the spectrum of operations.

Power Projection Platforms.—Combined with embarked Marines, amphibious warships provide our Nation with both a forward presence and a flexible crisis response force. These power projection platforms give decision-makers immediately responsive combat options. As the Seabasing concept matures, enhanced naval expeditionary forces will be optimized to provide a full spectrum of capabilities.

Inherent in the Sea Strike pillar of the Seabasing concept is the ability to both strike with fires from the sea base and from units maneuvering within the littoral region. The dilemma that these two offensive capabilities impose on an enemy and the multitude of options they create for our leadership increase our ability to achieve success effectively and efficiently. The built-in flexibility and survivability of amphibious ships coupled with their combat sustainment capability ensure the rapid achievement of a full range of offensive operations that either allow us to accomplish operational objectives directly or enable us to set the conditions for major joint operations. The ability to defeat an anti-access strategy—before it is completed or even once it is developed—is vital to our national security objectives.

The LPD 17 class amphibious ships, currently planned or under construction, represent the Department of the Navy's commitment to a modern expeditionary power projection fleet. These ships will assist our naval forces in meeting the fiscally-constrained programming goal of lifting 2.5 Marine Expeditionary Brigade (MEB) Assault Echelons (AEs). The lead ship detail design has been completed and the construction process is over 80 percent complete with a successful launch in July 2003. Production effort is focused on meeting test milestones for a November 2004 delivery. Construction of LPD 23 has been accelerated from fiscal year 2006 to fiscal year 2005, leveraging fiscal year 2004 Advance Procurement resources provided by Congress. LPD 17 replaces four classes of older ships—the LKA, LST, LSD, and the LPD—and is being built with a 40-year expected service life.

LHAs 1–5 reach their 35-year service life at a rate of one per year in 2011–15. LHD-8 will replace one LHA when it delivers in fiscal year 2007. In order to meet future warfighting requirements, the Navy and Marine Corps leadership is evaluating LHA (Replacement)—LHA(R)—requirements in the larger context of Joint Seabasing, power projection, the Global War On Terrorism, and lessons learned from Operations ENDURING FREEDOM and IRAQI FREEDOM. The resulting platform will provide a transformational capability that is interoperable with future amphibious and Maritime Preposition Force ships, high-speed connectors, advanced rotorcraft like the MV-22, Joint Strike Fighter, and Expeditionary Fighting Vehicles.

Maritime Pre-positioning Force.—The leases on the current Maritime Prepositioning Ships begin to expire in 2009. The Maritime Prepositioning Force (Future)—MPF(F)—will be a key enabler to sea-based operations. It will allow us to better exploit the maneuver space provided by the sea to conduct joint operations at a time and place of our choosing. When the MPF(F) becomes operational, the maritime prepositioning role will expand far beyond its current capability to provide the combat equipment for a fly-in force. MPF(F) will serve four functions that the current MPF cannot: (1) at-sea arrival and assembly of units; (2) direct support of the assault echelon of the Amphibious Task Force; (3) long-term, sea-based sustainment of the landing force; and (4) at-sea reconstitution and redeployment of the force. The enhanced capabilities of these ships will significantly increase the capability of the Sea Base—in the Seabasing concept—to provide unimpeded mobility and persistent sustainment. This enhanced sea base will minimize limitations imposed by reliance on overseas shore-based support, maximize the ability of the naval elements of the joint force to conduct combat operations from the maritime domain, and enable the transformed joint force to exploit our Nation's asymmetric advantage of our seapower dominance. The ability to rapidly generate maneuver forces from this sea base will augment our forward presence and forcible entry forces, increasing the overall power and effect of the joint campaign. Acceleration of the lead MPF(F) from fiscal year 2008 to fiscal year 2007 in the fiscal year 2005 budget reflects an emphasis on Seabasing capabilities. The fiscal years 2005–2009 plan procures three MPF(F) ships and advanced construction for an MPF(F) Aviation variant.

High Speed Connectors.—High Speed Connectors (HSC) possess characteristics that make them uniquely suited to support the Sea Base and sea-based operations. HSCs are unique in combining shallow draft, high speed and large lift capacity into a single platform. HSCs will help create an enhanced operational capability by providing commanders with a flexible platform to deliver tailored, scalable forces in response to a wide range of mission requirements. The range and payload capacity of HSCs, combined with their ability to interface with current and future MPF shipping and access austere ports greatly enhances the operational reach, tactical mobility, and flexibility of sea-based forces.

Mine Countermeasure Capabilities.—There is a great need to continue the development of our mine countermeasure capabilities. A major challenge for the Navy-Marine Corps Team is ensuring the effective delivery of ground forces ashore when mines and other anti-access measures are employed in the surf zone or ashore beyond the high water mark. We are currently exploring with the Navy how the technology of Joint Direct Attack Munitions (JDAM) promises a short-term solution and may lead to a better long-term solution to the challenge of mines in the surf zone. Using unitary bombs, fuses, and JDAM tail kits, we have designed a mine countermeasure known as the JDAM Assault Breaching System (JABS). Preliminary test results are showing promise as an interim solution for breaching surface laid minefields and light obstacles in the beach zones. Further testing and characterization of the JABS system is proceeding throughout fiscal year 2004 with tests against Surf Zone Mines and obstacles.

Some aspects of JABS development may lead to a long-term solution to the mine threat. One possible solution that is envisioned includes developing bomb-delivered darts that physically destroy buried mines in the Beach Zone and Surf Zone region. In addition, the Navy has adopted the Marine Corp Coastal Battlefield Reconnaissance and Analysis (COBRA) mine sensor system for the beach zone with a planned product improvement enhancement for COBRA called the Rapid Overt Airborne Reconnaissance (ROAR) that extends detection to the very shallow water and the surf zone regions by 2015. In addition, the Marine Corps seeks to improve breaching capability beyond the high water mark by developing both deliberate and in-stride breaching systems. These include the Advanced Mine Detector program and the Assault Breacher Vehicle program.

Fires and Effects

As events over the past year have demonstrated—and suggest for the future—the increased range and speed of expeditionary forces and the depth of their influence landward has and will continue to increase. To fully realize these capabilities the Nation requires a range of complementary, expeditionary lethal and non-lethal fire support capabilities. During Operation IRAQI FREEDOM, sixty AV-8B Harrier aircraft were based at-sea aboard amphibious shipping—minimizing the challenge of airfield shortages ashore. This prelude to future sea-based operations was extremely successful with over 2,200 sorties generated—mostly in support of I Marine Expeditionary Force ground units. A key factor to this success was the employment of forward operating bases close to the ground forces which allowed the AV-8B to refuel and rear multiple times before returning to their ships. In addition, the complementary capabilities of surface and air delivered fires were highlighted in this campaign. Further, the importance of both precision and volume fires was critical to success. Precision fires assisted in reducing both collateral damage and the demands on tactical logistics. I Marine Expeditionary Force also validated the requirement for volume fires in support of maneuver warfare tactics. These fires allow maneuver forces to take advantage of maneuver warfare opportunities before precision intelligence can be developed and precision fires can be employed against fleeting targets or rapidly developing enemy defensive postures.

Short Take Off Vertical Landing Joint Strike Fighter (STOVL JSF).—The STOVL JSF will be a single engine, stealth, supersonic, strike-fighter capable of short take-offs and vertical landings. The aircraft is designed to replace the AV-8B and FA-18 aircraft in the Marine Corps inventory. The operational reliability, stealth, and payload capability designed into the STOVL JSF represents a great improvement in combat capability over existing legacy platforms. The aircraft is in the second year of a 10–12 year development program. The STOVL JSF force is integral to our future warfighting capabilities. Its design and capabilities will fulfill all Marine Corps strike-fighter requirements and better support the combined arms requirements in expeditionary operations. Continued support of the STOVL JSF is vital to the Marine Corps.

Indirect Fires Support.—In response to identified gaps in our indirect fires capability, the Marine Corps undertook an effort to replace the aging M198 155 mm towed howitzers and provide a full spectrum all-weather system of systems fires ca-

pability. Operations in Iraq confirmed this requirement and the direction that the Marine Corps has undertaken. This system of systems will be capable of employing both precision and volume munitions.

The Lightweight 155 mm howitzer (LW 155) is optimized for versatility, pro-active counter fire and offensive operations in support of light and medium forces. It supports Operational Maneuver from the Sea and replaces all M198's in the Marine Corps, as well as the M198's in Army Airborne, Light Units and Stryker Brigade Combat Teams. Compared to the current system, the LW 155 is more mobile, capable of more rapid deployment, more survivable, and more accurate. Initial operational capability is expected during fiscal year 2005, and a full operational capability will be reached three years later.

The High Mobility Artillery Rocket System (HIMARS) fulfills a critical range and volume gap in Marine Corps fire support assets by providing twenty-four hour, all weather, ground-based, responsive, General Support, General Support-Reinforcing, and Reinforcing indirect fires throughout all phases of combat operations ashore. HIMARS will be fielded in one artillery battalion of the active component and one battalion of the reserve component. An initial operational capability is planned for fiscal year 2007 with a full capability expected during fiscal year 2008. An interim capability of one battery during fiscal years 2005–2006 is also currently planned.

The Expeditionary Fire Support System (EFSS) is the third element of the triad of ground firing systems, and it will be the principal indirect fire support system for the vertical assault element. EFSS-equipped units will be especially well suited for missions requiring speed, tactical agility, and vertical transportability. The estimated Approved Acquisition Objective is eighty-eight systems. Initially, this provides eleven batteries to support our Marine Expeditionary Units (Special Operations Capable). Initial operational capability is planned for fiscal year 2006 and full operational capability is planned for fiscal year 2008.

Naval Surface Fire Support.—An important element of our fires and effects capability will continue to be surface ships that provide direct delivery of fires from the sea base. Critical deficiencies currently exist in the capability of the Navy to provide all-weather, accurate, lethal and responsive fire support throughout the depth of the littoral in support of expeditionary operations. In the critical period of the early phases of the forcible entry operations when organic Marine Corps ground indirect fires are not yet or just beginning to be established, the landing force will be even more dependent on the complementary capability required of naval surface fire support assets. To date, no systems have been introduced or are being developed which meet near or mid-term Naval Surface Fire Support requirements. The DD(X) destroyer—armed with two 155 mm Advanced Gun Systems—continues to be the best long-term solution to satisfy the Marine Corps' Naval Surface Fire Support requirements. Our Nation's forcible entry, expeditionary forces will remain at considerable risk for want of suitable sea-based fire support until DD(X) joins the fleet in considerable numbers in 2020. Currently, the lead ship of this class will not be operational until fiscal year 2013. In addition, the Marine Corps is closely monitoring research into the development of electro-magnetic gun technology to support future range and velocity requirements. Electro-magnetic guns could potentially provide Naval Surface Fire Support at ranges on the order of 220 nautical miles, and could eventually be incorporated into ground mobile weapon systems like the future Expeditionary Fighting Vehicles as size, weight, and power technology hurdles are overcome.

