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NAVY TRANSFORMATION

HEARING

BEFORE THE

READINESS SUBCOMMITTEE

OF THE

COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES

ONE HUNDRED NINTH CONGRESS

SECOND SESSION

HEARING HELD
APRIL 6, 2006

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NAVY TRANSFORMATION

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
READINESS SUBCOMMITTEE,
Washington, DC, Thursday, April 6, 2006.

The subcommittee met, pursuant to call, at 2:05 p.m., in room 2118, Rayburn House Office Building, Hon. Joel Hefley (chairman of the subcommittee) presiding.

OPENING STATEMENT OF HON. JOEL HEFLEY, A REPRESENTATIVE FROM COLORADO, CHAIRMAN, READINESS SUBCOMMITTEE

Mr. HEFLEY. The committee, such as it is, will come to order.

It is easy to bring the committee to order when there are three of us, and if we could leave everybody else out of the room, the three of us would get something done, wouldn't we?

Gentlemen, welcome.

Let me run through this opening statement real quick, and then Solomon, and then we will go from there.

Today we meet to discuss several key transformation initiatives of the Department of the Navy. The Navy is aggressively transforming its forces to prepare for the uncertainties of the future ranging from conventional threats posed by nation-states to asymmetric threats posed by non-state actors.

In this new environment, the Navy has recently implemented three initiatives, the Fleet Response Plan, the Navy Expeditionary Combat Command and a crew rotation program commonly referred to as Sea Swap.

While we encourage new approaches from all the services, we also have an important oversight role. These three programs represent institutional changes to the way the Navy has operated in the past. For example, the Navy Fleet Response Plan changes the traditional six-month carrier deployment cycles.

The Navy now has the ability to surge six vessels within a 30-day window and an additional carrier within 90 days. But this surge capability comes with a cost not only in terms of dollars but to our sailors families, their training and even basic ship maintenance.

The Navy Expeditionary Combat Command was formed this year to expand the Navy's capabilities to address a stated need for sailors to be trained in close combat and force protection. Just as an aside, that sounds an awful lot like the Marines to me. I will want more explanation on this.

As part of this command, the Navy has reestablished the riverine combat force. The brown water Navy has not experienced widespread use since swift boats fought in Vietnam.

The Navy Sea Swap is a crew rotation initiative designed to extend ship deployment length by swapping crews in mid-deployment at sea. This saves time regarding the steaming days a ship incurs as it travels to and from an area of responsibility.

The Government Accountability Office (GAO) issued a report in November 2004 that raised many concerns about this program, ranging from the impact on ship maintenance to training and crew morale.

Individually, these initiatives seem to be worthwhile endeavors. However, when taken together, we have concerns that the Navy may have difficulty understanding the long-term impacts on professional development and mission training, maintenance and repair, and morale and retention.

In addition to these three topics, we look forward to discussing the implications of the Quadrennial Defense Review (QDR) and the Maritime Administration's policies regarding foreign shipyard depot maintenance.

The Quadrennial Defense Review (QDR) states, "The fleet will have greater presence in the Pacific Ocean, consistent with the global shift of trade and transport." Many of us have questions on how and when the Navy will begin the shift of naval assets in order to accomplish the goals and policies of the QDR.

Finally, members of our committee have had longstanding questions regarding the way in which the Maritime Administration makes decisions pertaining to foreign shipyard repair of ready reserve force vessels.

We look forward to discussing this issue with the acting maritime administrator. We have two distinguished witnesses with us today to discuss these issues.

But first, I would like to introduce Solomon Ortiz—and it comes at a good time, Solomon, because I am getting all choked up over this—for any questions or comments you might have.

[The prepared statement of Mr. Hefley can be found in the Appendix on page 37.]

STATEMENT OF HON. SOLOMON P. ORTIZ, A REPRESENTATIVE FROM TEXAS, RANKING MEMBER, READINESS SUBCOMMITTEE

Mr. ORTIZ. Well, thank you, Mr. Chairman.

I want to welcome our witnesses, and I look forward to hearing their testimony on these important Navy issues today.

Mr. Chairman, the Navy has taken on many transformation initiatives to streamline and modernize the fleet and its mission. And I applaud the Navy for working so hard to transform. But I am a bit concerned that they may be leaving vital missions behind in their drive to move forward.

I am also concerned that the speed of this transformation leaves the Congress out of decisions that would have far-reaching national defense and budgetary consequences.

For example, I am very, very pleased to see the Navy embrace brown water operations with the establishment of the riverine com-

bat force. This force, with the total combat ship, will fill a capability gap in locations around the world where the United States may have vital interests. This is an outstanding step forward.

But I am concerned that this capability has been placed within a new 40,000-sailor expeditionary combat command. This command was established by a Navy policy memorandum and it includes ground missions that appear to recreate capabilities already resident in other services.

The Navy may need these missions accomplished, but I do not understand why the services with existing ground missions cannot fill the requirement. And I hope I can be enlightened as to why this happened.

I personally believe that creating a new structure for expanded ground missions is wasteful and distracts from the Navy's blue water responsibilities.

Examples of this distraction can be seen in the $120 million shortfall for Navy steaming days in fiscal year 2007 and the $119 million bill deferred maintenance. Either of these bills could be paid with the $115 million the Navy has allocated for the expeditionary combat command fiscal year 2006 and fiscal year 2007.

I am also concerned that the Navy is allowing foreign missions to slip, such as the countermine warfare. The recent moves and reorganizations in the mine warfare command will diminish the Navy's mine-hunting capability and affect the ability to project our forces into potentially hazardous waters.

Mr. Chairman, I believe that transformation is necessary. The Navy must change to meet emerging threats and look forward to the future. But transformation is expensive, with far-reaching effects that extend far beyond the Navy.

For this reason, Congress must be involved in transformation decisions to ensure that all the needs of the national defense are served. You know, when we see an increased budget, and we see supplementals and we see a deficit, of course, this is of great concern to us.

But I know that the admiral will give us a good explanation. I do not mean to be this harsh. I just wanted to get some good, sound explanations to some of my questions. And I thank you, Admiral, for having you with us today.

Thank you, Mr. Chairman.

Mr. HEFLEY. Thank you, Mr. Ortiz.

Now, our witnesses are Vice Admiral Justin McCarthy, United States Navy, Director of Material Readiness and Logistics, and the Honorable John Jamian, Acting Administrator, United States Department of Transportation, U.S. Maritime Administration.

We also have four experts sitting behind these two gentlemen. If they get in trouble, these four experts are willing to fall into the breach and drag them out and take care of them.

So let me call on you, Admiral McCarthy, first, and we will go from there.

STATEMENT OF VICE ADM. JUSTIN D. MCCARTHY, DIRECTOR FOR MATERIAL READINESS AND LOGISTICS, U.S. NAVY

Admiral MCCARTHY. Thank you, Mr. Chairman, Congressman Ortiz and members of the House Armed Services Committee Readi-

ness Subcommittee. Thank you for the opportunity to testify before you on the Navy's ongoing transformation efforts.

Joining me today from the Department of the Navy—and I will explain their positions—Rear Admiral Donald K. Bullard, Commander, Navy Expeditionary Combat Command, who I think will be able to lend some interesting insights into the Navy's progress there; Rear Admiral William D. Crowder, Assistant Deputy Chief of Naval Operations for Plans, Policies and Operations; and Rear Admiral John C. Orzalli, Deputy Director, Fleet Readiness Division; and Mr. Christopher D. Thayer, Director of Strategic Planning for the Military Sealift Command.

Mr. Chairman, with your permission, I would like to submit my full statement for the record and present a somewhat shorter opening statement here at this time.

Mr. HEFLEY. Without objection, all the statements will be submitted in their entirety for the record.

Admiral MCCARTHY. Thank you, sir.

Mr. Chairman, as stated in the preface to the Department of Defense Quadrennial Defense Review, this department has been and is transforming along a continuum that reflects our best understanding of a world that has changed a great deal since the end of the last century.

That statement characterizes well the Navy's efforts to address the readiness and relevance of our contribution to the joint force. The initiatives I will outline in my statement are focused on ensuring the Navy's ability to surge quickly to trouble spots across the globe and address the challenges posed by this new strategic environment.

The first initiative I would like to touch on is the Fleet Response Plan, or FRP. The FRP is the operational readiness framework through which the Navy meets global combatant commander requirements for forward-deployed forces and crisis surge response.

It enables the Navy to respond to emergent requests for forces from combatant commanders such as the U.S. Central Command. With FRP, the Navy can deploy agile, flexible and scalable naval forces capable of surging quickly to deal with unexpected threats, humanitarian disasters, and contingency operations.

Under FRP, the Navy has developed capability-based schedules that are used to manage and identify the level of training a ship and air wing must complete to build its readiness to deploy. The schedule contains three progressive readiness goals: Global War on Terror (GWOT) surge, Major Combat Operations surge, and routine deployment status.

Each readiness goal specifies phases of training that must be completed to achieve that goal. Regularly scheduled ship and aircraft depot maintenance is sequenced during each month of the FRP to enable the appropriate resource application to produce the correct readiness for each unit.

Rear Admiral Crowder, former commander of the Abraham Lincoln battle group during the tsunami relief effort, is a member of our panel and can provide additional insights into the Fleet Response Plan during our question-and-answer period.

As a component of the new readiness and surge construct represented by the FRP, the Navy continues to examine its readiness resourcing framework.

In this years budget submission you will see some of the effects of that examination. The budget reflects additional risk in the operation and maintenance funded readiness accounts, primarily in the funded number of deployed steaming days per quarter.

While fully supporting steaming requirements for carrier strike group training and workups, ensuring deploying forces will be fully trained and ready to deploy, the budget request does restrict deployed operations to levels below that previously provided.

This strategy is consistent with fiscal year 2006 congressional actions that reduced peacetime operating tempo funding levels. Should these levels prove insufficient to meet combatant commander operational requirements, the Navy will reevaluate priorities and make appropriate internal adjustments in execution and/or seek supplemental funding if combatant commander requirements justify such action.

The budget also reflects additional risk in aviation operations. Funding levels in the flying-hour program have been reduced in the pre-workup phases of the inter-deployment readiness cycle, as well as in the post-deployment surge phase of the FRP when flight crews are at their highest state of readiness.

We have fully funded the flying hours required for pre-deployment workups and for the maintenance of crew proficiency while deployed to ensure readiness levels are achieved and maintained throughout the entire deployment period.

In a macro sense, FRP is designed and funded to provide combatant commanders 2.3 Carrier Strike Group theater presence on an annualized basis, with the capability to deliver six strike groups within 30 days and an additional strike group within 90 days, with the 11-carrier force called for in the Quadrennial Defense Review.

We are confident that we can support both those surge and presence requirements if this budget request is approved.

As you know, the QDR identified the need to position naval forces to the Pacific. Accordingly, the Navy plans to adjust its force posture and base support to provide at least six operationally available and sustainable carriers and 60 percent of its submarines in the Pacific to support engagement, presence and deterrence.

There are several implications of this force repositioning that are currently under review. One important aspect is the impact of our ship maintenance plan and our depot maintenance industrial base.

Whereas the final depot maintenance plan will not crystallize until all force posture adjustments are identified, we are confident our maintenance capacity and capability will continue to meet FRP requirements.

A key element in that confidence is the capability provided by our Regional Maintenance Centers. The Regional Maintenance Center concept was first piloted at Pearl Harbor Naval Shipyard in 1997.

Prior to this pilot, all ship maintenance depots operated as elements of the Navy Working Capital Fund. All other organic ship maintenance activities were direct-or mission-funded. In order to

facilitate the consolidation, a common financing mechanism was needed. Mission funding was chosen for this pilot effort.

The transition to a common financing mechanism has facilitated the consolidation that has clearly demonstrated an enhanced flexibility to rapidly adjust resources to the highest priority work, a key capability for responsive maintenance support to FRP requirements.

A second pilot effort at Puget Sound Naval Shipyard and associated Navy intermediate maintenance facilities began in 2003. Rear Admiral Orzalli, the then-commander of the Puget Sound Naval Shipyard, is a member of our panel today and is available to provide some personal insights on that pilot effort during the question-and-answer period.

Our fiscal year 2007 budget includes conversion of the last two organic maintenance activities, Norfolk Naval Shipyard and Portsmouth Naval Shipyard, to mission funding.

Approval of this conversion will facilitate completion of the waterfront integration in Norfolk and place all our maintenance activities in a single, flexible, responsive financial system that supports the Navy's readiness requirements and the Fleet Response Plan.

I will now turn to another transformation initiative tied to the Navy's response to the Global War on Terror.

In January 2006, the Navy Expeditionary Combat Command was established. Its purpose is twofold, to coherently organize existing Navy expeditionary forces, to deliver more effective combat and combat support capability, and to organize, man, train and equip new expeditionary war fighting capability in the areas of riverine support, maritime civil affairs, and expeditionary training and security.

