[H.A.S.C. No. 111–65]

# HEARING

ON

# NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2010

AND

# OVERSIGHT OF PREVIOUSLY AUTHORIZED PROGRAMS

BEFORE THE

## COMMITTEE ON ARMED SERVICES
## HOUSE OF REPRESENTATIVES

ONE HUNDRED ELEVENTH CONGRESS

FIRST SESSION

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READINESS SUBCOMMITTEE HEARING

ON

# BUDGET REQUEST FOR THE MILITARY SERVICES' OPERATION AND MAINTENANCE FUNDING

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HEARING HELD
MAY 20, 2009

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# FISCAL YEAR 2010 NATIONAL DEFENSE AUTHORIZATION ACT—BUDGET REQUEST FOR THE MILITARY SERVICES' OPERATION AND MAINTENANCE FUNDING

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HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
READINESS SUBCOMMITTEE,
*Washington, DC, Wednesday, May 20, 2009.*

The subcommittee met, pursuant to call, at 10:05 a.m., in room 2118, Rayburn House Office Building, Hon. Solomon P. Ortiz (chairman of the subcommittee) presiding.

## OPENING STATEMENT OF HON. SOLOMON P. ORTIZ, A REPRESENTATIVE FROM TEXAS, CHAIRMAN, READINESS SUBCOMMITTEE

Mr. ORTIZ. The subcommittee will come to order, but before we move any further I would like to recognize my good friend from the great state of Georgia for an introduction. He was so impressed that he said, "I have got to do it this morning."

Marshall, go ahead.

Mr. MARSHALL. Thank you, Mr. Chairman.

We have with us members of the German Bundestag. In fact, they are members of the Defense Committee of the German Bundestag. And I would like the chairlady of the Defense Committee to rise, Mrs. Merten.

[Applause.]

Mr. MARSHALL. We all know that Germany is a very, very important ally of ours on a number of different fronts, and certainly military is one. And to the extent that we can increase our coordination development with our sister country, we are interested in doing that. And we appreciate you visiting with us today.

Thank you, Mr. Chairman.

Mr. ORTIZ. Thank you.

And welcome. And if anything gets out of order, call Mr. Marshall.

Today the Readiness Subcommittee meets to hear testimony on the military services' fiscal year 2010 operation and maintenance (O&M) budget request. I want to thank our distinguished witnesses from each of the military services for appearing before this subcommittee today to discuss funding for the services' readiness programs.

The operation and maintenance account is the single most largest component of the Department of Defense (DOD) annual budget request. The military services' O&M accounts provide funding for such readiness areas as operating forces, mobilization, training, and recruiting, and administration and service-wide activities.

For fiscal year 2010 the O&M portion of the budget request comprises $185.7 billion, or 35 percent of the Department of Defense's total $533.8 billion baseline request. The fiscal year 2010 request increases the O&M account by 3.7 percent, or $6.6 billion over fiscal year 2009.

However, increases in the defense health account for $3 billion, or nearly half of the overall O&M funding increases in fiscal year 2010. Additionally, the Department has requested another $74.1 billion for O&M in overseas contingency operations (OCO) funding for fiscal year 2010.

O&M is the largest portion of the OCO request, at 57 percent, for military operations, subsistence and logistics, including predeployment, deployment, and redeployment. The fiscal year 2010 O&M budget request basically leaves training at a steady state, signaling that the Department would remain focused on the counterinsurgency mission vice resourcing full-spectrum training.

The fiscal year 2010 budget request relies on the OCO funding to achieve air, ground, and sea training at levels required to maintain military standards. The fiscal year 2010 budget request decreases tank training miles to 550 from a high of 608 in the fiscal year 2009 budget request, but keeps them above the low of 459 in fiscal year 2008.

Flying hours slightly increase for the Navy in the base budget from 17.2, in fiscal year 2009, to 19.0 in fiscal year 2010, and with the OCO funding climb to 22. The Air Force flying hour program has been reduced in the fiscal year 2010 base budget by $67 million, but Air Force budget documents state the budget fully funds the flying hour program at 1.4 million hours due to the retirement of the roughly, about 250 aircraft. Additionally, the Navy will rely upon the OCO funding to achieve 58 ship steaming days per quarter, compared to a steady state level of 45 days in the base budget, putting it above the deployed force goal of 51 days per quarter.