H-1 (UH-1Y/AH-1Z).—The current fleet of UH-1N utility helicopters and AH-1W attack helicopters is reaching the end of their planned service life and face a number of deficiencies in crew and passenger survivability, payload, power availability, endurance, range, airspeed, maneuverability, and supportability. The Department of the Navy has determined that the H-1 Upgrade Program is the most cost effective alternative that meets the Marine Corps' attack and utility helicopter requirements until the introduction of a new technology advanced rotorcraft aircraft. The H-1 Upgrade Program is a key modernization effort designed to resolve existing safety deficiencies, enhance operational effectiveness of both the UH-1N and the AH-1W, and extend the service life of both aircraft. Additionally, the commonality gained between the UH-1Y and AH-1Z (projected to be 84 percent) will significantly reduce life-cycle costs and logistical footprint, while increasing the maintainability and deployability of both aircraft. On October 22, 2003, the program to enter Low-Rate Initial Production (LRIP), and on December 29, 2003 the LRIP Lot 1 aircraft contract was awarded to Bell Helicopter.

Information Operations.—The Marine Corps is exploring ways to ensure Marines will be capable of conducting full spectrum information operations, pursuing the development of information capabilities through initiatives in policy and doctrine, career force, structure, training and education, and programs and resources. Marine forces will use information operations to deny, degrade, disrupt, destroy or influence

an adversary commander's methods, means or ability to command and control his forces.

New Weapons Technologies.—The Marine Corps is particularly interested in adapting truly transformational weapon technologies. We have forged partnerships throughout the Department of Defense, other Agencies, and with industry over the past several years in an effort to develop and adapt the most hopeful areas of science and technology. Several notable programs with promising technologies include: (1) Advanced Tactical Lasers to potentially support a tactical gunship high energy laser weapon, (2) Active Denial System—a high-power millimeter-wave, non-lethal weapon, (3) Free Electron Lasers for multi-mission shipboard weapons application, and (4) various promising Counter Improvised Explosive Device technologies.

Logistics and Combat Service Support

Logistics Modernization.—Since 1999, the Marine Corps has undertaken several logistics modernization efforts to improve the overall effectiveness of our Marine Air-Ground Task Forces as agile, expeditionary forces in readiness. Some of these initiatives have reached full operational capability or are on track for complete implementation. Applying the lessons learned from Operation IRAQI FREEDOM resulted in new initiatives concerning naval logistics integration, naval distribution, and the integration of the Combat Service Support Element with Marine Corps Bases.

The Marine Corps' number one logistics priority is the re-engineering of logistics information technology and the retirement of our legacy systems, which is described in the next section. The Marine Corps is working to enhance the integration of its distribution processes across the tactical through strategic levels of warfare, providing the warfighter a "snap shot" view of his needed supplies in the distribution chain to instantly locate specific items that are en route. This capability, described in the following section, will result in increased confidence in the distribution chain and will reduce both the quantity of reorders and the amount of inventory carried to support the war fighter.

Logistics Command and Control.—The Global Combat Support System-Marine Corps is the Marine Corps' portion of the overarching Global Combat Support System Family of Systems as designated by the Joint Requirements Oversight Council and the Global Combat Support System General Officer Steering Committee. It is a Marine Corps acquisition program with the responsibility to acquire and integrate commercial off the shelf software in order to satisfy the information requirements of commanders, as well as support the Marine Corps Logistics Operational Architecture. The Global Combat Support System-Marine Corps program will provide modern, deployable information technology tools for all elements of the Marine Air-Ground Task Force. Existing Logistics Information Systems used today in direct support of our Marine Air Ground Task Forces are either not deployable (mainframe based) or are deployable with such limited capability (tethered client server) that our commanders lack in-transit and asset visibility. Global Combat Support System-Marine Corps requirements include a single point of entry, web based portal capability to generate simple requests for products and services, logistics command and control capability to support the Marine Air Ground Task Force, and back office tools to assist in the management of the logistics chain. These capabilities will improve warfighting excellence by providing commanders with the logistics information they need to make timely command and control decisions. The key to improving the accuracy and visibility of materiel in the logistics chain is to establish a shared data environment.

End-to-End Distribution.—The Marine Corps is aggressively pursuing standardization of the materiel distribution within the Marine Corps to include interfacing with commercial and operational-level Department of Defense distribution organizations. Furthermore, distribution processes and resources used in a deployed theater of operations need to be the same as those used in garrison. We strongly support United States Transportation Command's designation as the Department of Defense's Distribution Process Owner. In this capacity, United States Transportation Command can more easily integrate distribution processes and systems at the strategic and operational levels and provide the Department of Defense a standard, joint solution for distribution management. Materiel End-To-End Distribution provides Marine commanders the means to seamlessly execute inbound and outbound movements for all classes of supply while maintaining Total Asset and In-transit Visibility throughout the distribution pipeline.

CONCLUSION

The Marine Corps remains focused on organizing, training, and equipping our forces to best support combatant commanders throughout the spectrum of combat.

Incorporating recent experiences, increasing our forces' integration with joint capabilities, exploiting the flexibility and rapid response capabilities of our units, and preserving the adaptability of our Marines, will collectively lead to more options for the combatant commanders. The Marine Corps' commitment to warfighting excellence and the steadfast support we receive from this Committee will lead to success in the Global War On Terrorism while helping to ensure America's security and prosperity.

BIOGRAPHICAL SKETCH OF GENERAL MICHAEL W. HAGEE

General Hagee graduated with distinction from the U.S. Naval Academy in 1968 with a Bachelor of Science in Engineering. He also holds a Master of Science in Electrical Engineering from the U.S. Naval Postgraduate School and a Master of Arts in National Security and Strategic Studies from the Naval War College. He is a graduate of the Command and Staff College and the U.S. Naval War College.

General Hagee's command assignments include: Commanding Officer Company A, 1st Battalion, 9th Marines (1970); Platoon Commander, Company A and Commanding Officer Headquarters and Service Company, First Battalion, First Marines (1970-1971); Commanding Officer, Waikale-West Loch Guard Company (1974-1976); Commanding Officer, Pearl Harbor Guard Company (1976-1977); Commanding Officer, 1st Battalion, 8th Marines (1988-1990); Commanding Officer, 11th Marine Expeditionary Unit (Special Operations Capable) (1992-1993); Commanding General, 1st Marine Division (1998-1999); and Commanding General, I Marine Expeditionary Force (2000-2002).

General Hagee's staff assignments include: Communications-Electronics Officer, 1st Marine Air Command and Control Squadron (1971); Assistant Director, Telecommunications School (1972-1974); Training Officer, 3d Marine Division (1977-1978); Electrical Engineering Instructor, U.S. Naval Academy (1978-1981); Head, Officer Plans Section, Headquarters Marine Corps (1982-1986); Assistant Chief of Staff, G-1, 2d Marine Division (1987-1988); Executive Officer, 8th Marines (1988); Director Humanities and Social Science Division/Marine Corps Representative, U.S. Naval Academy (1990-1992); Liaison Officer to the U.S. Special Envoy to Somalia (1992-1993); Executive Assistant to the Assistant Commandant of the Marine Corps (1993-1994); Director, Character Development Division, United States Naval Academy (1994-1995); Senior Military Assistant to the Deputy Secretary of Defense, Washington, D.C.; Executive Assistant to the Director of Central Intelligence (1995-1996); Deputy Director of Operations, Headquarters, U.S. European Command (1996-1998); and Director Strategic Plans and Policy, U.S. Pacific Command (1999-2000).

His personal decorations include the Defense Distinguished Service Medal with palm, Defense Superior Service Medal, Legion of Merit with two Gold Stars, Bronze Star with Combat "V", Defense Meritorious Service Medal, Meritorious Service Medal with one Gold Star, Navy Achievement Medal with one Gold Star, the Combat Action Ribbon, and the National Intelligence Distinguished Service Medal.

Senator STEVENS. Well, gentlemen, those are some of those finest statements I have heard in my period on this committee, and I thank you all very much for the depth of your comments and for the reports you've made.

FLEET RESPONSE PLAN

Admiral, could you explain a little bit more about this Fleet Response Plan?

Admiral CLARK. Absolutely, Mr. Chairman.

Fundamentally, it goes like this. We had deployed—I like the word “surge”—Operation Iraqi Freedom, we surged over 50 percent of the fleet. One of our tasks was to—our business, was telling our people, “Look, our job is to make sure that we get the most bang for the buck for the taxpayers of America. And is there any way we can put this back together when we bring it home that will make it more effective than it is today?” And, fundamentally, Mr. Chairman, what we've done is this. We put a group of sailors in the room, and asked them, “Are there things that we can do that

will make us better?" They came back with an approach, and said, "If we look at different ways to phase our training, if we look at new ways we can put maintenance concepts together that will increase the operational availability of our units, we will be able to provide 50 percent more operational capability in response to the President if a national emergency occurs."

And what that means today is this. We analyzed the risk and the requirement for naval forces. As the major combat phase of Operation Iraqi Freedom wound down, the Secretary of Defense looked at where we were. And I said, "If we bring these forces home—the risk looked like we can bring the principal naval force home—we will put this back together in a way that makes it more ready than ever before." And, Mr. Chairman, I can tell you, this morning, if the requirement came today, I could surge that force forward again, the exact same force that we sent forward for Operation Iraqi Freedom. It is ready to go this morning. And what we have done is give the Nation a more responsive Navy that can respond to a crisis and an emergency anywhere in the world.

Senator STEVENS. Thank you very much.

V-22

General Hagee, I thank you, again, for the opportunity to fly the V-22. It was an experience of a lifetime. I enjoyed being in the aircraft. But I understand now that there's been flight restrictions placed upon the V-22. Could you tell us what's caused that?

General HAGEE. Yes, sir, I can. And we appreciate you coming down and flying in that truly transformational platform.