The Navy Expeditionary Combat Command (NECC) combines the Navy's expeditionary forces under a single commander to provide Navy component commanders and combatant commanders the capability to conduct theater security cooperation, security assistance, foreign navy training, and foreign internal defense, maritime civil affairs and riverine operations.

Rear Admiral Bullard, the commander of the Navy Expeditionary Combat Command, is also here as a member of our panel today, and he will be happy to respond to questions on his command's developing capabilities.

Fundamentally, NECC will deliver adaptive force packages to fulfill combatant commander demands by leveraging both the solid foundation of core capabilities that exist in today's Navy expeditionary force as well as in several emerging capability areas.

Combining these capabilities under a unified command structure will increase the overall readiness and responsiveness of these combined forces in providing Navy support to combatant commander requirements in meeting evolving irregular warfare missions.

The final transformation initiative I will address is the Sea Swap initiative. Sea Swap is an innovative crewing concept designed to support FRP by increasing the Navy's forward presence. That increase is delivered by keeping a single hull continuously deployed in a given theater of operation, while replacing the entire crew at 6-month intervals.

By leaving the ship in theater and rotating crews, the Navy saves on transit times, fuel costs, as well as provides the combatant commander more in-theater presence.

The initial Pacific Fleet Sea Swap experiment in 2002 through 2004 involved six ships, three destroyers (DDs) and three guided missile destroyers (DDGs). Over the two-year period of the test, two hulls, USS Fletcher and USS Higgins, remained forward-deployed with trained relief crews rotating on and off every six months. Higgins remained deployed for 10 months and Fletcher for 22 months before returning to the continental United States.

In March 2005 Fleet Forces Command and the naval surface force began a second Sea Swap experiment using three Atlantic fleet DDGs. The first of three planned overseas crew swap-outs occurred in September 2005.

In a separate Sea Swap initiative, three patrol coastal ships were deployed to the Arabian Gulf in January 2003 to take part in maritime interception operations. Two more were deployed in April 2004. These ships will remain in theater for an indefinite period. Crew swap is being utilized to maintain acceptable turnaround ratios for the sailors assigned to these ships as well as the two mine countermeasure ships deployed to the Gulf.

As a final area in which Sea Swap concepts are being explored, Sea Swap is being considered as one of several crew rotational options for the Navy's littoral combat ships. Our current plan is to man the first two littoral combat ship hulls under a blue-gold manning concept similar to that used for our fleet ballistic missile submarines. No decisions beyond the first two hulls have yet been made.

The Navy's goal in experimenting with alternative crewing concepts such as Sea Swap is to investigate options for satisfying combatant commander requirements for forward presence while maintaining FRP surge capabilities at less overall cost.

As highlighted in the November 2004 GAO report, we are still in the process of understanding the full spectrum of Sea Swap impacts on both our crews and ship material condition.

Having said that, we view these continuing pilots as providing valuable insight into alternative crewing options and are committed to determining the true cost, potential savings, and operational impact of the Sea Swap rotational crewing models.

Mr. Chairman, members of the subcommittee, your Navy remains at a high level of readiness today. Our intention is to keep it there, while employing transformational initiatives such as I have addressed both to ensure its continued relevance in today's threats as well as to ensure we are using the taxpayers' funds most effectively and efficiently.

This subcommittees support has been central to our ability to make that statement, particularly with respect to providing funding support both in response to the president's budget and supplemental funding requests.

On behalf of the men and women who comprise our Navy, I thank you for your commitment, your service and your continued support of our armed services.

Mr. Chairman, that concludes my remarks. Myself and my fellow panel members stand ready to take your questions.

[The prepared statement of Admiral McCarthy can be found in the Appendix on page 46.]

Mr. HEFLEY. Thank you very much.

And now, Mr. Jamian.

STATEMENT OF HON. JOHN E. JAMIAN, ACTING MARITIME ADMINISTRATOR, U.S. DEPARTMENT OF TRANSPORTATION, U.S. MARITIME ADMINISTRATION

Mr. JAMIAN. Thank you, Mr. Chairman.

Mr. Chairman, members of the committee, thank you for the opportunity to submit this statement. The mission of the U.S. Department of Transportations Maritime Administration (MARAD) is to strengthen the U.S. maritime transportation system, including infrastructure, industry and labor.

It is designed to meet the economic and national security needs of this nation. MARAD programs promote the development and maintenance of an adequate, well-balanced United States merchant marine, sufficient to carry all of our nations domestic waterborne commerce and a substantial portion of its foreign waterborne commerce.

MARAD vessels serve as a naval and military auxiliary in times of war or national emergency. MARAD also seeks to ensure that the United States maintains adequate shipbuilding and repair services as well as efficient ports and intermodal connections between our water and land transportation systems.

I cannot stress enough the importance of our mission. MARAD both serves and defends America. In this regard, MARAD maintains a fleet of cargo ships ready to serve in case of conflict or national emergency, and they are known as the Ready Reserve Force. We call them the RRF.

When activated, these ships operate under an agreement with Department of Defense. The Military Sealift Command, MSC, assumes operational control, OPCON, of the vessels on behalf of the U.S. Transportation Command.

OPCON means that the MSC controls the ships schedule and cargo, and my agency, MARAD, retains management of the vessel through a ship management contract.

Forty RRF ships supported the initial deployment of our armed forces in Iraq, providing nearly 13,000 operational days of service, including transporting troops and supplies in support of our military. Simply put, these ships take the supplies to the war front.

Specifically, the RRF is a fleet of documented cargo vessels owned by the U.S. Government and under the jurisdiction of the secretary of transportation. By statute, the Department of Transportation and MARAD are required to contract with commercial ship managers to maintain, operate and crew these RRF vessels.

Pursuant to a memorandum of understanding with the Department of Defense, the RRF is maintained by the Department of Transportation in a readiness status to support DOD contingencies. Ship repairs are acquired by MARAD's ship managers under approved commercial purchasing systems. Best value and competition are significant and obvious considerations.

Some members of the committee have expressed interest in the operating procedures of the *S.S. Petersburg*. I would like to briefly

discuss these procedures. It is MARAD's mission to promote all aspects of the American maritime industry. Consequently, 95 percent of the repairs to the RRF fleet have been performed in U.S. shipyards.

Federal law requires that naval vessels and vessels under the jurisdiction of the secretary of Navy home ported in the United States be repaired in the United States or Guam. As a U.S. District Court ruled in December 2005, RRF vessels do not fall within the scope of this statute.

Recognizing the importance of the U.S. shipbuilding industry, MARAD regards that repairs be made in U.S. shipyards except for emergency or mission essential repairs, or for pre-positioned ships which are deployed overseas, or for any vessel forward-deployed outside of the United States.

For example, repairs to the Petersburg were made in Singapore in order to ensure its continued readiness. The Petersburg, a very large offshore petrolium discharge system (OPDS) tanker pre-positioned in Guam, was dry-docked in Singapore in August of 2005. Shipyards in both Hawaii and Guam were unable to perform the repairs during the required performance period.

Specifically, Guam Shipyards dry-dock was unavailable until November 2005 and could not complete the work until February 2006, which would have resulted in the Petersburg being unavailable for its specialized mission for over 5 months.

In addition to being unavailable during the required performance period, Guam Shipyards bid was three times more than the successful offerer.

In closing, I would like to call the committees attention the Department of Transportation and MARAD's activation of the RRF and training ships as part of our nation's response to the devastation hurled at the entire Gulf Coast region by Hurricanes Katrina and Rita.

Eleven MARAD ships provided the people in the stricken Gulf Coast with urgently needed supplies, clean water, electricity, generation and oil-spill cleanup assistance as well as 270,000 meals and 83,165 berth nights for the recovery workers and evacuees.

Unquestionably, MARAD's RRF has lived up to the term "ready". And just as importantly, the Ready Reserve Force has proven to be a cost-effective program for the United States of America.

Thank you for offering me the opportunity to provide this statement for the record. And I am happy to be able to answer questions that the committee members may have.

[The prepared statement of Mr. Jamian can be found in the Appendix on page 41.]

Mr. HEFLEY. Thank you very much.

Admiral McCarthy, or maybe I should address this to Admiral Bullard, whichever one of you think it is appropriate, I am a little disturbed about the Navy Expeditionary Combat Command. I am having trouble understanding this.

I know what they are supposed to do, but isn't that what the Marine Corps is supposed to do? Wasn't the Marine Corps made a part of the Navy so that they could be a close combat and force protection arm of the Navy? Otherwise, why be in the Navy? And I guess I would ask that question.

And if the Navy—if the answer is no, you don't want the Marine Corps for that, then—tells me the Navy has no use for the Marine Corps now, so why doesn't the Marine Corps, every Marine and infantryman—why don't they become part of the infantry in the Army?

It doesn't make any sense to me that we have to duplicate what the Marines were set up to do, so share with me what the thinking is on that.

Admiral MCCARTHY. Mr. Chairman, we would be delighted to do that. I am going to ask Admiral Bullard if he will permit me to explain the purpose of the Navy Expeditionary Combat Command. It is not redundant of the Air Force. It is in the maritime domain of which the Navy holds responsibility.

And it is related to the Navy's capability within the maritime domain to provide support to the full range of combat operations. I think we can do that very quickly, if you will just allow us to show you a little bit of background on the Navy Expeditionary Combat Command.

Don.

Admiral BULLARD. Put up the first chart, please.

Mr. Chairman, we are not duplicating what the Marine Corps is doing. In fact, we are working very closely in that battle space and, in fact, I have Marine Corps on my staff as we work this.

If you take a look up to the first poster board I show you there, those are current in capabilities and functions that are core capability to the U.S. Navy and they have been for a long time.

All those in black we have been doing since World War II and we are doing similar around the world today.

The ones in red are the ones we are building anew. This is about combat service and combat service support troops. This is not about combat arms. If we need a naval infantry, that is the U.S. Marine Corps. They are the naval infantry. Their naval infantry is a offensive combat arms.

Except for in the riverine, we are not building a combat arms force. We have an established expeditionary force that does those functions in the environment and does establish Anti-Terrorism/Force Protection (ATFP).

Our current forces today that do naval security or maritime security—we are protecting the oil platforms, the Iraqi oil platforms, in the northern Gulf. We just turned those over to the Iraqis, the Iraqis' advisors.

We protect all the Maritime Support Center (MSC) ships with force protection that go through the canals as well as our nuclear submarines. We protect our ports with our security boats both in Fujara, Ashwayba and elsewhere around the world.

We help provide force protection to our bases, our naval bases, around the world and at home. So we have a force protection capability, but it does not also dual as a combat arms, as the Marine Corps. The Marine Corps is our offense arms that come from the sea.

If you take a look at the red capabilities, those are the ones we need to expand. As the admiral said the expeditionary combat command is to be a Title X oversight, so we better organize all these

expeditionary sailors we currently have, and we have an organization in which to grown in new capabilities.

We are realigning all these current forces. Before, they did not have single oversight even though they work in the same environment.

We are also restructuring how we do our training and capitalizing on synergies of training, on equipping and on manning. This allows us, under a new alignment, to increase our capacity in contributing to the Global War on Terror.

Could I have the next slide?

When I bond all of these capabilities that are current to the Navy together, as well as the red ones we build, such as riverine, that will extend our battle space from the blue water with a continuous maritime and domain awareness all the way through the green and brown water, and tie all those current capabilities together, I have a cohesive, powerful security picture of the maritime environment.

No one else, whether it be the Marines, the Army or the Air Force, do not do this in this battle space. We are expedition. We can be sustained from the sea base and allow the flow of the joint force, heavy force, the Army and the Air Force, who then comes in and takes over those roles.

All those functions you see on that poster board today we do today, including a little bit of the riverine. Our in-shore boat units, which is the Navy coastal warfare, has been around since Vietnam. It is working the harbors and bays. We are expanding that with riverine to go up into the inland waterways so that we now can take that sanctuary away from the terrorists.

The Maritime Civil Affairs—the Army has a major civil affairs effort. We work and do civil military operations around the world every single day. But we have never had the capability to focus on the assessment and planning and strategic implications of doing naval military civil operations in the maritime environment.

Our civil affairs group will help gain cultural and language skills we need to engage with our partners and friends around the world so we can help improve their capability to fight the war on terrorism.

Our civil affairs group will plug into the Army structure and will focus on the maritime civil affairs environment such as port ops, security, customs and other which we have not done in the past.

We see this as an engagement, the important phase zero tasks that we can contribute and improve the capabilities of other nations in their harbors and ports that will help stem the flow of human trafficking, arms, drugs and other potential terrorism.

So the Naval Expeditionary Combat Command more or less reorganizes our current force structure as well as building the riverine force, a portion of maritime civil affairs, and an expedition training team which is putting together key core capabilities we own today so we can take those to other countries in the world and help them secure their waterways.

About 113 major rivers provide transportation for 15 percent of the world's commerce that comes into ports, and 94 percent of that commerce travels on the sea. We know the terrorists are using

some of the major rivers as sanctuaries. We need to keep this an away game, not a home game.