What the subcommittee needs to hear from our witnesses today is where each of your services is taking risks in the budget request and how this budget request improves readiness. And we are very fortunate to have our witnesses today, distinguished military leaders, General Peter Chiarelli, Vice Chief of Staff of the Army; Admiral Patrick M. Walsh, Vice Chief of Naval Operations; and General James F. Amos, Assistant Commandant of the Marine Corps; and General William M. Fraser, Vice Chief of Staff of the Air Force.

And we want to thank you so much for joining us today. And now I would like to recognize the distinguished gentleman from Virginia, the ranking member, Mr. Forbes, for any remarks that he would like to make.

[The prepared statement of Mr. Ortiz can be found in the Appendix on page 39.]

## STATEMENT OF HON. J. RANDY FORBES, A REPRESENTATIVE FROM VIRGINIA, RANKING MEMBER, READINESS SUBCOMMITTEE

Mr. FORBES. Thank you, Mr. Chairman. And I appreciate the time today for us to examine the budget request from the services as it pertains to readiness.

I would like to welcome each of our witnesses. And gentlemen, we first of all thank you all for being here today, but also thank you for your service to our Nation.

As the chairman mentioned, the operations and maintenance budget accounts for over a third of the $534 billion defense budget request. And if you factor in the additional $91 billion in operations and maintenance requested for the war in Iraq and Afghanistan, that percentage rises even further.

The amount of funding in this budget request demonstrates the considerable oversight responsibility this subcommittee has, particularly when your Federal Government is spending beyond its means and when our economy is struggling. American taxpayers expect that every dollar we direct toward defense is spent in the most effective way to protect the Nation.

But the dollars are not the only component in this budget request. The strategic risks we accept in this proposal are equally important because there is no bailout or stimulus that will help us recover if our Nation is tested in battle and we discover that we have not provided the equipment, training, or resources that our men and women in uniform need for victory.

So we need you to help us understand what risks we are accepting in the proposed budget, particularly this year, when one, the budget was formulated in an accelerated manner; two, when the budget proposes major changes to force structure a year before the Quadrennial Defense Review (QDR); three, when the details of the budget were released just a couple of weeks ago; and four, when we have access to only the first year of the five-year budget. Your professional input is critical to understanding the consequences of this budget request.

When Secretary Gates testified last week he said that everyone who signed the nondisclosure agreement was free of its restrictions. And he assured us that we could expect candor in the witnesses that came over and testify on the budget. And we look forward to a robust dialogue between the witnesses and the members of this panel today.

What is particularly concerning to me in this year's budget cycle is this: Over the next few years the Federal budget will be in desperate and obvious need of savings because of the current expected cost of the bailout and stimulus packages. And at a time when adequate defense investment is most vulnerable, we are receiving less and less information on the status of our forces and the plans for the future from the new administration.

We have not yet been given a 30-year shipbuilding plan in this year's budget even though it is required by law. We have not been given a naval aviation plan even though that is also required by law. And we cannot discuss the results of Navy ships readiness reports even though they were unclassified through the entire Cold War.

While I understand the Navy's concern that the detailed information contained in those reports could be useful to those wishing to do us harm, I can assure you that the American people would be surprised to know the state of repair of our surface Navy.

The American people rightfully expect that when it comes to our national security members of this committee and officials in the

Pentagon will keep them informed of the threats we face and what we are doing to prepare for those threats. And so it is our obligation to share with the American people not only what is in this budget to keep us safe, but what is not in the budget that presents risks that we are assuming as a Nation.

As my good friend from Texas, the chairman, Mr. Ortiz, likes to say, we want to help you and we can't help you if you don't—if we don't know what you need.

So Mr. Chairman, I thank you again for holding this hearing, for your leadership, and I look forward to the testimony of our witnesses. I yield back.

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

Mr. ORTIZ. Thank you so much.

You know, all of us here—we are in the same boat. We work for the same government, and I see ourselves, even though we are sitting up here, we are part of your team. And we appreciate what you have done, not only yourselves—putting yourselves in harm's way—but our young men and women who serve our country. So thank you so much.

And now, we will begin with General Chiarelli.

Your testimony, sir, whenever you are ready to begin.

## STATEMENT OF GEN. PETER W. CHIARELLI, USA, VICE CHIEF OF STAFF, U.S. ARMY

General CHIARELLI. Mr. Chairman, Ranking Member Forbes, distinguished members of the subcommittee, I thank you for the opportunity to appear here today to discuss the current readiness of U.S. ground forces. This is my first occasion to appear before this esteemed subcommittee, and I pledge always to provide you with honest and forthright assessment and my best military advice, as requested. I submitted a statement for the record, and I look forward to answering your questions at the conclusion of my opening remarks.