Back in December, when one of the—it happened to aircraft number ten, which is instrumented, was flying towards the edge of the envelope in an area where we're normally not going to conduct flight operations, an input at the control caused some yawing in the aircraft. We brought the aircraft down. It took us some time to reproduce that particular phenomena. It was not uncontrolled. There was no effect on safety of flight. This aircraft happened to have a new flight control software package put into it. So we believe it is a problem in the software. We are investigating that right now. We haven't come to complete closure on how to solve that. We are very confident that we can.

We have put no flight restrictions on any of the instrumented aircraft. We have put some flight restrictions on the uninstrumented aircraft. We believe that we'll have a solution to this software, possibly hardware solution, by May of this year. We do not see that impacting the continued evaluation of the aircraft, sir.

Senator STEVENS. Will it affect the period for testing? It this going to prolong the period of testing the V-22.

General HAGEE. Sir, I think on the operational tests we're not quite sure on that. But, as you know, this is not a time-driven evaluation; this is an event-driven evaluation. We'll have a much better feel for that in about April or May, sir.

Senator STEVENS. Well, again, I think it was a joy to be able to fly that airplane. It does things that one would never expect to be able to do, and particularly because of the software that you've adapted into it. I would appreciate it if you'd keep me posted on that if there's anything additional we can do. I would like to be

sure that we do keep the schedule for putting that aircraft really into full operation, as far as the marines are concerned.

General HAGEE. We will keep this committee informed, Mr. Chairman.

Senator STEVENS. Thank you.

DD(X)

Admiral Clark, the DD(X) includes transformational technologies that bring what my staff believes are revolutionary capabilities to the fleet. Can you accomplish the acquisition strategies for the DD(X) within the cost and schedule that is currently outlined, in view of those new technologies?

Admiral CLARK. Well, Mr. Chairman, I agree completely with your staff and their assessment of what DD(X) is all about. It is a revolutionary platform. And I believe that when we have DD(X), it is going to change the way we do everything. And what I think is going to happen is that when we realize these capabilities, it will set us on a path to spiral to our other platforms, as well.

Let's talk about cost and schedule. As you know, we received permission to fund this ship in Research and Development. There are certainly risk areas in the development of something that is this revolutionary, including an all-electric platform, an advanced gun system that will fire, with precision, at a [deleted]. You know, this will give us the ability to support General Hagee and all of his marines, and cover [deleted] more area in support of them than we can do so today with a gun system. And I have great confidence in that path that we're on, because there have been mitigation strategies put in place to address the new technologies that we're bringing on. However, I would not be so bold as to say that any of us can predict the future. But I have great confidence in the team that is putting the plan together to create the future. And what does that mean? Well, it means this. One of the reasons that we asked to put this platform in research and development is that we wanted to have the same kind of tools to do this kind of new development that we have with other combat systems, and we haven't done that with ships before. And we believe that this was the right way to go at this.

So I don't see any cause for concern on the horizon. I'm confident with where we are in the reports that I'm getting from the acquisition community. But I also believe that the path that we set on last year to fund this in research and development (R&D) is absolutely the right approach.

END STRENGTH REDUCTIONS

Senator STEVENS. Mr. Secretary, I am informed that there are plans to reduce the end strength of the Navy by 7,900 sailors, and another 8,700 sailors over the next 4 years. We're told, to be on the safe side, that that is premature. What do you say to that?

Mr. ENGLAND. Well, let me reiterate, to some extent, the opening comments that Admiral Clark made regarding our manpower. We do want the very best-trained force, but we also do not want an extra force. We do not want people that we do not need in this great Navy, frankly. And as we have made improvements, in terms of our ships, in terms of our manning—for example, if you go back,

Senator, to the ships, Senator Inouye, that are sitting out in Hawaii, the U.S.S. *Missouri*, it had almost 2,000 sailors when it was active. Now we have about 350 sailors on our destroyers. That will go down, on DD(X), to about 150 sailors. So our manpower demands are less. A lot of our older ships, we are retiring, where most of the manpower has the highest demands. Also, our maintenance is better, our reliability is better on these ships, technology is helping us.

So we are not stressed, in terms of our force, Senator. I mean, we have efficiencies in the system, effectiveness, in terms of better performance, that we can reduce the size of our force. So this is a planned program, and we are not doing this in advance. I mean, we clearly understand the forces we need, and we are taking them down after we have new processes and new technology in place. So this reflects, frankly, the effectiveness, the efficiency of the Navy and our plans, in terms of staffing this great naval force.

JOINT STRIKE FIGHTER (JSF)

Senator STEVENS. Could you briefly—I've got a minute left—briefly tell us about the Joint Strike Fighter? Just an update on the Joint Strike Fighter?

Mr. ENGLAND. First, I hope one day you'll be able to fly the Joint Strike Fighter, Senator. But, look, it is a very, very important program. There are three development programs going on simultaneously. As you may know, we delayed the program 1 year because we wanted to keep them together, and we wanted to make sure that we solved all the problems early as we transitioned from the prototypes into development. So we did delay the program deliberately 1 year because our feeling is, by doing this now, we will save a lot of money and time later on. These are very important programs to us. There is an Air Force version and a Navy version. They are both, frankly, overweight, but not to the point that they will miss their key performance parameters. So we know we will realize significant improvement there.

The short take-off and vertical landing (STOVL) version, which is now both for the Marine Corps and also for the U.S. Air Force, also is experiencing a weight problem, because it is the most difficult design challenge. On the other hand, it provides us the greatest advantage, and it will replace the AV-8B, which is currently becoming long in the tooth and having difficulty in the Marine Corps. So it provides us the very greatest step forward, in terms of capability. It is harder to do, but I am absolutely convinced the design is on track and we will achieve the key performance parameters for these three airplanes.

This program also has a large international content. We have about \$4.5 billion funded by our friends and allies around the world, who are also relying on these three airplanes. This is a highly integrated program. It is technically challenging, but it is also very achievable, and the results will be dramatic for the entire military and for our friends and allies around the world.

I would encourage full support for this program, because it is so crucial to so many services. And, Senator, I can tell you, from my own personal experience, I am convinced that these three airplanes will all be of significant value, major value, to our military forces.

Senator STEVENS. I'm smiling, Mr. Secretary, because someone the other day asked me why do people use that phrase "long in the tooth," as when we get older, our teeth get shorter.

Senator Inouye.

SUBMARINE FORCE STRUCTURE

Senator INOUE. Mr. Secretary, your stated submarine force structure calls for 55 boats, but it appears that by 2020, we may have about 30. You have indicated that this would be unacceptable. Do you have alternative programs or platforms to adjust this force structure?

Mr. ENGLAND. Senator, right now, as you probably recall, we start a multi-year—last year, we were authorized to go into a multi-year, so we have a five-submarine multi-year program that will continue for 5 years. So we are, frankly, fixed at this rate of one a year for the next 5 years. That was the program authorized by the Congress. At the same time, you are right, if we continue at that level, our submarine force will, indeed, shrink. So, recognizing that, we have initiated a study to better understand the size of our submarine force and how we might afford a larger force as we go forward. That study will be part of our 2006 deliberations. So we will come to the Congress next year with our submarine program, in terms of recommendations. We are working that now. We will be briefing that shortly within the Department of Defense, and that will be part of our whole development of the fiscal year 2006 budget. So, with your permission, I would like to defer a final answer on that. Frankly, for the next 5 years, next 4 years now, we are locked into this one submarine a year because of the multi-year program. So it does give us some time to work, and we will have that resolved in fiscal year 2006.

Senator INOUE. Well, we'll wait for your study.

END STRENGTH

Admiral Clark, the Secretary spoke of how your end strength may be reduced. As the operational chief here, do you agree with that?

Admiral CLARK. I certainly do, Senator. And, in fact, you can blame me for this, or give me credit, whichever way you choose to do so. I have been—I want to report publicly, I have been under no pressure from anybody senior to me in the chain of command to affect my manning.

What we have been doing is this. Actually, I've learned a lot from working with Secretary England. He worked in the big-business world. And, you know, I grew up driving destroyers and haven't run an operation nearly as big as we're now given the task to operate. Part of our journey, Senator, is that we have—as I said in my opening statement, we have come to grips with the cost of manpower. And I've made a commitment to our people that goes like this. "We will invest in your growth and development if you promise to serve and support and defend the Constitution of the United States and be part of the Navy. We are going to invest in you. And we're going to make sure that you have opportunities to make a difference in our Navy." That's what I promised them. But I've also asked my leaders, the Senior Executive Service (SES) civilians and

the admirals in this organization, that are given the task to function as executives, “Look, we’ve got to figure out how to run this business more effectively. This is for the taxpayers. How do we give them the most return on their investment?” And I will tell you that we are actively seeking ways to learn how to operate this organization more effectively and more efficiently. We are making great progress, and that is the result of the 7,900 you see today.

My objective is this. I’ve learned that 10,000 people equals \$1.5 billion a year, and I’m turning that money into recapitalization. The year I got to this job—and, Mr. Chairman, you indicated this is my fourth visit to see you all—the year I got here, the investment in shipbuilding was \$4.7 billion. The investment today is \$11.1 billion, and I’ve been shooting to get toward a goal of \$12 billion a year. We have done this fundamentally by redirecting resources inside the Navy and becoming more effective. And so we intend to continue working toward that, and I want to promise you that part of this is because the technology insertion is allowing us to do tasks with fewer people. As he said, DD(X) is going to have far fewer people, the CVN 21 is going to have a 900-person reduction in the crew, and these kinds of things make these savings possible. And our investments make it possible. We intend to keep looking for ways to operate more effectively and put that money in tomorrow’s Navy.

SHIP FORCE STRUCTURE

Senator INOUE. Mr. Secretary, I’m certain you recall that about 10 years ago, when we discussed warfare, they spoke of major war, regional war, guerrilla war, et cetera, and you needed so many ships for that, and so many men for that. Is the force structure that you’re proposing for regional war or global war?

Mr. ENGLAND. Senator, it’s for whatever the Navy is called upon, sir. I mean, I believe as we go forward, and particularly what is in the 2005 budget, with our new ships, our Littoral combat ship and DD(X), along with LHA, the new LHA(R) we’re looking at and the new ships that we’ll have, in terms of pre-positioning, the future ships, there are concepts there that provide us significantly greater flexibility, in terms of projecting power forward. As General Hagee said, we believe this is a 50-percent improvement, in terms of response time to put power forward, which is very, very important, in terms of affecting the outcome of whatever events may be occurring.