We need to take away those sanctuaries. We need to combine the complete effort of the Navy, fund the blue water all the way into green, in a continuous Global War on Terror maritime domain awareness and an integrated effort and provide the best force protection, the best equipment and the best training and readiness for the sailors we ask to operate. That is what the NEC is all about.

Mr. HEFLEY. If I understand my history correctly on naval history—and you know much more about it than I do—but that is exactly what the Marine Corps were designed to do. And if you look at the Revolutionary War—and for a long time, that is what they did.

I might point out also that the Army comes from the sea, too, so I don't know why that is a unique thing with the Marine Corps. And all you have got to do is look at Normandy to see whether that is true or not.

And so somewhere along the line you have decided well, the Marine Corps has a different role, and therefore we are not going to use them anymore to protect ships and to do the kinds of things that you have just described.

But then that raises the question—which I am sure you haven't even come to grips with, because if you did come to grips with it the Marine commandant would be down on you something terrible. He will probably be in my office before the end of the day for me even asking these questions.

But it does raise the question of why we need 200,000 infantrymen who have no connection at all with the Navy anymore, obviously, as a separate branch of the service, rather than adding 200,000 infantrymen in green uniforms in the Army.

Admiral MCCARTHY. But, Mr. Chairman, our amphibious forces, which are the primary connection between the Marine Corps and the Navy, have not changed one iota. We are talking about a seam that we are addressing in terms of closing the relationship along these riverine areas, not in changing the relationship with the Marine Corps.

We are integrated, have always been, and will always be integrated with the Marine Corps and are a combined maritime force because of that integration. That is not changing.

Mr. HEFLEY. Well, I don't want to belabor it, because there are others that have questions, but color me skeptical on this. I remain unconvinced.

It is all right for you to change the role of the Marine Corps, and that has been changed since history, even though the maritime part that you are talking about maybe hasn't, but that has—the role has been.

You had Marines with rifles on ships to be that close combat force on ships, in history. And now you are going to create a new branch of the Navy to do that. I don't understand that.

But, Mr. Ortiz.

Mr. ORTIZ. Thank you, Mr. Chairman.

Admiral, with the mine warfare expertise at a premium, what is the reason behind the Navy's consolidation of Mine Warfare Com-

mand with the Antisubmarine Warfare Command? Doesn't this diminish the role of the mine warfare capability?

I mean, I know, coming from a seaport, Corpus Christi—and when we look at the commercial lanes that—sea lanes that we utilize, I think that more vessels were sunk by mines than by torpedoes or submarines. Why is the merge necessary? Maybe somebody can explain that to me.

Admiral MCCARTHY. Well, there is a natural common environment between the undersea component of Antisubmarine Warfare (ASW) and that component related to the mine warfare. As we pursue the optimum relationships within our Navy and how to best leverage our combined capability, we continually evaluate what is the best relationship.

There was a decision made that in this case we felt we could get synergy from the combined forces, if you will, of these two areas that are both focused on the undersea environment. And that is fundamentally one of the reasons why we moved toward this type of an arrangement.

But not to say that they are identical, only that they share some common aspects which we expect we will get some synergy by an alignment with the two.

Mr. ORTIZ. But this has not been tested yet.

Admiral MCCARTHY. No.

Mr. ORTIZ. You know, we are hoping that it works out. What if it doesn't and we do away with mine warfare?

Admiral MCCARTHY. What if it doesn't? Well, I wouldn't speculate, but I would expect that, like anything, when we experiment with new concepts, if we find that they are unsuccessful, we would again adjust accordingly.

Mr. ORTIZ. You know, because we have seen that happen with the Comanche, and we have seen it happen with unmanned air vehicles where they don't work, and we spend millions and billions of dollars.

I just hope that we don't put our young sailors in harm's way waiting to see that we come up with the right technology. You know, I think, in my opinion—and I was an Army guy. I know nothing about the water. I am learning from you gentlemen today from the sea.

But I think they are completely different. I mean, when you are talking about torpedoes from a submarine versus a $200 mine sitting up there, you know—we saw it with the *USS Cole,* and we have seen it with commercial vessels who were sunk.

By doing this, are we going to leave our commercial lanes open, unprotected, or will we be able to provide the necessary protection for our commercial sea lanes?

Admiral MCCARTHY. Well, I am going to let Admiral Bullard make a comment from the fleet perspective, but I want to respond to one thing that you mentioned.

I can assure you, we are not going to do anything that are going to put our sailors in jeopardy.

Admiral BULLARD. And we are not giving up the commercial lanes. One of the synergies that the admiral talked about is technology. Mine undersea warfare technology, whether it be—is main-

ly acoustical. Side-scan sonar is what we use off those ships down there in Ingleside.

We are now converting those new sensors over to our Romeo helos which will be out in North Island. When Littoral Combat Ship (LCS) comes on board, the first mission package that we are working on is a mine warfare. The second one is an ASW because they use the same technology.

The first LCS will be in San Diego, co-located right next to the fleet ASW command as well when they merge. So we will have a synergy of our new near-shore ship that is designed to do mine warfare as well as with the helo, well as with the technology, as well as the school house, as well as the operating fleet to develop tactics, techniques and procedures.

So we see it in the fleet as more focused on that very near and dear area that we need. In fact, some of the units I do own under the Expeditionary Combat Command are some of the marine mammals that work in that same battle space. Those are all out in Point Loma and San Diego also.

So we will have the mine warfare weapons systems, technology, tactics, procedures and fleet experimentation all in one place.

Mr. ORTIZ. You know, have you been able to maybe communicate with the Coast Guard to see how they come into play with your new implementation of—are they in the picture as well?

Admiral MCCARTHY. We have a very close relationship with the Coast Guard. We have maritime partners of which in this battle space the Coast Guard is a very important one and, yes, we are very much engaged in a partnership with the Coast Guard in this area.

Admiral BULLARD. I have a working group made up of my staff and the Coast Guard Mid-Atlantic region, who meet quite often to discuss the interdependencies in the battle space, common techniques, tactics and procedures.

Their forces are helping us overseas, and where can we help them here if required. We are working very close with them as well as Naval Special Warfare as well as the U.S. Marine Corps. We all have working groups and working all together in that battle space.

Mr. ORTIZ. I don't want to take all the time. I have some other questions, Mr. Chairman, but to allow some of the other members to——

Mr. HEFLEY. Thank you, Mr. Ortiz.

Mr. Hostettler.

Mr. HOSTETTLER. Thank you, Mr. Chairman.

Admiral, in your prepared statement to the subcommittee, you use the term "risk" quite often. And one statement that is mentioned is, "While fully supporting steaming requirements for carrier strike group training and workups, ensuring deploying forces will be fully trained and ready to deploy, the budget," which I assume is the proposed budget——

Admiral MCCARTHY. Yes, sir.

Mr. HOSTETTLER [continuing]. "Does restrict deployed operations to levels below that previously provided. This strategy is consistent with fiscal year 2006 congressional actions that reduced peacetime operating tempo levels."

Was that reduction called for by Congress for fiscal year 2006—was that inconsistent with the budget proposals by the administration at that time?

Admiral MCCARTHY. That was an additional mark that—for $274 million that was taken out of the budget proposal the president provided to the Congress, yes, sir.

Because it was directed at the operating tempo accounts, we had to make a decision as to how to best influence, so we prioritized to protect our surge and readiness capability and therefore took the reduction in our—once the units are deployed and in theater, which was our priority, we took the reduction in the amount of steaming they would do once there.

Mr. HOSTETTLER. Right.

Admiral MCCARTHY. So that was our approach, yes, sir.

Mr. HOSTETTLER. And then prior to that, you mentioned the fiscal year 2006 appropriation supports 39 deployed steaming days while the fiscal year 2007 budget supports 36 deployed steaming days per quarter.

So it is almost a 12 percent reduction—well, 10 percent reduction as a result of—so we are going to—so the budget proposes a further reduction in steaming days.

Admiral MCCARTHY. Yes. There is a slight adjustment there, yes, sir. A few more days, that is correct.

Mr. HOSTETTLER. Right, and that is compared to a baseline that you mentioned for prior—prior it was 51 days per quarter. Is that a good risk to take? I mean, if Congress did that——

Admiral MCCARTHY. Again, our priority, sir, was to get the forces ready, achieve the readiness levels required to support the combatant commanders and get the forces forward in the theater to meet the 2.3 presence requirement that we are required to maintain and to achieve the readiness in the surge units that may be called for.

So what we did was we said the least critical is how much we are moving around in the theater if we can sustain our readiness and have our forces there. So those were the way we prioritized.

There are some issues that say being in port more has its advantages, i.e. you are more visible in the theater. We expect that in execution we will respond to the combatant commanders' requirements.

Hence, my comment, also in my statement, that we will adjust as necessary to ensure we meet combatant commander requirements. But our priority was to get the forces ready and get them there in the theater so they were available to respond as required.

Mr. HOSTETTLER. And that leads to discussion of Sea Swap, does it not?

Admiral MCCARTHY. Yes, sir.

Mr. HOSTETTLER. And the notion of Sea Swap to allow for a hull to be present, forward deployed and transfer—I guess my first question is what will be the number of hulls in our inventory at the end of this year, at the end of the calendar year, unless fiscal year is a better——

Admiral MCCARTHY. 281 today. I am not sure exactly what the number will be at the end of the fiscal year.

Mr. HOSTETTLER. Okay. But it will be lower than 281.

Admiral MCCARTHY. Not much, but it will be close to that number, yes, sir.

Mr. HOSTETTLER. Okay. Does Sea Swap create a potentially false sense of capability given that in the past there have been steaming days, and you have had to pay for those, but you have actually had a hull there to back it up, and so what happens in the case of an actual military conflict and you lose a hull?

This notion of a forward-deployed presence and an initial presence there looks very good at the initiation of a conflict, but where is the ship to back up the——

Admiral MCCARTHY. Sea Swap is not in—I am sorry, sir, did you finish?

Mr. HOSTETTLER. Go ahead.

Admiral MCCARTHY. Sea Swap is not intended to reduce force structure. Sea Swap is intended to address the lost time in transit. And therefore, it applies that time to presence in the theater. We still have the crews. We still have the hulls. It is where they are located and what they are doing.

So what the Sea Swap is enabling us to do is to move the crew—if you will, leapfrog the crew—forward into the theater, do a 1-week turnover, and maintain the presence of the hull in theater throughout.

If we were required to surge, we would still have a ready crew. It would be assigned to the hull that the crew fell back on and be able to surge forward as required. So the force structure and the readiness remains. All we have done is improve our presence, theater presence.

Mr. HOSTETTLER. Right. Well, how does that differ, then, others—than before? You didn't have hulls in theater? You didn't have hulls——

Admiral MCCARTHY. No. They would be in transit so they wouldn't be in the combatant commander's area of responsibility in their theater. I mean, transit times from San Diego, for example, to the Gulf—we are talking in excess of 30 days to make that transit—close to 30 days, 18 days from Norfolk, to get into the Gulf.

We can fly a crew in and do the Sea Swap within a week. So we do a rapid turnover and have the readiness and the presence in theater immediately, as opposed to waiting for that transition to occur to swap the ships out in transit.

Mr. HOSTETTLER. So before Sea Swap you wouldn't have a forward-deployed presence of any form in the Med, for example, or the Persian Gulf.

Admiral MCCARTHY. No, we would have had to allow for more time. We would have had to allow for the transit time of the ship to get into the theater before the departing ship would have left the theater.

Mr. HOSTETTLER. You said earlier from San Diego, so you are saying from San Diego to the Med, or to the Persian Gulf?

Admiral MCCARTHY. No, no, no. No. I used the Persian Gulf as an example because we deploy ships from both Norfolk and San Diego to the Gulf. That was just an example.

Mr. HOSTETTLER. Right. So I guess a very fundamental question—where were the ships for deployment prior to Sea Swap? Where were the ships physically located? You are not suggesting—

or is it that they came from San Diego to get there, as opposed to being in the Med, near the Persian Gulf.

Admiral MCCARTHY. No, they would have been in transit somewhere during the period of time—we have eliminated that necessary transit time.

And I want to make clear here, we haven't implemented as a policy Sea Swap. We are experimenting with Sea Swap as an option for rotational crewing. We know there is—we believe there is goodness to Sea Swap. We also know there are things we aren't quite clear on the impacts of yet.

And the experiment we are doing right now with the Atlantic Fleet DDGs is to try and address and document and learn more about the option of doing rotational crewing. The Navy has not made a decision to implement Sea Swap on a class of ships or something. We are experimenting with this concept.

We have a applied a Sea-Swap-like approach to the P.C.s and mine countermeasure ship—different situation because those ships cannot withstand the transits back and forth routinely that we do on our major combatants.

So I would characterize what we are doing with Sea Swap as still in the experimental phase. We are learning. And based on our experience and what we discover, we will make a determination as to what we may in the future—when we might want to use this concept.

Mr. HOSTETTLER. Well, I think the notion of being forward deployed is obviously a great notion, but I just wonder if, at one point—the author of the notion of Sea Swap was who?