As all of you know, it has been a busy time for our Nation's military. We are at war. We have been at war for the past seven-plus years. During this period, demand has continued to grow and the Army's level of responsibility has expanded considerably.

At the same time, our force has become smaller in terms of the number of available personnel. The combined effect has been increased deployments, shorter dwell, and insufficient recovery time for our soldiers and sometimes our equipment.

Today, it has been previously reported to this subcommittee, the Army remains out of balance, and overall we are consuming our readiness as fast as we are building it. Unfortunately, the Army cannot influence demand, and the current level does not appear likely to improve significantly for the foreseeable future.

The Army is expecting to gain some savings over the next couple of years, as the last of the units deployed for 15 months as part of the surge return in September 2009, and as we begin the drawdown of forces in Iraq in 2010. If executed as planned, these reductions in demand will help to increase dwell times for many of our soldiers.

However, if these plans are delayed or postponed due to unforeseen events or a resurgence of tensions in hot spots around the world, we will have to find other ways to relieve the strain on the force. In the meantime, it remains a top priority for the Army's senior leaders, including me, to do everything we can to help alleviate some of the stress on soldiers and family members.

In particular, we are committed to improving and expanding available behavior health and mental health services. Equally important is removing the prevailing stigma associated with seeking and receiving help.

This is going to take time. In the interim, we are trying to make it easier for soldiers and family members to take advantage of the resources and services that are available as discreetly as they deem necessary.

These are challenging times for our Nation and for our military, and with the support of Congress we have deployed the best manned, equipped, trained, and led forces in the history of the United States Army. I am sure of that.

It is my personal opinion that if the demand does not go down or if expected savings from Iraq are not realized, we simply cannot continue to meet the current high level of demand and sustain the force, including soldiers and equipment, without making some course-mining adjustments. I assure the members of the subcommittee that is what the Army's senior leaders are focused on right now; we are working through these issues and determining the needs of the Army for the future, and we will continue to coordinate with senior DOD officials and Congress to identify both short- and long-term solutions.

Chairman, members of the subcommittee, I thank you again for your continued and generous support and demonstrated commitment to the outstanding men and women of the United States Army and their families. I look forward to your questions.

[The prepared statement of General Chiarelli can be found in the Appendix on page 43.]

Mr. ORTIZ. Thank you, General.

The Vice Chief of Naval Operations, Admiral Walsh.

## STATEMENT OF ADM. PATRICK M. WALSH, USN, VICE CHIEF OF NAVAL OPERATIONS, U.S. NAVY

Admiral WALSH. Chairman Ortiz, Congressman Forbes, and distinguished members of the readiness subcommittee, I have submitted my written remarks and request your consideration to enter them into the record.

It is a privilege to appear before you today, sir, to testify on the readiness of our naval forces. The talented men and women, sailors and civilians, of the United States Navy continue to perform exceptionally well under demanding conditions. Your support has been and continues to be fundamental to their success.

The Navy provides our country a global expeditionary force committed to preserving the security and prosperity of the Nation, but today 45 percent of the Navy is underway. Our sailors are operating with the U.S. Marine Corps, the U.S. Coast Guard, and Maritime Coalition partners.

Additionally, over 13,000 serve ashore in the Central Command (CENTCOM) area of responsibility. The Navy is agile, it is flexible, it is capable, it is competent to do what no other navy in the world can do.

Combatant commanders want a full-spectrum and responsive naval force, and the demand for those forces remains high. The Navy is in a forward-deployed posture to represent the enduring national interest in the world stage. It deters aggression, assures allies, and fosters cooperative relationships to enhance global security.

Our charge is to act as the Nation directs in whatever role, in whatever place, at whatever time, whether it is to serve as a first responder or as a full-spectrum strategic reserve force. Our operating assumption is that we must sustain this posture to ensure freedom of access and freedom of action on, under, and above the seas to present true options for national leadership.

Therefore, we need continual, critical self-assessments to review the balance of issues that affect our ability to sustain a forward-deployed full-spectrum force. Today we see the risk in warfighting readiness, personnel, and force structure programs as increasing, which requires our focus, attention, and priority resourcing. While the fiscal year 2010 budget aligns with the goals of our maritime strategy, we are assuming an increasing level of risk because of challenges associated with fleet capacity, increasing operational requirements, and growing manpower, maintenance, and infrastructure costs.