I think my judgment—and I believe I can speak for the CNO and the Commandant here—it’s our judgment we have approaches now that allow the Navy and the Marine Corps, our naval force, to respond to any type of threat to America, whether it be regional or a larger war. I mean, we are prepared now to respond and do this very, very quickly. That’s our objective—very, very quick response.

FORCIBLE ENTRY

Senator INOUE. General Hagee, the Department, last year, announced that it had initiated a study on forcible entry options. And we’ve been told that this study may have an impact upon programs like the LPD-17, the LHA(R), and the Expeditionary Fighting Vehicle. What is the status? And what can we expect?

General HAGEE. Thank you for that question, sir.

First, there are two studies, really. There is a joint forcible-entry study that the Navy and the Marine Corps took the lead on and conducted last year. That is going to inform a much larger joint study on joint forcible entry that's being led by the joint staff right now. We hope to have the results of that study sometime late spring, early summer. I think it's really important to look at forcible entry from a joint standpoint.

As I mentioned in my opening statement, the joint forcible-entry study that we did within the Navy and the Marine Corps, the analysis of alternatives that we received on LHA(R), and the analysis of alternatives that we have just received a preview on for the maritime pre-positioning force has helped inform us on how we can project combat power faster, more combat power ashore faster, in the future. And what you're going to see Admiral Clark, myself, and the Secretary talk about is the integration of these platforms. They are complementary platforms. The maritime pre-positioning ship, the new maritime pre-positioning ship, the new LHA(R), which—we want to leverage the Joint Strike Fighter and the MV-22 capabilities; we want to make that ship more aviation-capable—the LPD-17, the connectors between those platforms, the DD(X), the Littoral combat ship, all will come into play, and we are starting to inform ourselves on what the advantages and disadvantages of having one platform versus the other. For example, on your maritime pre-positioning-ship future, if that has a well deck, or if that has what we're calling an integrated landing platform, which is platform external to the ship, where the ship can put that platform on the leeward side and actually do offloads onto that platform in a higher-state sea, this could impact the ultimate design of other amphibious ships and what we would be carrying on those amphibious ships.

So we are trying very hard and, I think, somewhat successfully, in looking at how all of these platforms come together to deliver a better capability, a more agile capability to the regional combatant commander.

Senator INOUE. And this is realistic?

General HAGEE. Yes, sir. We have talked with scientists, we have talked with physicists. This is not a physics problem; this is an engineering problem. It's also a finance problem, or an issue. And that's why the Secretary of the Navy and Admiral Clark and myself have urged support of the fiscal year 2005 budget, sir.

Senator INOUE. I thank you very much, General.

Admiral CLARK. Mr. Chairman, may I comment on that question?

Senator STEVENS. Yes, sir, Admiral.

Admiral CLARK. Senator Inouye, I'd just like to say that our task is to deliver the Marine Corps to the fight. And I see the integration between MPF(F), Maritime Pre-Positioned Force Future, and the LHA(R) as a critical intersection of new capability unlike what we have today. I absolutely do not believe that LHA(R) is just a repeat of the LHDs that we have today. It is going to be a much better, more capable platform that optimizes the aviation capability we are investing in. And that, coupled with the new concepts that we are pushing forward on MPF future, will give the marines much more surgeable capability. We talked about surging the Navy; it

will improve the Marine Corps' surgeable capability, too, which is why the future will see General Hagee and the marines producing combat capability faster anywhere in the world we have to. And these two new capabilities are going to make that happen.

Senator INOUE. Thank you very much. I'll be waiting for your report.

Admiral CLARK. Yes, sir.

Senator STEVENS. Thank you very much.

Senator Cochran.

LHA(R) AND SHIPBUILDING INDUSTRIAL BASE

Senator COCHRAN. Mr. Chairman, thank you.

Mr. Secretary, I notice, in the budget submission, the construction of the LHA(R) has been delayed 1 year from what was planned in last year's 2004 budget, and that you've identified \$250 million for the construction of the LHA(R) as an unfunded requirement. I understand that a delay in the construction of this ship is likely to lead to an increase in the cost of the ship. Can you discuss the need to maintain the shipbuilding industrial base associated with the construction of the LHA(R)?

Mr. ENGLAND. Senator, I'd be happy to. You raised a valid issue here. We originally had LHA(R) proposed for fiscal year 2007, in terms of our planning in the Future Years Defense Program (FYDP). We moved that out to fiscal year 2008, and we did it, frankly, because of funding issues. We are required, as you know—to fully appropriate the money, fund the ship immediately, on day one. That would have required, in fiscal year 2007, that we fund the full value of the ship in fiscal year 2007. Frankly, we did not have the resources to do that, so we've moved it to fiscal year 2008, where it was affordable, in terms of our projection on fiscal year 2007 and on fiscal year 2008. It does leave us with a problem right now, in terms of the yard, because we would like to start at least advanced procurement, some incremental funding, I guess you would call it, at that point in time. But, at this point, we are required to fund the full ship. Now, as we go forward in 2006 and 2007, we're going to have to look at those funding profiles to see how we can handle that situation. But, frankly, that was—your point is valid—it was strictly a decision we had to make based on what we saw as the funding profiles in those years.

Senator COCHRAN. Thank you.

LARGE DECK AMPHIBIOUS SHIPS REPLACEMENT

General Hagee, can you discuss the need to replace the large-deck amphibious ships that have exceeded their designed service life?

General HAGEE. Yes, sir, Senator. Thank you, also, for that question. And it really goes back to my answer to Senator Inouye.

I don't think that we can look at one individual ship. As Admiral Clark talked about, we're looking at the LHA(R), which is going to be, as I mentioned, an increased aircraft-capable ship. We're going to leverage the Joint Strike Fighter and the MV-22 capabilities. It's also going to complement the Maritime Pre-Positioning Force Future ship, and will complement the LPD-17. So as we build the LHA(R), and as we build MPF future, I believe that you will see

some of the equipment that has, in the past, been carried on these large amphib, move over to the Maritime Pre-Positioning Force Future ship.

What we want is the capability to operate from the sea base in a state-four sea. We want to be able to do to the reception, staging, onward movement, integration, the arrival and assembly, at sea. Today, we cannot do that, because we—as Admiral Clark mentioned, we dense-pack our maritime pre-positioning ships, so we cannot do a selective offload. So as we replace the amphib, we're looking at how LHA(R), LPD-17, LHD, which is going to be around for some time, thank goodness, and Maritime Pre-Positioning Force Future are going to integrate with one another.

TILT-ROTOR PILOT TRAINING

Senator COCHRAN. Mr. Secretary, last year's appropriations bill and the accompanying report indicated the importance of training student pilots in the same type aircraft that they would eventually be called on to fly in the fleet after they graduate from pilot training. The report required the Department of the Navy to submit a tilt-rotor pilot training roadmap to the committee prior to the submission of this year's budget request, although this report has not been submitted. I wonder if you have any information about whether we can expect this report or whether you can share with us now what the response of the Navy is to this provision in last year's bill directing the Department to consider tilt-rotor pilot training at an existing naval training site?

Mr. ENGLAND. Senator, my apologies. The report is somewhat late, because, frankly, it's gone through some revision. But we are about to publish that report, and we should have that report to you here, I would expect, in about 1 week. So we're very close to having that out.

And if you don't mind, I'm going to defer the question to General Hagee, since it's his V-22 and his pilots, I believe he's probably better able to answer this question for you.

But we will have the report to you in about 1 week, sir.

[The information follows:]

INFORMATION PAPER

Subject: V-22 Tilt-rotor pilot training roadmap

1. Purpose

The Defense Appropriations Bill, 2004, directed the Secretary of the Navy to submit a Tilt-rotor pilot training roadmap before the presentation of the fiscal year 2005 budget estimate.

2. Key Points

The MV-22 Student Undergraduate Pipeline Training and Fleet Replacement Squadron Analysis, Final Report, 1999, was conducted by Logicon, Inc.

The purpose of the study was to examine the MV-22 pilot, aircrew and maintainer training pipelines and determine if the planned training could meet the demands of an increased aircraft delivery rate. If the planned training was insufficient to meet the demand, alternatives must be developed to increase the throughput. If the demand could be met with planned resources, the recommendations for improving the training in order to produce more capable personnel in the most efficient and cost effective manner must be provided.

The study's recommendations have been included and expanded on in the V-22's training plan. Interactive Media Instruction (IMI), state of the art procedural train-

ers and simulators as well as the activation of an Aircrew Training Systems (ATS) command to address the intricacies of the training continuum are some examples.

The current tilt-rotor pilot training roadmap represents a non-material solution to implement the study's recommendations. A powered lift trainer for Undergraduate Pilot Training would address the inefficiencies in the current roadmap, increase the number of trainable tasks, and decrease time to train while increasing throughput.

The current tilt-rotor pilot training roadmap has three major elements: Primary, Advanced and Fleet Replacement training (Figure 1). Each element contains academics, simulator and aircraft phases.

—*Undergraduate Pilot Training (UPT)*.—UPT for tilt-rotors begins with primary flight training in the TC-34C. Pipeline selection occurs upon completion primary training.

—Students selected for the tilt-rotor training pipeline will continue advanced training in the TC-12B.

—Following training in the TC-12B tilt-rotor UPT students will complete their advanced training in the TH-57B/C.

—Upon completion of the advanced training students are designated Naval aviators and are assigned to the Fleet Replacement Squadron for training in the MV-22.

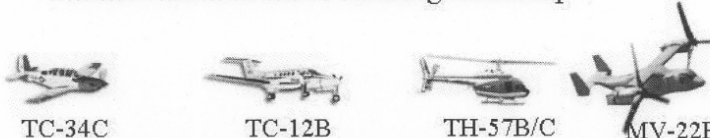
—*Fleet Replacement Squadron (FRS)*.—Provides combat capable tilt-rotor training for selected aircrews.

—Combat capable training consists of the completion of the 100 level training tasks listed in Marine Corps Order P3500.34A (Aviation Training and Readiness Manual, MV-22).

—Advanced Tilt-rotor Training Unit (ATTU). The ATTU is resident in the FRS and trains selected aircrew in advanced tactics instruction (200 level and above as specified in the Marine Corps Order P3500.34A). The ATTU provides transitioning squadrons the experience base to complete the transition as a core capable squadron per the MV-22 T&R.


The Deputy Commandant for Aviation has submitted a Universal Needs Statement (UNS) for a powered lift trainer for Undergraduate Pilot Training. Successful incorporation of the UNS in the requirements generation process will form the basis for an Analysis of Alternatives at Milestone A.