Admiral MCCARTHY. I think it was originally Admiral LaFleur, was it not?

Mr. HOSTETTLER. Okay. So we are thinking about doing something with 281 ships, and previously——

Admiral MCCARTHY. I don't think we would ever do Sea Swap with 281 ships.

Mr. HOSTETTLER. Okay.

Admiral MCCARTHY. To the extent we do Sea Swap, it will be limited where it makes sense and where we would get the presence. I can guarantee you it would not be a Navy-wide Sea Swap implementation on all ships.

Mr. HOSTETTLER. Right. Yes, I didn't mean we would put Sea Swap in place with a 281-ship Navy.

Admiral MCCARTHY. Okay.

Mr. HOSTETTLER. That is what I meant, as opposed to something else with a larger Navy. And my concern is that we are—that Sea Swap, while very well intentioned and the right thing to do with a 600-ship Navy, is—is this, in fact, a way to be perceived as being more ready, with a much smaller level of overall hulls, when, in fact, we can look ready at the outset?

But the question is sustainability. Will we be able to sustain the fight, a significant fight, with a much smaller number of hulls overall when, in fact, at the outset we looked extremely prepared and extremely ready at the tip of the spear?

And so that is my concern.

Admiral MCCARTHY. Sir, the readiness does not change under Sea Swap.

Mr. HOSTETTLER. Okay.

Admiral MCCARTHY. We still have as many ready crews. What has changed is the position of the ships at any given time. So the readiness does not change.

Mr. HOSTETTLER. Okay.

Admiral MCCARTHY. Now, the size of the force and the combined capability of 281—obviously, as you know, the Chief of Naval Operations (CNO) has built a force structure plan to build a greater Navy that we believe is required to meet all the requirements of the nation's national defense from a maritime perspective.

So we are working toward that, so all of that is in context. But Sea Swap does not change the readiness of the force structure we have today.

Mr. HOSTETTLER. Thank you.

Mr. HEFLEY. Mrs. Bordallo.

Ms. BORDALLO. Thank you very much, Mr. Chairman. I want to especially thank you for holding this important hearing. It is very important to me.

And I want to thank the Ranking Member Ortiz and my colleagues who are here.

And thank you for including within this hearing an evaluation of the shift to the Pacific naval forces and what that means for U.S. ship repair capabilities, particularly that capability as it currently exists on Guam.

Let me also thank my colleagues who have expressed their concern today about foreign ship repair.

This committee knows well of my concern and, frankly, my outrage that more ships are being repaired in Singapore, a foreign shipyard, than in the U.S. shipyard, with U.S. employees on a U.S. naval base on my home island of Guam.

I have taken nine CODELs to Guam, and many have seen the shipyard, the latest being Congressman Bartlett and Congressman Taylor, who is with us here today.

They have had the privilege of meeting many of its fine skilled employees. But those who have seen it know fully well that it is struggling to sustain and struggling to modernize.

This committee also knows of my displeasure with the fact that the Navy has construed Title X ship repair provisions, those I term "repair American" provisions, as excluding Guam as a U.S. home port.

And I might say that just this afternoon among the witnesses here, someone said our U.S. shipyards in Guam. Guam is a U.S.—we are part of the U.S. family. And if you are going to refer to it in a different way, then just say a U.S. shipyard offshore.

Excluding Guam as a U.S. home port—because of this enabling ships home ported in Guam to be repaired in foreign shipyards, so I look forward to continuing to work with this committee to close this loophole.

You can imagine the outrage a Guam Shipyard employee has when he is laid off for a month or two because of a lack of work while watching a naval vessel tied up at the pier across from his yard steam out to Singapore to be repaired by foreign employees.

Further, if there is any question as to whether Guam is American soil, you might pause and think that Guam and our surround-

ing islands have lost 11 American service members and citizens fighting in the war on terrorism. Singapore, as opposed, currently has not a single serviceman serving in our fight in the Middle East and contributing to fighting terror.

And I know the old arguments that are going to come out. It is cost. Yes, it is more expensive to repair ships in American yards.

But why? This committee knows it is because our nation believes in a living wage for our workers, and guaranteeing a safe environment for them to work in, and in using U.S. tax dollars to buy parts from U.S. suppliers.

Even more so, we know the investment in maintaining a U.S. industrial base is vital to protecting our national security interests in the event of contingencies. We cannot count on foreign yards being there for us in a time of war, and we certainly cannot expect them to be safe harbors during such times.

And I might add that repairing American ships in foreign shipyards is akin to buying American berets in China due to cost. And I think the U.S. Congress knows what I am talking about.

This committee and this Congress has stood hard and fast in saying that we will not outsource our national security. And I thank the chairman and my colleagues for this discussion, one a little long by my usual practice, but it is important that we have this to say.

Today, with more forces moving to the Pacific, the importance of having a stable, modern ship repair capacity in the Pacific cannot be understated.

Who provides that service, the Navy, the current operator, or someone else? It doesn't matter. It is having and growing the capability that is vital because the Guam Shipyard in its location, with its employees, are important to U.S. security. And we can do this by stopping foreign repairs.

Today's witnesses have spoke of the tyranny of distance in the Pacific. The shipyard in Guam and those in the state of Hawaii help remove this tyranny. But are we properly safeguarding their employees and workload?

We talk of a more expeditionary Navy, and yet the most forward U.S. ship repair facility that can support this expeditionary force is struggling to survive and modernize. And meanwhile, gentlemen, we watch the Navy use words like operational requirement and voyage repairs to sneak past U.S. law and get support ships into foreign yards.

Let me close here and pose a short question. The commander of the Pacific fleet has on numerous occasions, including in a 2004 report to Congress, called the Guam Shipyard of "vital strategic importance."

Gentlemen, is this or is this not true? And given the QDR, I tend to believe it is more true than ever.

I would like to show at this time—it was on the cover of the Guam business magazine. This is the repair of the USS San Francisco submarine. I am sure you remember it. It was in the national press across the nation.

In that little Guam Shipyard, we repaired this ship so that it was able to get back to the state of Washington where it is now,

I think, going to survive, and they are looking at repairing it for future use.

But this was a terrible accident, and we did it. We put it up on our dry dock and we repaired it with our people, with the help of the Navy and others that came through. We do not have nuclear repair capabilities on Guam now, but hopefully I would like to see that happen.

And the San Francisco certainly shows us why Guam is of vital strategic importance. So I ask why are we saying one thing while doing another. Why are so many ships going to foreign yards?

And I have a report here that the Military Sealift Command has over 20 ships overseas that are repaired in foreign shipyards. I don't know if these statistics are right, Admiral. Correct me if they are not. And MARAD has three vessels currently, is that correct?

So why are so many ships going to foreign yards that could be going to shore up our industrial capacity in Guam, Hawaii and San Diego? And one of you mentioned the Petersburg. Yes, that is true, Guam was too busy to take it on. But why didn't you take it to the U.S. state of Hawaii? That is my question.

[Applause.]

Admiral McCarthy. I will respond in a couple of ways. You have raised several issues. One, you asked specifically about the Pacific fleet commander's assessment.

As I know you are aware, each year the Pacific fleet commander looks at the Guam capability, shipyard maintenance capability there, to determine the level of capability the Pacific fleet indicates is required to be maintained in Guam.

That determination results in channeling on a sole-source basis of work to the Guam Shipyard. Now, that work is Military Sealift Command work.

As recently as today, I received a communication from the fleet commander reinforcing the fact that that annual determination represents the capability that the fleet commander feels needs to be resident in Guam, and that the respective workload that is placed in Guam as a result of that is the appropriate workload.

Now, I need to make sure you take that in context, because there are operational considerations.

And the essence of the fleet commander's communication was the potential implications of changing what I will call the framework within which we make maintenance decisions in a theater that would potentially pull ships out of theater for extended periods of time, therefore reducing the level of capability available to meet operational concerns.

That is about as far as I can go without potentially getting into classified discussion, which we could have in separate forum, and I am happy to share that kind of insights with you.

But I would reemphasize that we rely on the certification of the fleet commander as to the capabilities he feels needs to be resident in Guam. That particular determination has resulted in a significant amount of work, which, I know—as I think you are aware, has been relatively growing over the years in terms of the amount of work that has gone to Guam.

And in fact, the numbers I have indicate that year to date there is $24 million in workload in this fiscal year going to Guam as a

result of that determination. And we will continue to channel to meet the combatant commander's requirements or the navy component commander's requirements.

Guam is the only repair facility that has that kind of a relationship. There is none other that we go through this process of an annual fleet commander determination that directs what level of capability needs to be retained in Guam.

So it is unusual, and I would argue that that process reinforces your comment that Guam is an important factor in our forward fleet presence, and we do rely on the fleet commander's responsibility.

I am going to let Mr. Thayer talk a little bit about MSC, because you asked specifically about Military Sealift Command, and in fact, most of the Guam work that is channeled in there is Military Sealift Command work.

And I will say at the outset, as I turn it over to him to comment, that right now 89 percent of the repair work done for MSC vessels is done in U.S. ports. So what we are talking about is about the 11 percent, roughly 11 percent, level of the Military Sealift Command repair work that is currently, on average, done outside U.S. ports.

Ms. BORDALLO. Admiral, what percentage did you say was——

Admiral MCCARTHY. Eighty-nine percent is done in U.S. ports.

Ms. BORDALLO. Eighty-nine.

Admiral MCCARTHY. Yes, ma'am.

And let me let Mr. Thayer expand a little bit on Military Sealift Command's practices relative to use of U.S. versus foreign ports.

Mr. THAYER. Thank you, Admiral.

Ma'am, I think, as you know, the governing framework for the repair of the Military Sealift Command ships is based in 10 USC 7310, and Military Sealift Command ships are not given designated home ports. But those that do operate out of the United States are all repaired in the United States.

Those that are forward deployed for extended periods of time are designated as home ported overseas, and so designated by the assistant secretary of the Navy for research, development and acquisition. And I believe that is the list that you are referring to with regard to 30 ships.

There are presently 30 ships on that list. Of those 30 ships, five of those ships are repaired at Guam Shipyard, as the admiral referred to, within the framework established by the commander of the Pacific fleet justification and approval for sole-source contracts with Guam Shipyard.

Nine other ships on that list, although they are on the list, are generally repaired in the United States because they are on our pre-positioning force and they return to the United States for their repairs.

Of the remaining ships that are on that list that are forward deployed for extended periods of time—those ships are repaired based on competitive solicitations that are generally awarded to yards overseas, foreign shipyards, based on the repair schedules that match up with the operational schedules of the Pacific fleet commander.

Ms. BORDALLO. Why do we take any ships to a foreign yard to be repaired? I think that is the basis of my question.

Admiral MCCARTHY. Again, that is the issue where we cross into the operational impacts of the policy and how the policy is applied, and I would ask that we have the opportunity to meet with you separately when we can discuss in a classified forum what some of the bases for the decision are and the impact of moving ships out of theater from an operational perspective.

Ms. BORDALLO. Thank you, Mr. Chairman. I have taken more than my allotment of time.

Mr. HEFLEY. Thank you.

Mr. Schwarz.

Dr. SCHWARZ. Thank you, Mr. Chairman.

I would like to welcome to Michiganians to the witness table today, and it is nice to see my close friend John Jamian, with whom I served in the Michigan legislature some years ago. John.

Let's talk about the Navy Expeditionary Combat Command and riverine forces for a moment. And first, let me say that historically the U.S. Navy has been the branch of the service to carry on riverine operations. We can go back as far as 1862 or 1863, whenever David Glasgow Farragut went up the Mississippi and took Vicksburg.

I say that to my friend from Mississippi, and I know he will say something back.

But the riverine forces in Vietnam, which I had the privilege and pleasure of operating with on a number of occasions while I was employed by another government agency, were Navy. It was a Navy operation.

The nasty boats going up and down the river—it is the most scared I have ever been in my life, but we will save that for another time.

But historically, Mr. Chairman, the riverine forces have been Navy, and amphibious forces, Navy amphibious forces, Navy enlisted men in Mike boats and Landing Craft Vehicle Personnel (LCVP), are the ones who landed the troops at Normandy as well, so this has been something that has been under the aegis of the Navy.

Admiral, can you tell me a little bit about the craft that you are going to use? There is a little bit of a description here, the small craft characteristics of the riverine craft you plan on purchasing.

And approximately, you know, how many? And from a geographic standpoint, ballpark me on where you think some riverine threats might be in the next decade or so.

Admiral BULLARD. Yes, sir. In fact, I am at a conference with about 280 of those old river rats from Vietnam that—probably one of them was driving your boat.

Dr. SCHWARZ. The ones that drove the ones I was on were wild men, I can tell you that.

Admiral BULLARD. Some of these still are.

Dr. SCHWARZ. That doesn't surprise me one bit.

Admiral BULLARD. As far as the current plan, remember, our initial focus on riverine is to stand up a capability to assume the mission for the Marines in early 2007 at a specific dam in Iraq.