The Fleet Response Plan (FRP) optimizes our ability to provide forces to support the maritime strategy by maximizing availability, return on investment, and flexibility of missions. Specifically, the plan for fiscal year 2010 will enable us to deploy three carrier strike groups continuously, surge an additional carrier strike group in 30 days, and if required, have another ready for deployment in 90 days.

This year's budget allows us to maintain continued forward presence, but as we balance priorities, we have had to adjust the overall capacity of our forces in reserve and their readiness to surge. It is an adjustment from previous force levels, but this adjustment demonstrates the flexibility of the Fleet Response Plan because we can tailor our surge response capacity and timing for the levels of risk acceptable to the combatant commanders, consistent with the prevailing threat and geopolitical environment.

A substantial percentage of the future force is in service today—69 percent. The foundation of the Navy's plan for a forward-deployed, surge-ready naval force is our ability to reach the expected service life for each of our ships. Chief of Naval Operations (CNO) is committed to executing the technically-determined required maintenance necessary to ensure all platforms reach their expected service life.

We conduct a board of inspection and survey (INSURV) material inspection of our ships. These inspections, by design, are rigorous, critical, candid, direct, and conducted to determine the health of our fleet. I would be concerned with the rigor of our inspection regime if we did not see discrepancies identified. I echo the CNO's

commitment to provide this committee the annual report that comes from the board of inspection and survey.

Our people continue to deliver on their commitment to the Nation. Retention rates continue to rise across the force. In the officer corps, we continue to pay special attention to the medical and naval nuclear propulsion communities. While incentives and bonuses have contributed to increased retention, selective sub-specialties continue to require attention.

In the enlisted force we are exceeding retention goals and continue to see a significant reduction in attrition. Your Navy remains ready and capable of meeting challenges today, but the stress on the force, our ships, and aircraft is increasing.

While we can meet operational demands today, we have pressurized and stretched the respective resource accounts. Achieving the right balance of discipline within our resources is essential, otherwise we will not be able to meet our responsibilities to respond to additional operational demand, take care of our people, conduct essential platform maintenance, ensure our fleet reaches its full service life, and procure the fleet for tomorrow.

Thank you for your continued support of our Navy, and I look forward to your questions, sir.

[The prepared statement of Admiral Walsh can be found in the Appendix on page 51.]

Mr. ORTIZ. Thank you, Admiral.

Now, the Vice Chief of Staff of the Air Force, General William Fraser.

Thank you, sir.

**STATEMENT OF GEN. WILLIAM M. FRASER III, USAF, VICE CHIEF OF STAFF, U.S. AIR FORCE**

General FRASER. Mr. Chairman, Congressman Forbes, distinguished members of this committee, it is indeed a privilege to appear here this morning and to share with you the state of your Air Force's readiness.

In today's national security environment, with challenges across the spectrum of conflict, your Air Force has put readiness first. I am proud to report this morning that the over 660,000 men and women of America's Air Force are all in. We are ready to do whatever it takes to fight and win America's wars.

Despite a continuous high operations tempo and sustained deployments for almost two decades now, our Air Force stands ready to execute its missions with precision and reliability. Now, and into the foreseeable future, we will continue to face a wide range of threats to our Nation's security. These threats require new solutions, innovative military capabilities, and the unwavering resolve of our airmen.

From advancing our work in irregular warfare and counterinsurgency operations to sustaining and maintaining our Nation's nuclear deterrent capabilities, we have continued to answer the Nation's call. And yet, these challenges have brought new stresses on the readiness of our systems, including our most important weapons system, our airmen.

Prioritization readiness means organizing—prioritizing readiness means organizing, training, and equipping a force capable of meet-

ing our commitments. Through your support, we have been able to recruit and retain the individuals necessary to meet these sustained and emerging missions, a collective force that is properly developed and trained to execute the mission, and one that is provided the support programs that they and their families so richly need and deserve.

Our platforms are exhibiting signs of stress, evidence of the uncertainties we face by operating them beyond their normal service lives. While we continue to extend the service life and work to better understand the implications of these extensions on the systems, the groundings of multiple aircraft in recent years illustrate the need for both continued recapitalization and modernization programs.

Mr. Chairman, Mr. Forbes, members of this committee, we are grateful for your steadfast support of our efforts to organize, train, and equip the total force. We have stood ready throughout our rich history; we proudly stand ready today. And through the continued support of this committee and the incredible resilience of America's airmen, we will stand ready in the future to deliver the capabilities in air, space, and cyberspace that our joint and coalition partners expect and that our Nation deserves.

Thank you again for your time this morning, and I look forward to your questions.

[The prepared statement of General Fraser can be found in the Appendix on page 86.]