Current Tiltrotor Pilot Training Roadmap



	TC-34C	TC-12B	TH-57B/C	MV-22B	Totals
	Primary	Advanced		FRS	
Time to Train (Weeks)	27.4	14	16.8	16	75.4
Aircraft Hours	89	65	60.9	39.5	254.4
Simulator Hours	40.3	24	18.2	55	137.5

Potential Powered Lift Tiltrotor Pilot Training Roadmap



	TC-34C	Powered Lift Trainer	MV-22B	Totals
	Primary	Advanced	FRS	
Time to Train (Weeks)	27.4	4	16	47.4
Aircraft Hours	89	20	39.5	148.5
Simulator Hours	40.3	25	55	120.3

Figure-1

Senator COCHRAN. Okay.

General Hagee, do you have any comments?

General HAGEE. Yes, sir, I do. First off, we are absolutely committed to having a joint training site. Any service that's going to fly the MV-22, we think we could get a lot of synergy by having one training site. We have initially stood up the training squadron down at New River, North Carolina. But I can tell you, Senator, we are open to looking at any and all sites that might work better.

MISSILE DEFENSE

Senator COCHRAN. Admiral Clark, we've talked before about the plans that you envision for the Navy participation in missile defense. We have the near-term ballistic missile threat to the homeland that has attracted the attention of planners. Could you update the committee on the progress the Navy is making in the area of ballistic missile defense and how it fits in your overall sea-shield strategy?

Admiral CLARK. Yes, sir. Thank you, Senator. That's a very important question for the future, and clearly the kind of things that General Hagee and I envision the Navy/Marine Corps team doing in the future requires our ability to climb in the ring with an enemy, and to be able to defend ourselves, and project defense and offense. And so ballistic missile defense capability is crucial to the future, no doubt about it.

The way, of course, as you well know, it is unfolding, the acquisition—the development responsibility and acquisition responsibility, has been given to the Missile Defense Agency (MDA). What that suggests is that—General Kadish has been given the responsibility to develop what’s best for the Nation. And this year has been an exciting year in the Navy. Under MDA, we have participated in several tests this year. All but one have been fully—completely successful, and one had a problem in a late-guidance phase of the test. But what that suggests to us is this, sea-based missile defense is going to be a part of the interim missile defense capability that has been called down by the President. That will stand up in fiscal year 2005, this budget year that we’re talking about here this morning.

And I would just also report to you, Senator, that during Operation Iraqi Freedom, we had prototype capability functioning in the Arabian Gulf, and operating from one of our Aegis DDGs. They experienced significant success tracking missiles that were fired by the Iraqis at our forces, and we were connected in an integrated way. We could not—we were not equipped to fire, but detect and track; and that detect and track algorithm functioned very successfully.

And so the bottom line of the status report is that we anticipate modifying a number of our Aegis destroyers to bring this kind of capability to the Nation by the end of this calendar year, and we will be a part of that interim capability.

Senator COCHRAN. Thank you.

Thank you, Mr. Chairman.

Senator STEVENS. Thank you.

Senator BURNS.

Senator BURNS. Thank you, Mr. Chairman. I think we have—I’ve already submitted my statement. And thank you, gentlemen, for your service to your country and for coming today.

I will probably focus on some of the things that interest me. My main interest is the troops on the ground, our enlisted people that are in harm’s way, and especially like an operation like we have in Iraq, who are most vulnerable to being hurt very badly, and most vulnerable in a hostile action.

SHIPBUILDING PROGRAM

But I wanted to ask Admiral Clark—since you’ve increased the funds on shipbuilding from the \$4.7 billion to the \$11.1 billion, with what has happened in the world and the changing landscape, have you changed the thrust of your investment to meet those times? And could you give me an example on the challenges you face, now that the landscape does change from time to time?

Admiral CLARK. Well, absolutely.

Here’s the way I would lay it out. And Senator Inouye asked this question of the Secretary, do we have the numbers right? And, you know, where do we need to go? This morning, we have 295 ships in the Navy. Is this enough? I don’t believe it is. I have said that for 3 years and 8 months.

Having said that, I believe we’re on the right track. We can’t undo history. And we didn’t buy enough ships in the 1990s. Over the decade of the 1990s, our shipbuilding budget averaged just slightly over \$6 billion a year. And in order to have the Navy—

when I got to this job, the Congressional Budget Office (CBO) had just put out a study that said you had to invest \$12 billion a year to sustain yourself, and that's why \$12 billion was my target.

How does it stack out in priorities? And, by the way, I have said I think we need about 375. I've never said it's exactly 375. We have to move toward the capability of the future, and capability is more important than numbers. But there's a fact here—is that—we've studied this long and hard, Senator; I haven't figured out how to defy the laws of physics and make a ship be in more than one place at a time. You know, it's a fundamental reality.

I want to say that the Secretary has allowed me to speak to that number. It's not a number that has been sanctioned by the Department. It is the CNO's view. My view this morning is that we're continuing to learn.

Let me give you an example. We are completing, as I speak, an experiment that I've had going on for 2 years. I have had a destroyer, forward deployed, has been in Operation Iraqi Freedom every step of the way, for 2 years. I have been rotating crews to that ship. That's a Pacific-based ship, and a Pacific-based ship spends at least one-third of its deployment—because it's a vast area, of course—one-third of its 6-month deployment, is spent in transit. I've had it over there 2 years, rotated four crews. It'll be home soon. We're going to put the technical people onboard, and we're going to learn the lessons from that. But I'll tell you what it's already shown me is that that's a concept I need to exploit. It gives me more operational availability for the investment.

What have I learned about the priorities? Senator Cochran asked about missile defense. It absolutely is a requirement for the future. We do not have money in the budget yet, but I have spoken openly, and it's in my written testimony, that CG(X), a ship designed from the ground up to do that missile-defense mission, is going to have to be built. It has to be built when we know exactly what the size and shape of the future missile defense systems are going to be.

LITTORAL COMBAT SHIP (LCS)

More importantly, the Littoral combat ship that is at the—down-select—in the next 2 months, this new class ship is designed to do one principal thing: take on the enemies where they're going to take us on. No Navy is going to take us on toe to toe. We are too big and too strong. They're going to come after us in the littorals, they're going to come after us asymmetrically. Senator, I need that ship tomorrow morning. I cannot get it fast enough. I need the ability to take on the way they're going to come at us, anti-submarine warfare in the near-land arena, anti-surface attacks, mine warfare. And we're going to build this ship from the ground up to be optimized to handle unmanned vehicles, and we're going to change the calculus on the enemy. This is going to be a much smaller ship, and we're going to have to build it in numbers. And I think we need 50 or 60 of them. But the reason I don't know the exact number is that I'm still working the manning concept, and am I going to be able to keep them forward, like I've just done with this ship for 2 years. And if I can, I will need not as many as if I had to rotate them every time. So those are the way I see the priorities. Coupled with what we described with General Hagee in the new

Navy/Marine Corps team and the capability that we will project with MPF Future, which I believe should be considered as an integral part of the fighting force. Today's MPF maritime pre-positioned ship is a warehouse, floating warehouse. Tomorrow's MPF isn't going to be like that. It will have command and control spaces in it, it will have aviation decks on it to surge aircraft forward and so forth. That's the way I see the future, Senator.

RECRUITMENT AND RETENTION

Senator BURNS. General Hagee, give me an idea—recruitment and retention of our troops, are you making your quotas? Are you getting the kind of people that you want? I would ask all three of you that. Are there areas of concern or—how are we doing?

General HAGEE. Sir, thank you for that question. I am happy to report to you that we are doing very well in both areas. Last November, we had 100 straight months of meeting mission, recruiting, and we are getting the right type of young American man and young American woman, and I think you saw that in Operation Iraqi Freedom. Unbelievable quality. Just had a report yesterday, we are on track to make mission this month. But we are doing very well on recruiting.

As far as retention is concerned, for this fiscal year we are about 80 percent of attaining our first-term re-enlistment goal, and we are about 85 percent of achieving our second-term re-enlistment goal. And, of course, we have all the way to September to accomplish those two missions.

So I am very happy with where we are right now. I have to be—I'll be frank with you, sir, we are putting a lot of demands on our marines. The sun never sets on the Marine Corps. It is around the world, and they are doing a magnificent job. And I have asked all the commanders to keep a good feel on the pulse of the marines and their families for any indication that retention or recruiting is going to turn in the wrong direction. Right now, we do not have those signals, sir.

Senator BURNS. Admiral Clark, do you want to comment about that?

Admiral CLARK. Yes, I sure do. Highest retention in the history of the Navy, ever, 38 or 39 straight months. Quality, we have increased quality 4 percent, to the 94 percent level last year, and our goal was 95 percent high-school graduates. Quality is high. It's fundamentally because of the things the Congress has done. And at the end of my opening statement, I said that they're reading the signals of the citizens of America. They're listening. They're watching. And the support that America is sending to our people is resonating with them. They believe in their cause, and they're committed to making a difference.

Now, here's one concern I have. Because we're successful, please don't take my tools away. The tools that I've got are the things that are allowing me to reshape my force, and I need them. And our people are responding to this challenge we're giving them. "We're going to give you a chance to make a difference, and we're going to invest in your growth and development," and that's what they're responding to, Senator.

Senator BURNS. Mr. Secretary, do you want to make a comment? Because I have another question and comment.

Mr. ENGLAND. Just one comment. When I first testified, we were recruiting 58,000 a year, in terms of sailors, and now we are recruiting about 40,000 because our retention is so high. So it's an indication, just in terms of numbers that we're recruiting, much lower than we were in the past.

AIRSPACE AVAILABILITY FOR TRAINING

Senator BURNS. We lost our ability to train into—at Vieques, as you well know, down in Puerto Rico. It continues to be a problem among all our services that have a flight wing to them, or whatever. And I noticed that, in your statement, you mention Eglin as a joint place where you're training. I would just make a comment that we, in Montana, are—when you look at this country, and the airspace that we have in which to train, it continues to shrink. And I think we should look at some areas where we have airspace in which to train, and also the infrastructure in which to hold those people that are in training, and their aircraft. So we would visit with you about that.

IMPROVISED EXPLOSIVE DEVICE (IED)

And then I have some other questions about detecting these explosives in Iraq. I know—you know, that's why I say, our men and women are in a most vulnerable position. They are the target, and they're unprotected, and I'm concerned about body armor. Are they protected? Can we detect those roadside bombs, General Hagee? And is there new technology which allows us to do that? And if not, are we looking into maybe some unconventional areas to gain that technology?