That is our initial focus, and the request for forces has requested a 12-boat squadron to do that. There are currently 10 boats over there which have had hard wear and tear, and there is only seven boats here for training.

We are looking to build initially three 12-boat squadrons to be able to do the sustainment of that mission and to be able to do phase zero and training tasks in the riverine elsewhere initially.

Admiral MCCARTHY. Explain phase zero.

Admiral BULLARD. I am sorry, phase zeros are theater security cooperation, are stability and shaping operations. There are many areas that we look around the world—there is places in Africa, there is places in South America—we are working in the Philippines—that could use in some of those areas.

We are building a capability to train other forces, local forces, and that type security will help improve the flow of terrorist goods and people.

As far as the type of craft we are looking to buy with the current request in the supplemental, there are two specific craft that have contract availability in the GSA catalog that we can buy. One is a SOCAR, which is run by special forces.

And we are working very closely with special forces. We are not doing the same missions they are. They have a specific infiltration-exfiltration raid mission.

The other one is the SURC, which is a small unit river craft, which is currently being done with the Marines over there. That is available.

We also have what we call patrol boats. We have 34-foot sea arks that are intraboat units do coastal security with right now.

The full riverine mission we did in Vietnam was over 500 boats and had somewhere between Landing Ship Tanks, (LSTs) all the way to 20–30 different types of craft. We are doing the analysis of what the eventual capacity requirement is.

But we need to relieve the Marines now, so we will be buying a mixture of the boats that we currently have on contract that we can get quickly for attrition boats and to outfit our training, which will be in the SURCs, the SOCARs or in the current patrol boats we have.

Dr. SCHWARZ. May I have 30 seconds, Mr. Chairman?

Mr. HEFLEY. Sure.

Dr. SCHWARZ. Admiral, just as a statement of fact, is it your judgment and the judgment of Navy strategic planners that the United States Navy has got to get back into the riverine business again?

Admiral BULLARD. Our analysis is that we need to expand our capability into the inland waterways and riverine. We know there are areas of the world where there are no roads, lines of communications. The major line of communication for some of the terrorist activities is on the rivers.

Dr. SCHWARZ. And this is consistent with the whole concept that our foes at least in the immediate—the foreseeable future are going to be asymmetric. Some could, in fact, be brownwater foes, where we are going to have to go up over the littoral, inland to fight them.

Admiral BULLARD. That is, in fact, correct. And this riverine is an extension of our current maritime security. We have maritime

security operations going now all the way to the near shore with our naval coastal warfare.

We are just expanding that capability to where we see there is a potential sanctuary, and we need to take that sanctuary away.

Dr. SCHWARZ. Thank you, sir.

Admiral MCCARTHY. Congressman, the answer to your question is yes, we do feel this is important.

Mr. HEFLEY. Thank you, sir. Thank you, Mr. Chairman.

Mr. Taylor.

Mr. TAYLOR. Thank you, Mr. Chairman.

I want to thank the gentlemen.

Gentlemen, this is a follow-up to the previous question. Where do you plan on standing up those units?

Admiral BULLARD. The riverine units?

Mr. TAYLOR. The riverine units.

Admiral BULLARD. We are doing a basing analysis right now. Initially, the first squadron is standing up here in Norfolk because its proximity to Camp Lejeune and our command as we mobilize.

We are doing our initial training with the Marines and with the Coast Guard at the special mission training center, which is run by the Coast Guard and Navy down at Camp Lejeune.

We are sitting our people through the ranges in combat skills down there, so the first initial squadron—and people are reporting here. Right now, we have orders for the first squadron.

We are doing a basing analysis right now—the Fleet Forces Command—to determine where is the best training and support in the future, and then we will program for that when we make the decision where the final basing should be.

Mr. TAYLOR. Well, a point I hope I can leave you with is just yesterday some other admirals were telling us, and some other folks, that we are on an unsustainable path for Navy acquisitions.

Obviously, you all know that we don't need to be wasting a dollar. And I hope you will take a good hard look at what is home port Pascagoula, brand new buildings, brand new piers, on the intercoastal waterway near barrier islands, for training, near the port of Mobile if you have got to practice against large ships, port of Gulfport, port of Pascagoula.

We have got the Navy Special Boat Unit 22 on the Pearl River about 40 miles from there. We are spending a considerable sum of money to build a riverine range with pop-off targets. We are acquiring 3,000 acres of land in a 120,000-acre buffer zone.

And what I would really hate to see is a military construction (MILCON) request in the next couple of years to go build something, be it housing, barracks, training facilities, at the same time that you are abandoning brand new housing, brand new barracks and brand new buildings on the home port.

That just doesn't make any sense in any environment, and it particularly doesn't make sense in this environment. So I would ask that you take a good look at that.

Admiral BULLARD. We will. The basing analysis group has specifically looked at current capability that is available to support the range in training of our troops, and it may not be one place. It may be different places that do that.

But as you said, sir, we need to look at what we have. We don't need to build anything new if we have something that will work. And that was some of the guidance we gave to our basing analysis. And the Fleet Forces Command is looking at it as well as the environmental impacts.

Mr. TAYLOR. Okay. Could you get me the names of the people who are going to be making this analysis?

Admiral MCCARTHY. We can get you a point of contact, yes, sir.

Mr. TAYLOR. And you know, we are not asking for anything other than a fair shake and an opportunity to present things that have already been paid for at enormous expense by the taxpayers that have never been fully utilized that ought to be put to good use before we go build something else someplace else.

Admiral MCCARTHY. We will get you the contact who is running the—at Fleet Forces Command who is running the basing.

Mr. TAYLOR. Second, I would very much like to echo the remarks of Ms. Bordallo as someone who also represents ship builders.

Unless it is an emergency situation, it makes—when we have six major shipyards and a number of second tier yards that are scrambling for work, it just doesn't make any sense at all to be spending even one dollar needlessly in a foreign shipyard, unless it is an emergency situation.

So again, I want to echo the gentlewoman's remarks and would certainly encourage you to keep that in mind.

Thank you, Mr. Chairman.

Mr. HEFLEY. Ms. Davis.

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

And thank you to all of you for being here. And I am sorry that I missed the initial testimony, and I know that my colleagues have asked a number of questions.

I wanted to go back to one that I think has certainly been discussed and it refers to making Guam a U.S. home port.

And this is an area that I think you have been looking at for some time, as I understand it, and there have been some judgments made that—I think there are some savings, and perhaps you have discussed this specifically, around having those ports serviced in Singapore and in other foreign ports.

But I wanted to come back to that, because I think, you know, intuitively as well as from a homeland security point of view and as a secure military point of view, it would seem to us that having the opportunity to have Guam as a home port and then having some of the ships serviced—whether in Hawaii, some perhaps in San Diego as well, we come back to why you are not pushing in that direction.

Admiral MCCARTHY. This will be a little bit redundant. If you will bear with me——

Ms. DAVIS OF CALIFORNIA. I appreciate that, and I apologize for that.

Admiral MCCARTHY. No, it is worth repeating. I would characterize it this way. There are three factors that we look at in terms of ensuring we have proper operational support in the theater relative to maintenance.

One involves the operational presence that is supported in the theater. The ships that we have to keep available in the theater that represent a capability provided to the combatant commander.

The second, of course, is sustaining the maintenance capability required for the theater commander within his theater of which, in the case you mentioned, Guam is an important component.

And the third factor, obviously, for us is cost. The first two drive as much as the last one does.

In the case of Guam and its utilization, and in the case of our positioning of ships in terms of where we do maintenance, a key consideration in the Pacific is operational presence because of the long transit times necessary to move ships about the theater in the Pacific.

Each year, the Pacific fleet commander makes a determination specific to Guam as to the capabilities that he wants maintained in Guam to support his long-term ability to sustain his force in the Pacific.

That determination results in sole-source maintenance assignment to Guam to correspond with the level of capability the theater commander has stipulated needs to be maintained there.

That is the only repair facility in which we have that kind of a relationship where we sole source work on the basis of a combatant commander's determination. So that is our first priority relative to loading Guam.

The combatant commander in this case, the Pacific fleet commander, our Navy component commander, has indicated he has great concerns with changing the relationship that exists in the Pacific theater now because of potential operational presence implications.

So as I mentioned earlier—and some of this borders into the classified arena that I can't discuss in open forum—I think we need to have a follow-on dialogue to share with you some of the operational commander's concerns relative to potentially changing the current arrangement that allows him the ability to determine the capabilities required in the theater and to ensure that the maintenance plan and where we conduct maintenance properly supports the operational presence requirements within the theater.

But those are the key factors that we consider when we make the maintenance determinations in the Pacific in particular.

Ms. DAVIS OF CALIFORNIA. And is it possible in this setting to discuss one or two things that you could anticipate changing that would make a difference in that regard?

Admiral MCCARTHY. We certainly can have that dialogue, and we would be happy to have that dialogue, yes, ma'am.

Ms. DAVIS OF CALIFORNIA. Okay.

Admiral MCCARTHY. But it has to be in the context of the operational implications, which is what we are concerned about.

Ms. DAVIS OF CALIFORNIA. Okay. Right. Thank you. Thank you very much.

And I guess I would just ask, because, again, I apologize for not being here earlier, whether there are some issues that have been touched on in the discussion here today that you feel perhaps weren't clarified or you would like to really discuss, if there are some questions regarding the expeditionary force.

I think, from what I understand, there was some concern that the Navy is taking on some missions that are not those which are traditional missions, and, in fact, there has been some concern about how those not be addressed in the future. Would you like to respond to that?

Admiral MCCARTHY. And I think we covered that, but if you are giving me an opening, if that is what you are providing me here, there is one area I would like to at least spend a few moments on, which is to make sure there is a clear understanding of what the Fleet Response Plan provides us as a Navy, because we think, as I mentioned in my statement, many of these initiatives, these transformation initiatives, that you see the Navy pursuing right now are directly related to this Fleet Response Plan format.

So if you will allow me, I would like to ask Admiral Crowder to just briefly give you an outline of how the Fleet Response Plan plays.

And I reiterate a comment I made earlier that Admiral Crowder was the battle group commander for the Lincoln battle group which was surged forward unexpectedly into the Pacific theater and which did, as a result, of course, become a key factor in the tsunami relief efforts that were so important to our nation.

So, Doug, if you would.

Admiral CROWDER. Good afternoon. The Fleet Response Plan was developed by Admiral Clark, our previous CNO, in the 2003 time frame. And quite frankly, it was more of a mind set shift for our Navy.

During the 1980's and 1990's, traditionally, we looked forward to a scheduled 6-month deployment, very predictable. We knew when it was. It was going to be in a ship cycle between shipyard period to the next one, was going to be one single 6-month deployment.

And we would spend however much time getting ready for that deployment and then go on that deployment and come home. What the net result was was a lack of focus on other missions other than that scheduled deployment.

So what the Fleet Response Plan said was come out of the shipyard, get ready right away, and then be in a deployable stage for many, many months in order to do scheduled deployments but also pulse forward in response to tsunami relief, for example, or show of force, that sort of thing.

And third, to be able to respond should one of the COCOMS, one of the combatant commanders, had to fight a war in his area and we could surge then. Instead of just having that ship carry a strike group ready just before its scheduled deployment, we would have six ready within 30 days to respond in quick manner to a particular crisis throughout the globe.

So that is where we are at, and it allows us now to go back and look at these scheduled deployments and to have a lot more flexibility on how we deploy our forces in support of the overseas commanders.

Admiral MCCARTHY. Can you put up that one chart?

Admiral CROWDER. And we have a slide—I think it is in your packets—that shows this.

But essentially what it shows in the yellow there is the ships in the shipyard, and they come out and then quickly start this train-

ing program such that after 4 months or 5 months you were in the tan there, which we have enough training that could emergency surge in case of a crisis, then go ahead and finish the training.

And then the rest of that purple—many, many, many months we—that carrier strike group—and in this case, it will be a total of six carrier strike groups—are deployable.

And again, this idea of deployability instead of just focusing on the scheduled deployment is the key element that makes this Navy now much more ready, much more flexible and much less predictable than it was in the 1980's and 1990's.

Ms. DAVIS OF CALIFORNIA. Thank you.

Can I get a quick follow-up?

I just wonder, are there any other—you know, as we talk about interagency, does this process with the—do you depend on anything other than the Navy to make this happen?

Are there other concerns that come into play that need to be fleshed out in order for you to be successful at doing this?

Admiral CROWDER. I think, yes, in a general sense, no. It really is an inside-the-lifelines Navy issue, although part of our training is joint training, and we rely on the other services to come together and help us get to a level of joint training that we are comfortable, you know, going forward, especially in time of war.

Admiral MCCARTHY. And of course, to achieve the readiness level—readiness in this case would include the readiness of the Marines relative to amphibious capability.

There is also, often times, deployment integrated with Coast Guard units, and they would become a part of the workup and training associated with the readiness.

Ms. DAVIS OF CALIFORNIA. Thank you very much.

Thank you, Mr. Chairman, for your——

Mr. HEFLEY. Thank you.