Mr. ORTIZ. Thank you, General.

Now the Assistant Commandant of the Marine Corps, General Amos.

General.

**STATEMENT OF GEN. JAMES F. AMOS, USMC, ASSISTANT COMMANDANT, U.S. MARINE CORPS**

General AMOS. Thank you, Chairman Ortiz, Representative Forbes, and distinguished members of this subcommittee. Thank you for the opportunity to talk to you a little bit about the readiness of your Marine Corps.

As we sit in this hearing room today, there are more than 30,000 Marines deployed across the globe supporting exercises, security cooperation activities, and overseas contingency operations. Within the CENTCOM theater of operations alone there are 16,000 Marines still left in Iraq and another 6,000, going up to 10,000, establishing a presence in Afghanistan.

Despite high operational tempo, your Marines are resilient, they are motivated, they are a happy lot, and they are performing superbly in missions across the globe. For the past seven years they have been fully engaged in winning in combat. This sustained effort and performance has not come without cost to the institution, to our equipment, to our strategic programs, and most importantly, to our Marines and their families.

Our forward-deployed units are manned, trained, and equipped to accomplish their assigned missions, and they report the highest levels of readiness. We have taxed, though, our nondeployed forces and strategic programs to be the bill-payers for that forward-deployed high readiness.

The majority of our nondeployed forces are reporting, as a result, degraded readiness. Because our equipment, personnel, and training priorities have been necessarily focused on counterinsurgency operations, we have experienced degradation in some of our six traditional core competencies.

Although the current security environment has justified the tradeoffs, we must maintain a balanced force capable of responding to crises across the globe and across the full range of military operations. These operations are supported by the fiscal year 2010 baseline and OCO budget request. The $26.5 million in baseline request and $5.7 billion, which pays for operations and maintenance activities, supports equipment repair, family support programs, and all the day-to-day activities of your Marine Corps.

The $3.8 billion in O&M funding in our fiscal year 2010 OCO request will support both our drawdown in Iraq and our increasing operations in Afghanistan. It will support transportation costs, repair of equipment, reset, and the day-to-day operating costs.

With your continued and consistent support, we will no doubt succeed in current operations, take care of our Marines and their families, reset and remodernize our equipment, and train the Marine Air Ground Task Force for the future security operations.

Sir, I look forward to your questions.

[The prepared statement of General Amos can be found in the Appendix on page 104.]

Mr. ORTIZ. Thank you so much.

One of my questions this morning is going to be, if you all, the witnesses, could describe the specific areas in your fiscal year 2010 budget request where you have knowingly taken risks and why you believe it was acceptable to take risks in those areas. Now, we are not here to, you know, point fingers at anybody, but I know that sometimes you have to make some very, very hard decisions.

But if you would like to tell us why you have to take those risks, maybe we, the committee and my good friend, Mr. Forbes, and I, and the rest of the members of the committee could be in a position to, you know, really help you. We can start with General Chiarelli.

General CHIARELLI. Mr. Chairman, if I had to look at where I feel we are taking the most risk, I would have to say that it is on the assumption that demand will go down. That is my biggest concern.

We are planning on a drawdown from Iraq, which, if it happens as planned, will take pressure off the force. I often say that my job is to worry about things, and my—and when I worry about things, what I worry about is that for some reason that will not occur, and that might be if we take forces out of Iraq, but there may be something else that occurs, either additional requirement for forces in Afghanistan or some other hot spot, which puts us in a situation where we have to maintain the minimum amount of dwell we are maintaining right now for our forces, and that concerns me the most.

Mr. ORTIZ. Admiral Walsh.

Admiral WALSH. Sir, the lesson that we learned on 9/11 was that we did not have a fleet that was available to deploy. So the Fleet Response Plan that we put together since then is one that gives na-

tional leadership a construct in which we present forces that are prepared and ready across a full spectrum of capabilities.

The tension that I see is the pressure to drive into the baseline, now, effectively, predictions on something that describes a world that we just can't predict. And so, the risk that we have to begin with, before I get into the specifics, is shooting behind the target before 10 ever becomes executable.

So the challenge that we have is now trying to articulate for national leaders what the operating tempo of the new normal is for the fleet. In earlier remarks we heard references to steaming days, and frankly, the steaming days is a construct that we used to have, but the Fleet Response Plan really presents to national leadership an availability of forces that are either deployed or are surge ready.