General HAGEE. Yes, sir. That is, without a doubt, our highest priority right now, is to ensure that all of our servicemen and women overseas are protected. I can tell you that the 25,000 marines and sailors that are going into Operation Iraqi Freedom, they all have the so-called Small Arms Protective Inserts (SAPI) plates. Everyone will be wearing it.

There is no magic answer, there is no one solution for the improvised explosive device. It is a combination of technologies and tactics and procedures. We have worked very closely with the United States Army to learn everything that we can from them. The Army has stood up a task force called Task Force IED, improvised explosive device. It is a joint task force that is focused on this particular problem. What technologies we can bring to bear, what are the tactics, techniques, and procedures that we need to use on the battlefield, and, probably most importantly, where do we have gaps? Because every time that we come up with a solution, the opposing side is looking for a way to get around that particular solution. So we are working very hard in those particular three areas.

We're going to have about 3,000 vehicles of various kinds—Humvees, 5 ton, 7 ton—on the road and in harm's way. Every one of those vehicles, before it goes out on patrol in Iraq, will be hardened. We have a few of the so-called up-armored Humvees, but not very many of those. So what we have done is, we have purchased

kits, we have cut steel, and we have sufficient quantity to harden every single one of those vehicles.

We have done the same with our aircraft. We have put on the most modern aircraft survivability equipment that this Nation has produced. We have also taken our pilots, every single one of them that will be going over there, they've gone through a 2-week very intensive training course down in Yuma, Arizona, flying against the type of threat that we believe is over there. Once again, marrying the technology and the tactics, techniques, and procedures.

Once again, to be frank, sir, it's still a dangerous place over there. We are aware of that, and all of us are working very hard in that area.

Senator BURNS. Well, you know, my father was always criticized for working mules. You know, everybody else worked horses. This was back in the old days, and they said, "Why do you work them darn mules? You know, they'll kick you, bite you, and everything else." And Dad would kind of say, under his breath—he said, "Well, you've got to be smarter than the mule." So we've got to be a little bit smarter, too, and a jump ahead. And I thank you for your thoughts.

Senator STEVENS. Senator McConnell.

MK45

Senator MCCONNELL. Thank you, Mr. Chairman.

Let me begin by thanking all three of you for your extraordinary contributions to the war on terrorism, which has, so far, been successful beyond anyone's expectations. It's been a great American success story, and it continues.

Mr. Secretary, despite the efficiencies and cost savings achieved by the privatization of the Louisville Naval Ordnance Station, the Navy has relied heavily on congressional add-ons in order to meet its requirements for overhauls and for procurement of large-caliber guns. This committee has provided sufficient additional funding for the MK45 gun overhaul orders to extend the life of this important weapon. And several of us have sought funding for modifications that allow the Navy to modernize this gun so that it can bridge the gap between the Navy's budget for this program and its requirements until the Navy's cruiser modernization and DD(X) destroyer programs actually begin production.

It's my understanding the Navy's request today contains no provision for MK45 gun modifications to support cruiser modernization, and despite Congress' efforts to restore this program last year and this committee's expression of the importance of the MK45 gun modernization. The so-called cost savings associated with this move are not particularly impressive with cutting these modifications, particularly given the negative impact this will have on the Navy's industrial base, the Marine Corps' requirement for naval surface-fire support, and the costs associated with restarting the production line for the DD(X) advanced gun system.

That having been said, General Hagee, it's my understanding that the Marine Corps supports the modernization of the MK45 gun to improve its capacity for precision fire support. Would reinvesting in the modernization of this gun improve the Navy's ability

to provide the kind of fire support you need for your marines on-shore?

General HAGEE. Sir, I think Admiral Clark and I have discussed this. We like that gun. But it's an affordability issue, as you mentioned. And what we have to do is balance the weapon systems that we have out there with the risks. We've got DD(X) coming on, which is going to have a significant capability. The aviation fires is, of course, a part of this particular equation, and moving the lightweight 155 and the expeditionary fire-support system ashore is also a part of the fires equation. So it's integrating all of the fires that we're going to have.

I would repeat, would we like to have that gun? Yes, sir. But when you look at the affordability, the risk, and then look at all the other fire systems that we have out there, I support Admiral Clark in his decision.

Senator MCCONNELL. So then are you telling me that the marine's near-term need for precision naval surface fire support is adequate?

General HAGEE. No, sir, I'm not. It is not.

Senator MCCONNELL. Therefore, Secretary England, I hope you will reconsider the decision to cut funding for this important modification to the MK45 gun system. It seems to me, clearly, you need this, at least on an interim basis, until you get to the next weapon. Do you have any observations about this?

Mr. ENGLAND. Just one, and then I would turn it over to the CNO—all right, go ahead—

Admiral CLARK. Why don't I—

Senator MCCONNELL. Jump right in.

Admiral CLARK. All right. We're excited about the extended range guided munition (ERGM) development, and the round that is going to give us extended-range precision capabilities for the marines. Senator, General Hagee's got it exactly right. When I sit down at the end of the day, I don't have all the resources I'd like to have; I've got more than I've ever had before, but technology costs money. And so I made this judgement that, with the cruisers, who would be primarily focused on operations near the carrier, and not in the near-land scenario supporting the marines, I would not do the modification for the cruisers, but I would focus that money on the DDGs. So that's the decision that we made. If we had unlimited resources, we absolutely would have procured this modernization for every one of the guns that we have. We would.

We expect this—even though AGS, the advanced gun system, is coming, we expect that this gun is going to be around for a long time. And, frankly, when you look at future warfare, the ability to provide precision on the battlefield to the Marine Corps is what is going to help us transform the way we fight.

So it's an affordability issue. We made the judgement based upon where the cruisers will spend most of their life, and that's, you know, more in the deep-blue environment instead of the near-land brown-water environment.

Senator MCCONNELL. Summing it up, if you had the resources, you'd like to do what I suggest.

Admiral CLARK. That is correct.

Senator MCCONNELL. I thank you.

Thank you, Mr. Chairman.

CG(X)

Senator STEVENS. Thank you very much.

Admiral, I went to the archives to look up the CG(X) that you presented in May 2003, a long-range shipbuilding plan, that indicated that those would be procured sometime after the end of this first decade. As a matter of fact, it looks like the first procurement would be 2018. The description you just gave it indicates that it probably is going to be needed sooner. Are you going to revise the plan?

Admiral CLARK. I would tell you that the far-out plan doesn't have great granularity to it yet, Mr. Chairman. I believe that this is contingent totally upon the way the technology develops and the size missile system that MDA decides that this platform is going to have to carry—all of that work is still ongoing.

I do believe that 2018 is likely to be too far away. I have not refined it because we're outside the FYDP—this platform I expect to be fundamentally built upon the hull and the technology that exists in DD(X), so that we will spiral the technology from DD(X) to CG(X). And I would like to tell you that I don't have great confidence in the date that is in that extended projection, and it is one of the issues that we have—that we are analyzing as we move forward with the Missile Defense Agency.

Senator STEVENS. Well, is the DD(X) to be designed so that it could be evolved into the CG(X)?

Admiral CLARK. It is my intention to recommend that we do just that, and that is what our intent has been. But I would reserve this point, Mr. Chairman, that it might have to be scaled up to do the kinds of things that may be required. So what I'm really trying to say is, we will spiral the technology in DD(X), and that's all of the pieces, including all electric and the hull form. You know, we kind of stopped talking about how advanced this platform really is. I mean, let me just give you one fact as an example. This ship, in its size, is going to have the radar cross-section of a fishing boat because of the advanced design, stealthy design, of the platform. That's the kind of technology we want for the future. We want the technology that gives us the ability to man it with fewer people.

So I expect it to be built upon the frame of a DD(X). It might have to be made a little bit larger.

Senator STEVENS. Do you have money in the research budget now for that CG(X)?

Admiral CLARK. I do not have that money in the budget yet. No, sir, I do not.

Senator STEVENS. Is any additional money needed for the DD(X) to evolve into the CG(X)?

Admiral CLARK. We have placed the emphasis on the research and development to do the risk mitigation that I spoke about in my earlier answer, to develop DD(X). And, you know, when we're 2 to 3 years into this, into the construction, I believe we're going to know the things that we need to know, where we need to put the follow-on research and development.

It is fundamentally going to be an issue of the hull form, and scaling it up, and we do need to get started on that development.

ADVANCED RADAR TECHNOLOGY

Senator STEVENS. What about the development of the radar suite and the other air-to-air missile defense research? Is that in the budget?

Admiral CLARK. There are resources against advanced radar technology. We have resources against digitalizing the new Aegis architecture. I could take, for the record, the specifics to—I want to make sure I'm telling you that we've got the right levels there, because, frankly, this interfaces with MDA and their budget, and I need to go check that out.

[The information follows:]

The Navy is already conducting solid-state S-Band prototyping and we have requested \$220 million in additional research and development funding in the fiscal year 2005 budget. This solid-state active phased array radar would allow increased capability against cruise missile and air-breather threats, as well as simultaneous performance of long-range Ballistic Missile Defense missions.

Our current plan puts us on a path for initiation of radar system development in fiscal year 2008 and ultimately, integration with the CG(X) platform in the 2020 timeframe. It is important to note that we are continually analyzing the rate and evolution of future threats to refine the pace of our own capabilities development. As we gain fidelity in the timeline for CG(X), we will likely need to adjust future budget submissions to appropriately align the schedules.

The nexus of this capability will greatly enhance the forward, credible, assured access of our Naval forces through mid-century.

Senator STEVENS. Well, I was just going to ask whether that interface has taken place yet. The National Missile Defense System has a substantial amount of research money. Are you included in that?

Admiral CLARK. Absolutely. For example, I indicated that by the end of this year I expect to have 15 ships modified to our existing Aegis systems, with advanced algorithms in the software to do the detect and track, and the funds for that activity are coming from MDA.

Senator STEVENS. Well, I think we'd like to visit with you later, in a classified situation, to discuss this. At least I would. Because I would like to make sure, during our watch, that this thing is moving forward as rapidly as possible.

Admiral CLARK. Yes, sir. We'd be very—I absolutely believe that would be very helpful.

Senator STEVENS. Senator Inouye.

Senator INOUE. Thank you very much.

SUPPLEMENTAL FUNDING

General Hagee, you have a significant contingent of marines in Haiti, and this deployment was not accounted for in fiscal year 2004. And now you are going to be deploying a large contingent to Iraq. Can you fund this without a supplemental?