Let me ask the follow-up here, too. Will the shift of forces in the Pacific as outlined in the QDR result in a parallel shift of vessels with the maritime administration in the Pacific?

Mr. JAMIAN. Mr. Chairman, it would be hard to answer that question in terms of their ship and vessels, because our vessels are pre-positioned over in that area and the location of that vessel is determined by their plan and the specific mission that would fit that vessel.

So I am not sure what we would be looking at in the future as we operate under their operating condition.

Admiral MCCARTHY. I may be able to help with that. I think the likelihood of a shift would be minimal. The ships that are positioned now are positioned to respond to theater commander requirements or are positioned in the vicinity where we can load them out rapidly to move material forward.

I don't foresee at this point any requirement to reposition, if you will, the RRF force under control of MARAD.

Mr. HEFLEY. Any other follow-up questions?

Yes, Ms. Bordallo.

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

We are back on my subject again. I am just curious—these foreign shipyard—the repair work that we are doing—do they meet

all the operational requirements when we know very well they are not secure? We could very well have another *USS Cole* incident.

Admiral MCCARTHY. As far as force protection, I can assure you we extensively review—much as we do with a port visit of a ship, when we pull a ship in for maintenance, it has to have been reviewed and complied with the theater commander's force protection provisions. A plan must be submitted and approved by the theater commander.

So the force protection provisions regardless, when we decide to position a ship for maintenance, are just as if we were pulling a ship into port. Same process.

Ms. BORDALLO. Thank you very much. Thank you, Admiral.

Mr. HEFLEY. Mr. Taylor.

Mr. TAYLOR. Admiral, about 10 years ago, or in the wake of the first Gulf War, we realized that we did not have enough support vessels. We addressed that in several ways. One was to build the medium-speed ROROs.

The Marines took a slightly different course in that they went and bought some vessels on the open market, cut them in half, added mid-body sections.

And the point that they made was that they—with the demise of the Soviet Union that they could buy these hulls for such a bargain that they could convert them for less money and in less time than building from scratch.

And I followed one of them very closely because it was named after a hero from South Mississippi, the Roy Wheat. And I know that, A, we didn't save any money, and it ended up actually taking longer than building a ship from scratch.

So with that in mind, when you talk about one of the reasons the Petersburg went to Singapore instead of Guam, what you didn't say was—and I am curious to know the answer—whether it was actually—that the work was actually completed on time.

Did you save any time at all by taking it to Singapore or did you end up spending, using the example of the Wheat, more time and more money by going to an outside yard?

Admiral MCCARTHY. I can't comment on the Petersburg, so I will yield that to him.

Mr. JAMIAN. I wasn't sure, Congressman, if you were asking the admiral that question.

Mr. TAYLOR. Well, I am opening it up to the panel. You were the one—well, someone on the deck referenced the Petersburg, and that is what got me thinking.

Mr. JAMIAN. Yes, I represented the Petersburg, and let me just preface my comments by saying that MARAD takes a lot of pride in the fact that 95 percent of our vessels are repaired at U.S. facilities. That is a very important thing for our agency, because we do represent and promote the U.S. maritime industry as a whole.

In the case of the Petersburg, we had some constraints around us in terms of its mission, and in terms of the vessel's certification and documentation, we had to be very, very careful because in the case of the Petersburg and Guam versus Singapore, the problem is that we had certificates on the vessel that were going to expire if it had stayed in that particular shipyard, the Guam Shipyard, for that long of a period.

And thus, the vessel would not have been available for the mission that it was designed to do. So it was a real problem area there for us. Guam's schedule on that ship repair was 82 days and Singapore's was 35 days. The bid on that was three times more than Singapore.

But the driving force behind that decision was really based on that ship's particular mission and the time needed for that ship to complete that mission. At the end of the day, the repair was made.

I can't tell you the exact dollar at this point in time, but I would be happy to get back to you, because I know you wanted to know if it was really that much more significant or less. But we would be happy to get back to you on there.

But everything worked out right for us.

Mr. TAYLOR. What about the time line, sir?

Mr. JAMIAN. The amount of time that the ship was in the yard? Our contract for services required 35 days, and it is my understanding that that ship was in and out of that particular facility during that time, because we had certificates on that vessel that were going to expire.

If this work was not done, this ship could not sail. The ship sailed, so I am assuming that it was the 35 days that we put out on the contract.

Mr. TAYLOR. And I don't expect you to know everything, but for the record, can you tell us how long that took? No, you don't have to know this moment, but for the record, if you would get back to us——

Mr. JAMIAN. For the record, sir, what I will do is get back to you on the exact time.

Mr. TAYLOR. And what I would like to see, for the record, is what you estimated the time would be, what the actual time was, what you anticipated the cost would be, what the final bill was.

Mr. JAMIAN. Okay.

[The information referred to can be found in the Appendix on page 59.]

Mr. TAYLOR. Thank you, Mr. Chairman.

Mr. HEFLEY. Any further follow-up questions?

Mr. Ortiz.

Mr. ORTIZ. Well, Mr. Jamian, I know that the Merchant Marine vessels carry billions of dollars of merchandise, you know, from oil to you name it. And I just read in the newspaper the other day that a cruise ship was attacked by pirates.

Do you feel necessary—or are your vessels protected at sea? And maybe it is classified information that you cannot give out, but do you find it necessary to—or do you feel competent, maybe, with the Navy that they are protecting all the commercial vessels?

Admiral MCCARTHY. I suspect you are probably referring more to the Military Sealift Command vessels than you are to the ready reserve force, which is what MARAD manages.

In the case of the Military Sealift Command vessels, we will position, depending on the threat and the environment in which they are working, security teams on board the military sealift ships to ensure that the force protection is provided.

And, Don, you may want to comment on that.

Admiral BULLARD. We have what we call expeditionary security forces, some Reserve, some active. And we station and fly them, and they go right all the way around into Fujara, Ashwayba.

We have mobile security. You have got seven and 71 in Guam. They ride MSCs, deploy onto ships when they are going into ports. Our expeditionary security force here is, when required, put those—they run from 12 to 18. They work for the master. They are trained as a unit to do, at sea, counter-piracy or terrorism as well as protect the ship in a 24/7—in port, in conjunction with the host nation. So that is what part of this force is about.

Mr. JAMIAN. Congressman, you had asked me the question as far as the RRF, and let me just address that for a second. As I mentioned earlier in my testimony, RRF ships in most cases will go onto the operational command of MSC, and so that they had answered that.

You should know, though, specifically, with the RRF ships, when they go on their operational command, they do have force protection on them depending on where they are going. So if they are going into the theater, obviously, they would have force protection.

You brought up the issue of the cruise ships. There are also merchant ships. There are commercial ships that operate under the MSP, the Military Security Program, or the Maritime Security Program, that goes and is operational, too.

In many cases, commercial vessels will hire their own force protection or they will request additional force protection from the Navy or the Coast Guard if they are in the operational area over there.

So it is really becoming a concern when they go to that particular area. Other places in the world's oceans, it may not be.

Mr. ORTIZ. Thank you.

Thank you, Mr. Chairman.

Mr. HEFLEY. Ms. Bordallo, do you have another question?

Ms. BORDALLO. Thank you, Mr. Chairman. You seem to read my lips.

I am back again to the ship repair. I am very concerned, gentlemen, genuinely concerned, that the Navy may be representing to the ship repair industry in Hawaii that this amendment will take work from Hawaii and send it to Guam.

Well, this is not the case. The amendment will instead take work from Singapore and send it to the U.S. shipyards. I would like your comments on this.

Isn't it true that this amendment would bring a significant amount of work currently going to foreign yards back to Guam, Hawaii and San Diego, places that need more work to sustain their workforce and not shift work within U.S. yards?

Could I have a comment on that, Admiral?

Admiral MCCARTHY. Yes, ma'am. I will make a comment. First of all, I wouldn't want to comment on language I haven't necessarily reviewed personally, okay?

But having said that, I think I understand the intent. I am not aware of anyone representing to Hawaii a position on the part of the Navy, so if that is happening, I am unaware of that happening.

The issue that we are concerned about in the language, potential language—and that is where I believe the best outcome is for us

to have a conversation on it—is not about where the work goes. It is about the operational presence impact of moving work away from the theater.

So whereas today utilizing foreign yards for the limited amount of time that we do, it allows the ship to remain in theater and meeting combatant commander requirements.

Moving that ship substantially away, even to Hawaii—is a significant transit distance—has potential operational impacts that are of concern to us. That is the primary issue.

Ms. BORDALLO. Well, I just wanted to make it absolutely clear, because I think some of my colleagues mentioned it earlier. What I am just trying to say is that in cases of emergencies, as Mr. Taylor mentioned, we understand that, Admiral.

But the numbers are increasing, and this disturbs us. And I know it has to do with cost. This seems to be the bottom line to everything that we hear in the U.S. Congress. You know, it is all about cost.

And certainly, that is understandable, but when our workforce is suffering, that is when I become very concerned. So I just want to thank you for your patience this afternoon, and this is something that has really been bothering me for a long time, so I am glad we had this exchange.

And I want to thank you gentlemen very much.

Mr. HEFLEY. Thank you, gentlemen, for being with us today.

And the committee stands adjourned.

[Whereupon, at 3:50 p.m., the subcommittee was adjourned.]

A P P E N D I X

April 6, 2006

PREPARED STATEMENTS SUBMITTED FOR THE RECORD

APRIL 6, 2006

Chairman Hefley

Opening Statement

Subcommittee Hearing on Navy Transformation

April 6, 2006

Mr. Hefley: Today we meet to discuss several key transformation initiatives of the Department of the Navy. The Navy is aggressively transforming its forces to prepare for the uncertainties of the future ranging from conventional threats posed by nation-states to asymmetric threats posed by non-state actors.

In this new environment, the Navy has recently implemented three initiatives: the Fleet Response Plan, the Navy Expeditionary Combat Command and a crew rotation program commonly referred to as "Sea Swap."

While we encourage new approaches from all the Services, we also have an important oversight role. These three programs represent institutional changes to the way the Navy has operated in the past. For example:

The **Navy Fleet Response Plan (FRP)** changes the traditional six month carrier deployment cycles. The Navy now has the ability to surge six vessels within a 30 day window, and an additional carrier within 90 days. But this "surge" capability comes with a cost not only in terms of

dollars; but to our sailors' families, their training and even basic ship maintenance.

The **Navy Expeditionary Combat Command** was formed this year to expand the Navy's capabilities to address a stated need for sailors to be trained in close combat and force protection. As part of this Command, the Navy has re-established the riverine combat force. The "brown water Navy" has not experienced widespread use since swift boats fought in Vietnam.

The **Navy "Sea Swap"** is a crew rotation initiative designed to extend ship deployment length by swapping crews in mid-deployment at sea. This saves time regarding the steaming days a ship incurs as it travels to and from an area of responsibility. The GAO issued a report in November 2004 that raised many concerns about this program ranging from the impact on ship maintenance to training and crew morale.

Individually, these initiatives seem to be worthwhile endeavors. However, when taken together, we have concerns that the Navy may have difficulty understanding the long term impacts on professional development and mission training, maintenance and repair, and morale and retention.

In addition to these three topics, we look forward to discussing the implications of the Quadrennial Defense Review (QDR) and the

Maritime Administration's policies regarding foreign shipyard depot maintenance.

The QDR states: "The fleet will have greater presence in the Pacific Ocean, consistent with the global shift of trade and transport." Many of us have questions on how and when the Navy will begin the shift of naval assets in order to accomplish the goals and policies of the QDR.

Finally, members of our committee have had long-standing questions regarding the way in which the Maritime Administration makes decisions pertaining to foreign ship yard repair of Ready Reserve Force vessels. We look forward to discussing this issue with the Acting Maritime Administrator.

We have two distinguished witnesses with us today to discuss these issues. But first, I would like to introduce my good friend, the gentleman from Texas and ranking member of the Readiness Subcommittee, Mr. Ortiz for any remarks he would like to make.

[Following Mr. Ortiz remarks]

I would now like to introduce our witnesses:

Vice Admiral Justin D. McCarthy, United States Navy
Director for Material Readiness and Logistics

Honorable John Jamian, Acting Administrator, United States Department of Transportation, U.S. Maritime Administration

In addition, the Navy has several experts on hand today to assist in answering questions:

Rear Admiral William Crowder
Assistant Deputy Chief of Naval Operations for Plans, Policy, and Operations

Rear Admiral Donald Bullard
Commander, Navy Expeditionary Combat Command

Rear Admiral John Orzalli
Deputy Director, Fleet Readiness Division

Mr. Christopher Thayer
Director, Strategic Planning, Military Sealift Command

Gentleman, thank you for joining us. Vice Admiral McCarthy, we will start with you.