Where you will see us take risks, specifically in the 2010 budget, is how much capacity we hold in reserve. What we have looked at when we have reviewed the utilization of that construct since 2003 and 2004, when we first introduced it, is that the predominant use of forces is for deployed forces who are already underway.

Now, this doesn't fit into a neat accounting scheme, in terms of whether or not we are actually operating in support of a war or not, so trying to describe routine in this kind of world that we are in since 9/11 becomes especially problematic for those who are trying to exert discipline in the baseline as well as trying to define, now, in the maritime sphere, what the wartime overseas contingency operations really involve. So the accounting can sometimes get in the way of actually being responsive as the construct that we presented to national leadership.

We think, when we look at the use of the FRP over time, that on several occasions, both Katrina or in non-combatant evacuation operation (NEO) operations in support of Lebanon, we have relied on a cold start for ships that were in this surge capacity. Predominantly, we will use forces that are already underway and extend those forces as required in order to meet new national demand.

So what you are seeing now is a reflection of cutting back on some of the surge capacity that we have. To Representative Forbes' comments earlier about concerns about overall ship maintenance, I see this as an opportunity to get time, which is not very well articulated in any of this other than that we have an operating capacity of about 45 percent underway today. And I do think this will allow us time to do the deep sort of maintenance work and inspections that are required in order to reassess, again, where we are today in terms of the overall health of the fleet.

Mr. ORTIZ. General Amos.

General AMOS. Mr. Chairman, we have successfully, as a Nation, misjudged what the future holds almost consistently. Our record—our track record—for many, many years, not through lack of effort or through lack of skilled Americans trying to determine what the future holds, we have nonetheless misjudged it more often than not.

My point is, we don't know what the future holds. Specifically, in the Marine Corps we have worked hard in the last couple of years to try to push as much into the baseline and make those hard decisions—for instance, manpower, cost of manpower, and those types of things—and we have worked hard at that. So the

risk for this year in 2010 is—and really the 2009 and 2010 OCO—resides in the supplemental and the reset, the reconstitution, of your Marine Corps forces.

We have a significant amount of money hinged in the OCO requirements for deeper level maintenance for all that equipment that is in the process of retrograding out of Iraq now and will continue to be over the next 12 to 15 months. That equipment has to be rebuilt. It has to be triaged; it has to be redistributed. And that that is cost-ineffective, we will disregard it. We will get rid of it. But we have a significant amount of money in the supplemental for 2010 and 2009 that deals with modernization.

The other point I would make that we are taking risk in, sir, is, because we are singularly focused, as an institution, on counter-insurgency operations, we, as a Marine Corps for you, are taking risks in these other core competencies that we—that you expect, and in some cases by law task the Marine Corps to be able to do—forcible entry operations, other operations that we would call full-spectrum. So all that is kind of tied with this thing called the current fight that we are in. We are not grousing about it, and as I said in my opening statement, we are performing well in it.

But the reset of the Marine Corps is hinged almost exclusively on the supplementals. And we are taking risks there, should the supplemental not find its way into our coffers. Thank you.

Mr. ORTIZ. General Fraser.

General FRASER. Thank you, sir.

As an institution, I think the biggest challenge that we have had is trying to come up with the right balance—the right balance across all the core competencies that we, as an institution, provide for this Nation. And as my colleagues have already stated here, it is not being able to predict what the future is going to hold is to make sure that we stay focused on today's fight and do everything that we can with the capabilities that we have, while bringing on new capabilities as we see them evolve, bring them into the baseline.

But we can't take our eye off the future, and we don't want to sacrifice the future for today. So finding that right balance is something that is very important for us.

The other thing that I would say is, we are finding out more and more about our aircraft as the fleet continues to age. And so, we have had to do some things that we had not anticipated with our aircraft fleet as they do get closer to a service life extension program—establishing a fleet viability board, where we can better understand the stresses upon the aircraft that we have, and then what is that right balance, from a technical standpoint, to either go for recapitalization or modernization of a particular fleet.

We think there is an opportunity here that we can take, a bit of a strategic pause and some additional risk, which is why you will see in our budget we have recommended for a combat air forces reduction so that we can utilize those savings, both in dollars and in manpower, for both emerging missions, but yet, setting ourselves on what we think is the right path for the future.

So it is the challenge of striking that right balance across the myriad of missions and our core competencies that we have, and

then bringing that into the base budget as we look to the future is our biggest challenge right now. Thank you, sir.

Mr. ORTIZ. Well, thank you so much for being candid with you—with us, because this is the only way we can help you. And I know there is a lot of problems out there, but we want to see what we can do to help you.