General HAGEE. Sir, as you know, the Department did receive a supplemental for fiscal year 2004, and we are capturing those costs, both the costs that we're starting to incur with the deployment of marines down into Haiti, and we are most definitely capturing those costs of deployment into Iraq. And we are reporting those costs up to the Office of the Secretary of Defense (OSD), and we expect to be reimbursed for those funds.

BODY ARMOR

Senator INOUE. Mr. Secretary, Senator Burns brought up a very interesting, but tragic, matter. Unofficially, I've been advised that in Operation Iraqi Freedom, there are disproportionately more amputees than chest or stomach injuries. For one thing, you have body armor that cover your chest and stomach area, but nothing for the legs and arms. Are we doing any research to, for example, protect the foot and ankle or the hands and wrists?

Mr. ENGLAND. Senator, there's a lot of work underway. And I'd like to, if I can, get together with you separately on this subject, because there is work, but I'd rather not discuss it here, if we can. But there's definitely work underway to expand the type of coverage we have, in terms of protection for our men and women in combat. But, if we can, we can bring some people in and have that discussion with you, sir.

Senator INOUE. All right. I appreciate that, sir.

Thank you very much, Mr. Chairman.

AMPUTEE MEDICAL TREATMENT

Senator STEVENS. On that subject, Mr. Secretary, I was talking to some of the surgeons out at Walter Reed, and they tell me that a lot of the people that they need to deal with, the problems that Senator Inouye is discussing, are in theater, but are really not used there, because people are injured with this type of situation, in arms and legs, are being brought home. Are you familiar with that?

Mr. ENGLAND. I'm not familiar with that subject at Walter Reed. No, sir, I'm not.

Senator STEVENS. I would ask that you look into it, because they tell me that they have not enough at Walter Reed, and there are people that are over there, that are reservists that have been called up, and they don't have the facilities to do the work. It's long-term work, and not emergency work, in theater. I would urge you to take a look at that. That, from one of the most senior and trusted surgeons in Walter Reed, tells me that they're hard-pressed. I'd like to see if you'd look into that, please.

Senator Cochran.

Mr. ENGLAND. We will do so, Senator.

[The information follows:]

The Department of the Navy is not in a position to comment on the staffing of Army medical treatment facilities, or their concept of operating and staffing medical treatment facilities in direct support of operating forces.

What Naval Medicine can comment on is its current deployment status as relates to orthopedic surgeons and its ongoing process of tracking medical services in the military treatment facilities. Currently, there are 4 orthopedic surgeons deployed with U.S. Marine Corps Surgical Companies in Iraq. On a monthly basis, or more frequently as required, the Naval medical treatment facilities provide a Medical Service Availability Report that details the services that they can offer to their beneficiaries. Should an event like this deployment interrupt a military treatment facility's ability to provide specific services, it is determined early so that the Bureau of Medicine and Surgery (BUMED) can apply mitigating strategies utilizing resources from across all of Naval Medicine to minimize the impact from the loss of services. In this case, no Naval medical treatment facilities have reported an inability to provide orthopedic services.

The Department of the Navy would respectfully defer comment on the level of staffing at Walter Reed Army Medical Center to the Army Surgeon General.

MARITIME NORAD CAPABILITY

Senator COCHRAN. Admiral Clark, you've indicated that you're convinced of the necessity to build a maritime aerospace defense command for North America. I understand that the littoral surveillance system, which is part of the distributed common-ground station, may already be able to accomplish many of these mission requirements. I also understand that Northern Command and the Pacific Command are looking at this capability for separate initiatives in the Gulf of Mexico and Pacific Rim. In your opinion, is there an opportunity to leverage existing capabilities of the littoral surveillance system to reduce research and development costs and to expedite delivery of a maritime NORAD capability?

Admiral CLARK. Well, I absolutely believe—while I'm not expert on the system, I absolutely believe that there's potential to help us have a system with much better information in it, that would be akin to what I have dubbed the Maritime North American Aerospace Defense Command (NORAD). And here's the way I look at it—and, by the way, I have discussed this extensively with the Commandant of the Coast Guard, who, I believe, fundamentally has this responsibility, but that we understand that we've got to be a great partner to the Coast Guard. And I believe that we are partnering better than we ever have before. We, just the other day, completed another headquarters-level cooperation talk so that we can better align our efforts.

Having said that, and that the littoral surveillance system will improve the process, I do believe that ultimately—and I would say that the Commandant of the Coast Guard agrees with me—that what makes the NORAD system so effective is the transponder system that exists in aircraft, so that they are actively transmitting who they are and where they are. The reason I believe that this is the kind of capability that we're going to have to have, is that people that don't have anything to hide are going to be anxious to tell you that they don't have anything to hide, and here they come.

I believe we have the technology today to advance our knowledge to better protect ourselves. Where I had an opportunity to talk about ways that we could better defend the United States of America, I made these recommendations. I'm happy to report to you that the Commandant of the Coast Guard is working through his channels in Homeland Security—and this is an international challenge, of course—that they are actively working toward how we would put together such a capability.

UNMANNED AERIAL VEHICLES (UAV)

Senator COCHRAN. As we all know, unmanned aerial vehicles, such as Global Hawk, are proving to be very valuable to current operations. I'm informed that the Navy broad-area maritime surveillance UAV is not scheduled for operational capability, until fiscal year 2010, but the Air Force's Global Hawk program is on track for fiscal year 2006 for initial operating capability. It seems there is an opportunity to achieve the desired capability ahead of schedule with interoperability with the Air Force. Can you tell us what the likelihood is that the Navy may choose to delay a decision on

the Navy broad-area maritime surveillance UAV and to accelerate the program by selecting a joint platform?

Admiral CLARK. Well, I cannot talk about the acquisition decision, because the acquisition authority rests with the Secretary and the Assistant Secretary, who make those decisions. But let me just say what I can talk about.

I agree with the foundation of your question. Your question suggests, well, you know, "Admiral Clark, why aren't you exploiting what the Air Force is doing?" And that's where we are. We laid money in the budget this last year and this year, in execution—to get started in this direction, because we desperately need this kind of capability. And so we funded and let the contract recently to buy Global Hawks as initial demonstrators for us to then mature this capability in the maritime domain.

I'm happy to report to you, Senator, that we'll get our first platform about 1 year from now. I believe it's scheduled for April 2005. And then we will get the second platform in late 2005. The acquisition executive will have to make a determination if we can build upon that or if we will be required to compete from that point, and I can't—I will not be the one that makes a decision on that.

We have taken this direction because I want to be as joint as I can, I want to partner and capitalize on the research and development of the United States Air Force in this case every time I get an opportunity, instead of spending R&D of my own, of our own. And so I'm very excited about the rapid introduction of this capability. And, frankly, what we looked at is—we redefined that program in the 2005 submit to you, because we said—we had more money in the demonstration phase of it, and said, "The Air Force has already done a lot of this demonstration, so why do we need to do that?" And, in the process, we saved several million dollars. And so the future—the decision is that in the future, I'm very happy with where we are in buying these two demonstrator vehicles, which will deliver 1 year from now.

Senator COCHRAN. Thank you.

Mr. Secretary, do you have any comments, views on that subject?

Mr. ENGLAND. Only, Senator, that there are some competition issues as we go forward, in terms of, do we sole-source? Do we have competition? But what the CNO said is right, we are buying some Global Hawks. As we go forward, though, the discussion we're having now is, Is there going to be a competition for follow-on vehicles, and what will that be?

SEABEES

Senator COCHRAN. Mr. Secretary, I understand that Seabees have played a very important role during our combat operations in Iraq, and they continue to be an important resource. In fact, I think there were two individuals from the Navy construction regiment, based down in Gulfport, the Navy Construction Battalion Center, that were awarded Bronze Star Medals for their recent actions. Could you tell us something about the work that Seabees have performed and the important contributions that they've made in Iraq?

Mr. ENGLAND. Senator, thanks for the opportunity to recognize the Seabees, because I can tell you, we are tremendously proud of

the men and women in the Seabees. They have served with distinction in Operation Enduring Freedom, supporting the Marine Corps, and also the Navy, ashore. They were deployed with the IMEF. There were approximately 5,000 Seabees, and almost 2,000 from the reserve, that supported that effort. And today we have well over 500 Seabees, active duty, and about 500 Seabees, reserved, who are deploying with the marines on this deployment to Iraq. And they will be tasked with force protection, doing structures and facilities, and also for reconstruction of some of the civilian infrastructure in Iraq. So the Seabees have been very important, very instrumental. Like I say, we're tremendously proud of their effort.

UPARMORED HUMVEES

Senator COCHRAN. There has already been a question about the problem with the improvised explosive devices. I understand that, in the case of the marines, there is an effort being made to upgrade the deployment of Humvees with armor that would provide additional protection. And I know there are other things that are being done in this area that can't be discussed in open session. But will the Marine Corps have adequate numbers of up-armored Humvees to help deal with this situation?

General HAGEE. Sir, we won't have the up-armored Humvees. As I mentioned, we're going to have about 3,000 vehicles in Iraq, a combination of Humvees, 5 tons, 7 tons, and other moving stock. Any of those vehicles that will go in harm's way on patrol will be hardened. They're not the M1114, which is the up-armored Humvee, but they will be hardened, either with kits or with steel that we have cut to fit the platforms.

LIGHTWEIGHT 155 HOWITZER PROGRAM

Senator COCHRAN. There is a request in the budget for funds for 97 Lightweight 155 Howitzers. Could you provide us with your assessment of how this program is progressing?

General HAGEE. Sir, the Lightweight 155 is going very well. There was a minor problem here a month or so ago with the weld on the tail of the 155. That's been resolved. We are very confident that we'll be able to go to a full-rate production, and we'll have a positive decision in January 2005.

Senator COCHRAN. Thank you very much, General.

Thank you, Mr. Chairman.

GLOBAL HAWK

Senator STEVENS. Secretary England, I noted the comments of the Senator from Mississippi about the Global Hawk. And, Admiral Clark, we have done some work with the Coast Guard in trying out the Predator for long-range activities along the maritime border off Alaska. And they've reported that that has been fairly successful. I do hope there's going to be some competition, because I see the Global Hawk as one platform; the Predator and some of these other smaller ones are different platforms, and they have different utilities as we go along. Are you exploring all of these possibilities for competition with the Global Hawk?