Statement of
John E. Jamian
Acting Maritime Administrator
U.S. Department of Transportation
Maritime Administration
Hearing on
Transforming the Navy
Before the
Subcommittee on Readiness
Committee on Armed Services
U.S. House of Representatives
April 6, 2006

Thank you for the opportunity to submit this statement regarding the Maritime Administration. The mission of the U.S. Department of Transportation's (DOT) Maritime Administration (MARAD) is to strengthen the U.S. maritime transportation system - including infrastructure, industry and labor - to meet the economic and national security needs of the nation. MARAD programs promote the development and maintenance of an adequate, well-balanced United States merchant marine, sufficient to carry all of the nation's domestic waterborne commerce and a substantial portion of its foreign waterborne commerce. MARAD vessels serve as a naval and military auxiliary in time of war or national emergency. MARAD also seeks to ensure that the United States maintains adequate shipbuilding and repair services as well as efficient ports and intermodal connections between our water and land transportation systems.

I cannot stress enough the importance of our mission. The United States, as the world's largest trading nation, accounts for nearly 20% of the world's oceanborne trade. Foreign trade and domestic cargo are conservatively estimated to grow at an annual compounded rate of 3.3%. This growth in cargo tonnage will double the throughput that the Marine Transportation System (MTS) will be required to handle by 2020. This is no small amount

since the MTS handled nearly 2.3 billion tons of waterborne cargo in 1999, including 1.2 billion tons of international cargo and 1.1 billion tons of domestic cargo.

Thus in today's world, ensuring the security of American ports is even more important. This includes maintaining and upgrading our port and intermodal transportation infrastructure to meet the needs of a competitive global industry, by continuing development and implementation of the MTS Initiative, which consists of waterways, ports, and their intermodal connections. MARAD coordinates its efforts with other Federal entities that have responsibilities for maritime transportation including the Committee on the Marine Transportation System, which is a White House cabinet-level committee. We are also working very closely with industry to identify system requirements through the MTS National Advisory Committee, which advises the Secretary of Transportation.

MARAD both serves and defends America. In this regard, MARAD maintains a fleet of cargo ships ready to serve in case of conflict or national emergency, known as the Ready Reserve Force (RRF). When activated, these ships operate under an agreement with Department of Defense (DoD). The Military Sealift Command (MSC) assumes operational control (OPCON) of the vessels on behalf of USTRANSCOM. OPCON means that MSC controls the ship's schedule and cargo, MARAD retains management of the vessel through a ship manager contract. Forty RRF ships supported the initial deployment of our Armed Forces in Iraq, providing nearly 13,000 operational days of service including transporting troops and supplies in support of our military.

Specifically, the RRF is a fleet of documented cargo vessels owned by the U.S. Government and under the jurisdiction of the Secretary of Transportation. By statute, DOT/MARAD is required to contract with commercial ship managers to maintain, operate and crew RRF vessels. Pursuant to a Memorandum of Understanding (MOU) with the DoD, the RRF is maintained by DOT in a readiness status to support DoD contingencies. Ship repairs are acquired by MARAD's ship managers under approved commercial purchasing systems. Best value and competition are significant considerations.

In the early 1980s, the U.S. Navy started "Afloat Prepositioning" to improve the response time for the delivery of urgently needed equipment and supplies to a theater of operation. Since the mid-1990s, MARAD has had as many as 11 vessels supporting the Afloat Prepositioning Force (APF) in locations such as the Mediterranean Sea, Persian Gulf, Diego Garcia, Saipan and Guam.

Some Members of the Committee have expressed interest in the operating procedures of the SS CHESAPEAKE, SS PETERSBURG, and SS CAPE JACOB. I would like to briefly discuss those procedures. These three MARAD vessels are part of the APF, are owned and operated by MARAD, and are provided to the DoD under the MOU.

The tankers, CHESAPEAKE and PETERSBURG, are each equipped with Offshore Petroleum Discharge Systems (OPDS) and have unique capabilities not found on commercial tankers. The OPDS was designed to deliver petroleum products to military forces in areas where port facilities are damaged or nonexistent. Within 48 hours of arrival on station, OPDS can be installed and begin pumping 1.2 million gallons of petroleum product per day from up to four miles offshore and at water depths up to 200 feet. The tankers can remain on station pumping continuously for up to 180 days and be replenished by normal commercial tankers.

The CHESAPEAKE and PETERSBURG have provided pre-positioned fuel for the Defense Logistic Agency and, within 24 hours of notification, can be en route to a crisis area with the ability to deploy OPDS upon arrival. Since being in APF service, these vessels provided support for Operation Iraqi Freedom for approximately 60 days. Additionally, they are utilized by U.S. and allied forces for military exercises and military training.

The CAPE JACOB has been with the APF since arriving in Diego Garcia in 1998. It is the last of four C4-S-1u Class vessels maintained by MARAD. The primary mission of the CAPE JACOB is as a floating ammunition dump, forward deployed in support of United

States Pacific Command (USPACOM). Its secondary mission is to transfer the ammunition at sea using the Modular Cargo Delivery System (MCDS).

The MCDS is a mechanized cargo transfer unit that acts as a combination elevator and winch, hoisting pallets of ordnance into the air and then across wire lines strung between two ships steaming side-by-side. Two MCDS units are installed on the CAPE JACOB. The ship can also conduct vertical replenishment with helicopters picking up pallets from the "helo" deck and transferring them onto another ship. In 2003, after supporting the Navy during Operations Enduring Freedom and Iraqi Freedom for 202 days, the CAPE JACOB was deployed to support USPACOM.

It is MARAD's mission to promote all aspects of the American maritime industry. Consequently, 95 percent of the repairs to the RRF fleet have been performed in U.S. shipyards. Federal law requires that naval vessels and vessels under the jurisdiction of the Secretary of the Navy homeported in the United States be repaired in the United States or Guam. As a U.S. District Court ruled in December 2005, RRF vessels do not fall within the scope of that statute. Recognizing the importance of the U.S. shipbuilding industry, MARAD's contracts regarding RRF vessels still require that repairs be made in U.S. shipyards except for emergency, or mission essential repairs, or for pre-positioned ships which are deployed overseas, or for any vessel forward deployed outside of the United States.

For example in 2005, repairs to the PETERSBURG were made in Singapore in order to ensure its continued readiness. The PETERSBURG, a very large, OPDS tanker pre-positioned in Guam, was dry-docked in Singapore in August 2005. Shipyards in both Hawaii and Guam were unable to perform the repairs during the required performance period. Specifically, Guam Shipyard's dry-dock was unavailable until November 2005 and could not complete work until February 2006, which would have resulted in the PETERSBURG being unavailable for its specialized mission for over five months. In addition to being unavailable during the required performance period, Guam Shipyard's bid was three times more than the successful offeror.

In closing, I would like to call to the Committee's attention the DOT and MARAD's activation of RRF ships and training ships as part of our nation's response to the devastation hurled at the entire Gulf Coast Region by Hurricanes Katrina and Rita. This unprecedented activation by Secretary Mineta in concurrence with Secretary Rumsfeld demonstrated that when called, MARAD and our ships were ready.

MARAD's ships provided the people of the stricken Gulf Coast with urgently needed supplies, clean water, electricity generation and oil-spill cleanup assistance, as well as food and shelter for rescue and recovery workers. In all, 11 MARAD ships provided 270,000 meals and 83,165 berth nights for recovery workers and evacuees. The last of the ships left the Gulf Coast area the first week of March, 2006; some of those ships are already in service supporting our armed forces. Others have returned to their regular duties as training ships at State maritime academies, while some returned to their homeports to be held in reserve until they are needed again.

Unquestionably, MARAD's RRF has lived up to the term "ready" -- and just as importantly the Ready Reserve Force has proven to be a cost-effective program for the United States.

Thank you for offering me the opportunity to provide this statement for the record. I am happy to answer any questions the Committee may have.

**NOT FOR PUBLICATION UNTIL
RELEASED BY THE
HOUSE ARMED SERVICES COMMITTEE**

**STATEMENT OF
VICE ADMIRAL JUSTIN D. MCCARTHY, SC, USN
BEFORE THE
READINESS SUBCOMMITTEE
OF THE
HOUSE ARMED SERVICES COMMITTEE**

**NOT FOR PUBLICATION UNTIL
RELEASED BY THE
HOUSE ARMED SERVICES COMMITTEE**

INTRODUCTION

Chairman Hefley, Congressman Ortiz and distinguished members of the House Armed Services Committee Readiness Subcommittee, I want to thank you for the opportunity to testify before you on a number of initiatives associated with the Navy's ongoing efforts to transform its operations to ensure the Navy's Fleet remains ready and relevant in the 21st Century. With me today is RADM Donald K. Bullard, Commander, Navy Expeditionary Combat Command; RADM William D. Crowder, Assistant Deputy Chief of Naval Operations for Plans, Policies and Operations; RDML John C. Orzalli, Deputy Director, Fleet Readiness Division; and Mr. Christopher D. Thayer, Director, Strategic Planning, Military Sealift Command.

As stated in the Preface to the Department of Defense Quadrennial Defense Review (QDR), "this Department has been and is transforming along a continuum that reflects our best understanding of a world that has changed a great deal since the end of the last century." That statement characterizes well the Navy's efforts to address the readiness and relevance of our contribution to the joint force. In today's uncertain world, we must sustain a ready and agile Fleet capable of responding to a wide spectrum of combat and non-combat operations with speed, agility, adaptability, and persistence. We must continue to deliver robust and flexible sea power to meet the challenges of today while shaping our readiness to address the challenges of tomorrow.

Consistent with those objectives, the initiatives I will outline are focused on ensuring the Navy's ability to surge quickly to trouble spots across the globe and address the challenges posed by the new strategic environment: including adopting a wartime sense of urgency, being "ready" in an era of surprise and uncertainty, and maintaining fully equipped and fully manned forces with an emphasis on mobile and expeditionary operations. In some cases, these initiatives are gaining maturity and have already been tested by real world events over the last couple of years. A good example is the Navy's use of the increased operational availability provided by the Fleet Response Plan (FRP) to immediately respond to the Tsunami in the Indian Ocean and the Gulf Coast hurricanes while continuing to support Combatant Commander presence requirements and routine

non-deployed training. In other cases, initiatives such as the creation of the Navy Expeditionary Combat Command are still in their infancy. Collectively these initiatives support the Navy's ongoing transformation efforts and with the continued support of this Subcommittee will result in a Navy more ready, more responsive and better able to provide the reach, precision, persistence and awareness to fight and win our nation's wars as part of the Joint force.

FLEET READINESS AND THE FLEET RESPONSE PLAN

The Fleet Response Plan (FRP) is the operational readiness framework through which the Navy meets global Combatant Commander requirements for forward deployed forces and crisis surge response. It enables the Navy to respond to emergent COCOM requests for forces as well as to emerging mission sets such as riverine warfare capabilities and humanitarian relief. FRP is mission-driven, capabilities-based, and provides the right readiness at the right time, and at the right cost. With FRP, the Navy can deploy agile, flexible and scalable naval forces capable of surging quickly to deal with unexpected threats, humanitarian disasters, and contingency operations.

Although focused initially on carrier strike group responsiveness, the Navy is evaluating and adapting FRP to include all forces: submarines, minesweepers, expeditionary combat units, medical forces, and maritime patrol and reconnaissance aircraft. Work has begun to align FRP with the Naval Operating Concept (NOC) currently under development. The NOC supports Department of Defense and Joint guidance, providing an overarching concept for Navy and Marine Corps integrated operations. Through this alignment, the FRP framework will provide increased operational availability of Navy forces, capitalizing on enhanced readiness of forces to best support the Joint Force emergent capability requirements.

Under FRP, the Navy has developed capability-based schedules that are used to manage and identify the level of training a ship must complete to build its readiness to deploy. The schedule contains three progressive readiness goals: GWOT surge, Major

Combat Operations (MCO) surge, and routine deployment status. Each readiness goal specifies phases of training that must be completed to achieve the goal. To be placed in **GWOT surge status**, a ship or an aircraft squadron must complete its unit-level phase training and any additional tailored training requested by the supported COCOM. Achieving **MCO surge-ready status** requires completion of integrated phase training. Attaining **routine deployable status** requires achievement of all necessary capabilities, completion of underway sustainment phase training, and certification of the unit for forward deployed operations. Regularly scheduled ship and aircraft depot maintenance is sequenced during each month of the FRP, to enable the appropriate resource application to produce the correct readiness for each unit. This is truly a transformational matching of resources to readiness output, changing our old behavior of readiness at any cost to the right readiness at the right cost.

As a component of this new readiness and surge construct, the Navy continues to examine its readiness resourcing framework. In this year's budget submission you will see an element of that examination as we attempt to drive efficiency and balance resources and risk. The budget reflects additional risk in the Operation and Maintenance funded readiness accounts, primarily, the funded number of deployed steaming days per quarter. The baseline for deployed steaming days has been 51 days per quarter. The Fiscal Year 2006 appropriation supports 39 deployed steaming days per quarter, while the Fiscal Year 2007 budget supports 36 deployed steaming days per quarter. While fully supporting steaming requirements for carrier strike group training and workups, ensuring deploying forces will be fully trained and ready to deploy, the budget does restrict deployed operations to levels below that previously provided. This strategy is consistent with Fiscal Year 2006 Congressional actions that reduced peacetime operating tempo levels. Having said that, we recognize the added risk requires careful monitoring in execution. Should these levels prove insufficient to meet COCOM operational requirements, the Navy will reevaluate priorities and make appropriate internal adjustments in execution and/or seek Supplemental funding if the COCOM requirements justify such action.