Now I yield to my good friend for questions.

Mr. FORBES. Thank you, Mr. Chairman.

And thank all of you for being here today and for your expertise. I want to begin by telling you something I think you already know, and that is the tremendous amount of respect that the members of this subcommittee have for one another, the tremendous amount of respect we have for each of you.

But we each have to come here each time we have a meeting and we have to wrestle with the difficulty of asking tough questions and then going back and saying, "Was that question embarrassing? Did I ask it too harshly?"

Or, we walk back and say, "Did I not ask a question that could have impacted the national defense of this country?" So this morning the questions that I ask you—if I ask anything that catches you off guard or is embarrassing or whatever, you don't have to answer it. Just tell me, "I don't want to answer it," and maybe come back and get it for the record for us, because that is not our intention; it is just our intention to try to get at facts that are there.

Admiral Walsh, I want to first of all thank you for your testimony, and I want to preface this by saying, when Secretary Gates was here he told us that we could rely on you being able to say whatever any of you felt was the correct answer. You didn't have to come in here with the Department position or service position—that we could ask you your opinions.

And so all of my questions this morning to all four of you are for your opinions, because we have enormous confidence in you and in your integrity and what you are saying to us.

Admiral, I am concerned because, as you know, the law requires that when the budget is sent over to us that the Secretary must send a shipbuilding plan over. And he also then needs to give a certification. That certification needs to be that the budget that is sent over will meet the plan, so that the Chairman, and I, and other Members of Congress can say, "This is our plan. We have got a plan, and we know that the Secretary believes that this budget will meet the plan."

If it won't meet the plan, he has to submit to us the risks that we are taking for not fully funding that budget that will meet the plan. As you know, the Secretary has not submitted that plan. Based on the testimony that we have, he doesn't intend to submit that plan until next year.

I would like to ask you—and again, if you can't answer today, please come back to the record—what legal right does the statute provide to simply not comply with that statute?

Admiral WALSH. I wouldn't pretend to be a lawyer, nor could I be able to offer you a legal interpretation. I will give you a common sense answer, sir, if that is okay.

Mr. FORBES. Sure.

Admiral WALSH. First of all, there is a new team on board. The new team has, in my view, placed greater emphasis on a QDR that is far sooner than I would have expected with the new administration. So in terms of following the Secretary's guidance, it seems to me one of the challenges that we have and the rule set that we are given, in terms of presentation of a budget, is that we don't have an understanding of what the out years look like largely because of the unanswered questions and insights derived from the Quadrennial Defense Review. That is a priority established by our national leadership, and we can simply—I don't see how we have any room for interpretation on that.

The challenge with the 30-year shipbuilding plan historically has been the lack of stability and predictability for those in the ship building industry to have some reliable document to refer to, so when they make their plans for their labor force, for the skills and when they work with sub-vendors, that they have got an understanding of what the future looks like. If we were to go forward with a presentation of a 30-year shipbuilding plan without having an understanding of what fiscal year 2011, 2012, 2013, 2014 look like, then I run the risk of creating further problems for the industry.

So the stability at the industry is part of the covenant that we have in order to be able to come before the committee, and I think we would do more harm than good to try and submit something without the full understanding of what the administration and the team want to do in the out years for the Department of the Navy. I simply do not have those insights.

I acknowledge the requirement by law. I don't think there is an intent here to work around the law. I do think there are some practical implications of where we are today with a new team that is on board that is still trying to find where it wants to go in terms of overall national security strategy, Quadrennial Defense Review, and other documents here that are critically important to the overall alignment of resources and the direction that the country wants to go in.

Mr. FORBES. And Admiral, I would just ask if you would, after looking at this, maybe respond back for the record on anything else that comes before you. But if you look at that statute, it covers exactly the situation that you have raised, and it says until we get a new shipbuilding plan, we are to use the existing shipbuilding plan that is in effect.

So what the law required was that the Secretary submit to us the existing shipbuilding plan. If he wants to change it, that is okay—change it down the road, okay. But then, at least to say, "This budget will not meet that shipbuilding plan, and here are the risks that we take."

It isn't just for the industry. It is for us to be able to see it too, because if we don't have a plan and we just hear goals of 113 ships but we don't have a plan to link it up, we don't have a clue whether we are getting there or not.

So I would ask, as you go back, if you could look at that and perhaps give us whatever the Navy's justification is for not submitting that, other than just, "We don't want to do it."

And please don't take that offensively, because I don't mean it that way. It is just, I don't see the option in the statute for the Secretary just to come in and say, "We are just not going to do it for a year," even if he wants to change that.