Mr. ENGLAND. Yes, we are. That was really the gist of my comment, that we're now talking specific platforms. We are specifically looking at the competitive environment and who should compete in this. But we will definitely compete if there are systems that meet the requirements, Senator.

Senator STEVENS. As a matter of fact, I was out at Stanford Research Institute recently, and one of them you could hold in your hand. Very interesting derivation of the concept of unmanned aircraft. But I do think the future is in utilizing a whole series of them, and I hope we stay current with the whole concept, and not just one.

Mr. ENGLAND. No, actually, we agree. I mean, this is not only in the air, but this is on the surface of the Earth, it's on the surface of the water, it's undersea. We're working a wide variety of unmanned, across a full spectrum of utility in combat. And, Senator, I agree with you, I think there's far more utility in the future than we expect.

Senator STEVENS. Not that I have anything against Global Hawks. They're a very sound platform. But it's high-altitude, long-range, and long-endurance. I think it's a very vital portion of our system, but there are other challenging areas where it just cannot fit in. And so I hope we pursue them all.

Yes, Admiral?

Admiral CLARK. If I can add, Mr. Chairman, I think this is really something for us to collectively consider. The technology is moving so fast. We are going to send the marines over, and, at the Naval Research Laboratory (NRL), we have developed a hand-launched UAV that they're taking with them. It's called Silver Fox. The marine will launch it like this. It will link directly to him. The marine will be carrying a computer. He won't be bothering with the satellites and all this stuff. We've got to have mechanisms to be able to tap into this technology and turn it in a hurry. And by the time we finish our demonstrations, it's impossible to say today how much the technology is going to have moved in this area. And so we need the acquisition system to be agile enough for us to be able to exploit.

This is our asymmetric advantage, Mr. Chairman. We'd like to think of this enemy that we're fighting, that they're the ones with the asymmetric advantage; ours is that we can turn technology faster than anybody in the world. And the marines are going with this brand-new system.

General HAGEE. If I could pile on for a minute, Mr. Chairman. I could not agree more with both the Secretary and Admiral Clark. We're also bringing a UAV called Dragon Eye, which is a hand-launched UAV, that can give the company commander visibility over the next hill. And, of course, we have Pioneer.

To me, what is critical is the ability to link all of these platforms—whether they're tactical, whether they're operational, or whether they're strategic—that we have the communication architecture down there to where that company commander, battalion commander, or ship driver, can get that information, and it's not stove-piped down to one ground station. I think that's where our concentration needs to be.

Senator STEVENS. And it's going to be linked up to the cockpit of the manned aircraft, too. So I think this is the future, and I hope you are doing what we're doing, and that is, visiting some of those people in graduate school who are thinking out of the box and trying to really push the envelope—

Mr. ENGLAND. Actually—

Senator STEVENS [continuing]. On the whole subject.

Mr. ENGLAND. I'm sorry, Senator. But, you know, a lot of this is operational. I mean, even in the war that we're conducting, in Operation Enduring Freedom (OEF) and, before, Operation Iraqi Freedom (OIF), we actually had unmanned tied in with manned aircraft. And it's interesting, when you listen to the conversation, you don't know if the pilot's on the ground or in the airplane. So it's quite interesting how this all ties together. We have made, I think, giant strides in this area.

Senator STEVENS. Well, the three of you make us proud.

Do you have any further questions, Senator?

ADDITIONAL COMMITTEE QUESTIONS

Without any question, we've seen a lot of teams at that witness table, in my time on this subcommittee; I think you're the finest we've seen, and we appreciate what you're doing. You've got a grand group of young men and women serving our country under your command. So we couldn't be more pleased with the way you're conducting your activities. And I do hope that we can find ways to work together and make sure that we deliver the funds to you in the areas that they're needed.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED TO HON. GORDON R. ENGLAND

QUESTIONS SUBMITTED BY SENATOR PETE V. DOMENICI

WATER PURIFICATION PROGRAM

Question. Mr. Secretary, as you know the Office of Naval Research (ONR) has begun a water purification research program in southern New Mexico.

The goal of this program is to study techniques in reverse osmosis that will lead to the production of a transportable water purification unit.

In turn, these units would be used by Marines engaged in humanitarian and disaster relief efforts. They would also help meet the water demands of our expeditionary war-fighters.

What is the schedule to produce the first water purification system with the upgraded technology being developed by the Navy?

Answer. The Office of Naval Research (ONR) is the program coordinator for the Expeditionary Unit Water Purification (EUWP) program. The EUWP program is in the near term building state of the art demonstrators, and for the long term is investing in significant science and technology enhancements.

In the near term, the EUWP program is designing a 100,000 Gallon Per Day (GPD) system. This system is transportable by C-130 aircraft and encompasses state of the art commercially available technology. It will ultimately be fielded to the Tularosa Basin National Desalination Research Facility (TBNDRF), Alamogordo, New Mexico, and is on schedule with delivery planned for January 2005.

NAVY HIGH ENERGY LASER TESTING

Question. What is the status of the Navy high energy laser testing against anti-ship missiles at White Sands?

Answer. The Navy is in the process of upgrading the Sea-Lite Beam Director (SLBD) acquisition and tracking systems from its circa 1970s technology to more state of the art technologies. The name of this program is High Energy Laser Precision Acquisition and Track (HEL-PAT). At present, two new cameras, mid wave infrared, and long wave infrared, have been purchased and are on site. A new Automatic Aimpoint Selection and Maintenance (AUASM) telescope and Hot Spot Tracking (HST) optics are being manufactured. A new Tracking Processor Unit (TPU) has been procured and the associated tracking software is being developed. The new TPU will allow object oriented tracking as opposed to edge tracking currently employed.

Starting in April 2004, the TPU and one of the new cameras are being installed and integrated with the SLBD using a surrogate AUASM telescope. This will ensure that the TPU can properly control the SLBD for tracking. First tests will be on a stationary target board. Later tests will track military aircraft. The goals of the SLBD upgrades are to allow the tracking and engagement of low contrast targets against a clutter background and to maintain the high energy laser beam on target. In addition, tracking through the full aperture will be utilized. Low power laser engagements will begin in June 2004 and high power engagements in November 2004.

Question. Is the Navy interested in developing laser weapons for the all-electric ship?

Answer. The Navy is interested in high-energy lasers as a future concept, but does not consider the technology to be mature enough for inclusion in an acquisition program. Adequate power generation is a limiting factor in the development of these weapons. We continue to invest in Science and Technology programs to attain methods for generating the required power levels. One example is the ongoing program in free electron laser development sponsored by the Office of Naval Research. Additionally, we continue to coordinate with other Services and Agencies on related high energy laser development projects.

JOINT STRIKE FIGHTER

Question. The success of the Joint Strike Fighter (JSF) program is vital to the future of tactical aviation of all the services, especially the fighter bases in New Mexico.

What is the status of the JSF program, especially the problem of being overweight? Do you expect any significant impact on the schedule?

Answer. The Joint Strike Fighter (JSF) program has completed two years of an 11-year development program. To date, the development of all three variants has gone very well in propulsion, subsystems, avionics, and autonomic logistics areas. The Air System Preliminary Design Review was completed in June 2003, and the F-135 First Engine to Test was successfully completed in October 2003.

The Department does have concerns regarding the aircraft's airframe design. At this time, the airframe design is heavier than the established goal. Reducing the weight of the airframe is an important step in meeting performance requirements. We believe current weight issues are solvable within normal parameters of design fluctuation, and we are re-planning JSF System Development and Demonstration (SDD) to make sure we succeed. Specifically, our SDD plan recognizes that Short Takeoff and Vertical Landing (STOVL) performance is absolutely vital and is focusing upfront efforts to ensure STOVL viability for our war fighters. In addition, we are aggressively pursuing trade studies to improve performance by reducing weight, as well as aggressively pursuing propulsion enhancements to improve performance. Additionally, the Department has formed an independent review team to look at the entire program, including a near-term engineering view, assessing the present design, with specific emphasis on weight, aircraft structural design, and other technical risk areas.

Additional design work required to address technical issues, primarily weight projections, will result in an SDD schedule delay and a one-year slip to starting Low Rate Initial Production to fiscal year 2007 vice fiscal year 2006. In addition, Initial Operational Capability (IOC) dates will be extended as a result of adjusting the program with the STOVL variant's IOC moved from fiscal year 2010 to fiscal year 2012, the Conventional Takeoff and Landing (CTOL) variant moved from fiscal year 2011 to fiscal year 2013, and the Carrier Variant (CV) moved from fiscal year 2012 to fiscal year 2013.

QUESTION SUBMITTED TO GENERAL MICHAEL W. HAGEE

QUESTION SUBMITTED BY SENATOR THAD COCHRAN

M4 CARBINES

Question. General Hagee, I noted with some concern an unfunded requirement of \$4.9 million for the procurement of 5,400 M-4 Carbines to be used by forward deployed Marines. Also, I recently became aware of a new technology for coating weapons that could enable weapons such as the M4 Carbine to operate without lubrication. I understand that this technology could greatly improve the reliability of the weapons concerned while decreasing the workload of the Marine.

Could you update the Committee on your small arms shortfall, and are you aware of this technology? If so, are you investigating the feasibility of its application to Marine Corps weapons?

Answer. As the result of lessons learned in recent operations, certain Marines are inappropriately armed with the M9 pistol or the M16A4 rifle. The M4 carbine is a shorter, lighter version of the standard M16A2 service rifle and is deemed a better weapon for specific applications due to its smaller profile. Therefore, the Marine Corps recently established a 10,119 Table of Equipment (T/E) requirement for the M4 carbine variant of the Modular Weapon System (MWS). The M4 carbine replaces some of the current M16A2 rifles and M9 pistols. This increase of 4,420 weapons raises the MWS requirement to 69,883 weapons. This is comprised of 59,764 M16A4 rifles and 10,119 M4 carbines. The \$4.9 million will procure 5,400 M4 carbine variants.

The Marine Corps Infantry Weapons and Weapons Maintenance program is actively investigating coating technology for small arms. A Universal Chemical Technologies, Inc. product will increase wear and corrosion resistance and reduce friction. The Marine Corps will continue to investigate coating technology sources to reduce weapons lifecycle costs.

SUBCOMMITTEE RECESS

Senator STEVENS. Our next Defense Subcommittee meeting is scheduled for Wednesday, March 24, at 10 a.m.

Thank you very much.

[Whereupon, at 11:42 a.m., Wednesday, March 10, the subcommittee was recessed, to reconvene at 10 a.m., Wednesday, March 24.]