The budget also reflects acceptable risk in aviation operations. Funding levels in the flying hour program have been reduced in the pre-workup phases of the inter-deployment readiness cycle, as well as in the "post-deployment surge" phase of the FRP when flight crews are at their highest state of readiness. We have fully funded the flying hours required for pre-deployment workups and for the maintenance of crew proficiency while deployed to ensure readiness levels are achieved and maintained throughout the entire deployment period. As with ship operations, this added risk in flight hours will require our continued and careful monitoring during execution

Balanced and pervasive sea power can be achieved through a flexible, rotational, and surge-capable fleet – a fleet characterized by having the right number of platforms with the right level of inherent capabilities in the right locations to respond when needed. The FRP is Navy's operational construct enabling responsive forward rotational theater security/immediate response presence with the capacity and the ability to answer the Nation's and Combatant Commander's (COCOM) demand signals. The FRP embodies the need for the Fleet to be both forward deployed and also capable of surging substantial force during its operational cycle. In a macro sense, FRP is designed and funded in FY06 and FY07 to provide the Combatant Commanders 2.3 annualized forward Carrier Strike Group (CSG) theater presence, with the capability to deliver six CSGs within thirty days and an additional CSG within ninety days with the eleven-carrier force called for in the Quadrennial Defense Review (QDR).

Addressing this presence and response requirement was a focus area in the QDR. The QDR recognized the time and distance problems in covering the Pacific theater and identified the need to reposition Naval forces to address "the global shift of trade and transport." Accordingly, the Navy plans to adjust its force posture and base support to provide at least six operationally available and sustainable carriers and 60% of its submarines in the Pacific to support engagement, presence and deterrence.

There are several implications of this force repositioning that are currently under review. One aspect is the pending decision on carrier homeporting, which we recognize,

is of particular interest to this Subcommittee. As the Chief of Naval Operations indicated in his previous testimony, that issue is currently under review. Another key aspect is the impact on our ship maintenance plan and our depot maintenance industrial base. Whereas the final depot maintenance plan will not crystallize until all force posture adjustments are identified, we are confident our maintenance capacity and capability will continue to meet FRP requirements.

REGIONAL MAINTENANCE PLAN

A key element in the success of the Fleet Response Plan has been the implementation and maturation of the Regional Maintenance Plan. Started in the 1990's as an initiative to gain efficiencies by consolidating like functions in a geographic region, the Regional Maintenance Centers (RMC) are evolving into one stop shopping for the maritime operational customer. The RMCs have the responsibility as well as the resources and flexibility to sustain readiness and adapt to changing priorities in maintaining a surge ready force. A similar initiative is underway in the aviation maintenance arena as a component of the Base Realignment and Closure process. In the latter case, Fleet Readiness Centers are being developed to integrate intermediate and depot aviation maintenance capabilities with the expectation of both increased responsiveness and reduced total cost.

In the case of ship maintenance, a proof of concept pilot program at Pearl Harbor Naval Shipyard was established in 1997 to evaluate the consolidation of intermediate and depot ship maintenance activities. Prior to this pilot, all ship depots operated as elements of the Navy Working Capital Fund. All other organic ship maintenance activities were direct funded, otherwise known as mission funded. In order to enable the consolidation; a common financing mechanism was necessary to achieve full integration and enable enhanced work force flexibility. While there are advantages and disadvantages of both financial systems, mission funding was chosen for this pilot effort and Pearl Harbor Naval Shipyard and Naval Intermediate Maintenance Facility was converted to mission funding. The transition to a common financing mechanism has facilitated the

consolidation and has clearly demonstrated an enhanced flexibility to rapidly adjust resources to the highest priority work, a key capability for responsive maintenance support to FRP requirements. A second pilot effort at Puget Sound Naval Shipyard and Naval Intermediate Maintenance Facility began in 2003. In this pilot, a focus was placed on demonstrating that working-capital-fund-like cost visibility can be maintained under mission funding. While the Navy recognizes the Government Accountability Office has recommended delaying additional activities transferring into mission funding pending further study, we are convinced the transition of funding mechanisms of our ship maintenance depots to mission funding is a key component of our FRP responsiveness and seek the Subcommittee's support in allowing this transition to take place. In support of that request, reports of the success of both pilots programs as well as proposed cost visibility metrics were submitted to Congress in accordance with the FY06 National Defense Authorization Act. Our FY07 budget includes conversion of the last two organic maintenance activities, Norfolk Naval Shipyard and Portsmouth Naval Shipyard to mission funding. This conversion will facilitate completion of the waterfront integration in Norfolk, and place all our maintenance activities in a single, flexible, responsive financial system that supports the Navy's readiness requirements and the FRP.

Based on the success of the integrated intermediate and depot maintenance capabilities demonstrated in our RMCs, the Navy expanded the RMC consolidation to include other maintenance support activities in addition to organic repair. Repair Supervisors of Shipbuilding (SUPSHIPs), Fleet Technical Support Centers (FTSCs) and Port Engineers are now part of the RMC in each homeport area. Consolidating these components of our waterfront maintenance infrastructure has eliminated redundancy in mission and administration functions while establishing a single pier-side maintenance activity to support Sailors and streamline maintenance actions. The RMCs have also facilitated development of a standardized waterfront maintenance process that is leading to additional efficiencies.

NAVY EXPEDITIONARY COMBAT COMMAND

In January 2006, the Navy Expeditionary Combat Command (NECC) was established. Its purpose is two-fold: (1) to coherently organize existing Navy expeditionary forces---Naval Construction Force (NCF), Explosive Ordinance Disposal (EOD), Navy Coastal Warfare (NCW), Diving and Salvage, and Expeditionary Logistics (NAVELSG)---to deliver more effective combat and combat support capability, (2) to organize, man, train and equip new expeditionary warfighting capability---Riverine, Maritime Civil Affairs, Expeditionary Training, Expeditionary Security---to support the Long War Fight---the Global War on Terror. The NECC combines the Navy's expeditionary forces under a single commander to provide Navy Component Commanders and Combatant Commanders capability to conduct Theater Security Cooperation, Security Assistance, Foreign Navy Training, Foreign Internal Defense, Maritime Civil Affairs and Riverine operations.

NECC will deliver adaptive force packages to fulfill Combatant Commander demands by leveraging both the existing solid foundation of core capabilities that exist in the Navy's expeditionary force structure described above, as well as, in several emerging capability areas. Combining these capabilities under a unified command structure is anticipated to increase the overall readiness and responsiveness of these combined forces in providing Navy support to COCOM requirements in meeting evolving irregular warfare missions. Achievement of full operational capability of the NECC is being accomplished in two primary segments.

Well-established forces within NECC include: Navy Coastal Warfare (NCW), Explosive Ordnance Disposal (EOD), Navy Expeditionary Logistics Support Group (NAVELSG) and the Naval Construction Force (NCF). The Fiscal Year 2007 budget request includes sufficient funds to meet the routine, maintenance, training and peacetime operating requirements sufficient to support the forces of these units. The $73 million included in the Fiscal Year 2006 Supplemental request, will enable these forces to

operationally engage in the Global War on Terrorism as well as to reconstitute their force capability for that purpose.

Future organizations that will become part of NECC include the Expeditionary Combat Readiness Center (ESRC), the Riverine Force, Maritime Civil Affairs Group (MCAG), Expeditionary Training Team (ETT) and Expeditionary Security Force (ESF). These new forces are intended to mature the effectiveness of the combined NECC force as well as provide enhanced maritime focused capabilities to operational commanders. Examples of this enhanced capability are the Riverine Force and the Maritime Civil Affairs Group (MCAG). The former is focused on providing patrol assets and critical asset protection in inland waterways, a capability provided by Navy in the Vietnam era that is being reconstituted to address combatant commander requirements in this area under GWOT. The latter provides a standing Navy capacity for consequence management, humanitarian assistance, and disaster relief operations in maritime theaters.

These new capabilities will be developed over the course of the Future Years Defense Program (FYDP). We anticipate that through the Fiscal Year 2006 Supplemental request and future budget submissions we will be able to sufficiently train and maintain these forces.

SEA SWAP

Sea Swap is an initiative designed to support FRP through supplying increased forward naval presence. That increase is delivered by keeping a single hull continuously deployed in a given theater of operation, while replacing the entire crews at six-month intervals. The primary objective of Sea Swap is to effectively and efficiently increase forward Naval presence without increasing operating cost. By leaving the ship in theater and rotating crews, the Navy saves on transit times and fuel cost as well as provides the Combatant Commander more in-theater presence.

The initial Pacific Fleet Sea Swap experiment in 2002-2004, involved six ships: three DDs and three DDGs. USS FLETCHER (DD 992) and USS HIGGINS (DDG 76) deployed with their respective Battle Groups and both hulls were to remain deployed with trained relief crews rotating on/off every six months. This plan was extended to include one additional Sea Swap rotation to FLETCHER for a total of four rotating crews assigned to the forward deployed DD, which remained deployed for 22 months.

In an effort to fully evaluate options and provide standard guidance for implementing surface ships rotational crewing, Fleet Forces Command and the Naval Surface Force have begun a second Sea Swap experiment involving Atlantic Fleet ships: USS GONZALEZ (DDG 66), USS LABOON (DDG 58) and USS STOUT (DDG 55). This experiment has been ongoing since March 2005 and the first of the three overseas crew swap-outs occurred in September 2005.

The Navy's goal in experimenting with Sea Swap and future alternative crewing concepts is to investigate options for satisfying Combatant Commander requirements for forward presence while maintaining Fleet Response Plan "surge" capabilities with increased cost-effectiveness. As highlighted in the November 2004 Government Accountability Office (GAO) report, we are still in the process of understanding the full spectrum of Sea Swap impacts on both our crews and ship material condition. Having said that, we view these continuing pilot efforts as providing valuable insight into alternative crewing options and are committed to determining the true cost, potential savings, and operational impact of the Sea Swap rotational crewing models. The recent Fleet Forces Command Sea Swap Experiment was specifically designed to address metrics, measure of performance, and data collection criteria for the issues raised by GAO.

In a separate Sea Swap initiative, Patrol Coastal ships, USS CHINOOK (PC 9) and USS FIREBOLT (PC 10) were deployed to the Arabian Gulf in January 2003, to take part in Maritime Interception Operations. USS TYPHOON (PC 5) and USS SIROCCO (PC 6) deployed to the Arabian Gulf in April 2004. Due to an increase in operational

requirements for Patrol Craft presence in the Arabian Gulf, these ships will remain in theater for an indefinite period. Crew Swap is being utilized to maintain an acceptable turn-around ration for the sailors within Navy standards. The operating tempo for the Patrol Coastal ships since deploying to the Gulf has been between 21 and 25 days per month. This operational tempo is approximately 50 percent higher than notional.

As a final area in which Sea Swap concepts are being explored, Sea Swap is being considered as one of several "Crew Rotational" options for the Navy's Littoral Combat Ship (LCS). Our current plan is to man the first two LCS hulls under a Blue/Gold manning concept similar to that used for our fleet ballistic missile submarines. No decisions beyond the first two hulls have yet been made.

To reiterate, the Navy continues to explore the Sea Swap initiative as a component of evaluating the effectiveness of multi-crewing concepts to provide the operational flexibility and COCOM responsiveness. We are doing so in a deliberate fashion, with the expectation of fully understanding the implications of these crewing options before embedding this approach as a permanent component of our ship manning plan.

CONCLUSION

Mr. Chairman and members of the Subcommittee, your Navy remains at a high level of readiness today. Our intention is to keep it there, while employing transformational initiatives such as I have addressed both to ensure its continued relevance to today's threats as well as to ensure we are using the taxpayers' funds most effectively and efficiently. This Subcommittee's support has been central to our ability to make that statement and on behalf of the men and women who comprise our Navy, I thank you for your commitment, service and continued support of our armed forces.

Mr. Chairman, thank you again for this opportunity to appear today. My fellow panel members and I will be happy to answer your questions.

QUESTIONS AND ANSWERS SUBMITTED FOR THE RECORD

APRIL 6, 2006

QUESTIONS SUBMITTED BY MR. TAYLOR

Mr. TAYLOR.So with that in mind, when you talk about one of the reasons the Petersburg went to Singapore instead of Guam, what you didn't say was—and I am curious to know the answer—whether it was actually—that the work was actually completed on time.

Did you save any time at all by taking it to Singapore or did you end up spending, using the example of the Wheat, more time and more money by going to an outside yard?

And I don't expect you to know everything, but for the record, can you tell us how long that took? No, you don't have to know this moment, but for the record, if you would get back to us——

Mr. JAMIAN. [The information was not available at the time of printing.]