Second thing I would like to ask, and then I will move on, we are told that—not just told; I have a letter here from the Secretary to each of the Chiefs stating that on unfunded requirements for 2010, that he expects them to first inform him of a determination of what they are before they are to meet with Congress and let Congress know.

Are you aware of that letter?

Admiral WALSH. I am aware of what Navy's unfunded requirements are. I can speak to those. I don't know that I have seen, necessarily, that letter.

Mr. FORBES. Okay. And I am going to ask each of you all the same thing, but the letter was dated—we have a copy of it from April 30, 2009, and it is basically, from the Secretary, saying that before you give this to Congress that he says, "I expect you to first inform me of such a determination so we can schedule the opportunity for you to brief me on the details."

So the question I would ask is, on that unfunded mandates list, are you aware of whether any such meeting took place with the Secretary when the Navy carried its unfunded mandates list to him?

Admiral WALSH. My understanding was that CNO had an opportunity to discuss this with the Secretary.

Mr. FORBES. Was there a difference between the unfunded mandates list submitted to the Secretary and the one that has been submitted to Congress now?

Admiral WALSH. Yes, sir.

Mr. FORBES. Can you tell us what that difference was?

Admiral WALSH. Yes, sir. Back to your previous question, I understand your question and will get back to you, sir, on the 30-year shipbuilding plan.

And to this question in particular, what we have found recently is a review of cost estimates associated with the P3 red stripe. In particular, what we have learned is that we had gone with the contractor's estimate, which was a very conservative estimate that suggested a much more thorough level of maintenance was required for the re-winging of P3s affected by a red stripe issue.

Once we got inside the wings and took another look at it, we did not find the fatigue level or cracks in the wing box that the contractor had previously recommended that we review. So you are seeing a difference of about $465 million between the original request that went into the office of the Secretary and what actually came out.

There is an internal memo from us to the Secretary that requests to delete that. So that was initiated on our part because we can take care of the P3 maintenance issue through authorized and appropriated funds.

Mr. FORBES. And Admiral, I would just ask you, if you don't mind, if you could submit that for the record so we can see the difference.

[The information referred to can be found in the Appendix on page 123.]

Mr. FORBES. And then the last question I would like to ask you is this: Last year the Navy had a $4.6 billion unfunded mandate request. This year we have a $395 million request—less than $0.5 billion. That is over $4 billion different. Was that unfunded mandate list changed based on risk assessment or budgetary needs?

Admiral WALSH. I don't know that I witnessed any particular conversation that took place between comparing the unfunded list in 2009 to the unfunded list submitted in 2010, nor do I get a sense of an effort by outside forces to reduce that list from what the service actually asked for. Instead what I see is a recognition that a substantial amount of the national budget is tied up in debt and that the services are really taking a very disciplined approach about how to sustain themselves.

The idea that we can go forward in 2010 and still receive aircraft, ships, submarines is critically important to the future of the Navy, and also recognizes the commitment that this committee and others have given on behalf of us. So I think the effort going in now is to sustain the service life of those accounts, particularly in aviation and shipboard maintenance. And what you are seeing is an unfunded list that will bring that level to 100 percent funding.

If the CNO was given an extra dollar that is exactly where it would go. It would go into the maintenance accounts rather than for additional procurement, at this point, sir.

Mr. FORBES. And Admiral, I would just close my questions with you by just asking if you could submit for the record an explanation of how we got from $4.6 billion of needs last year to $395 million of unfunded needs this year, because I don't think our risk has changed markedly, and second, I know we didn't fund enough to make up that differentiation. So if you could give us that for the record, I would appreciate it.

[The information referred to can be found in the Appendix on page 127.]

Admiral WALSH. Yes, sir.

Mr. FORBES. And General, same question for you. I know that the Army must have had an unfunded mandate list that it carried in to the Secretary. I am assuming it complied with this letter as well.

If you could, at some point in time, just let us know if there were any differences between what the Army submitted as its unfunded mandates list and what it then submitted to Congress, between the meeting with the Secretary and the meeting here. But then the second thing I would ask: If you can tell us, last year we had $4 billion of unfunded mandate requests—unfunded lists, I am sorry—from the Army; this year less than $1 billion. How did we go from $4 billion to $1 billion?

General CHIARELLI. I guess I would have to agree with General—Admiral Walsh on this. I think all the services are looking very, very hard, given the economic situation in the country, to see if we can't do our best to make those lists as small as possible.

I had the opportunity to be in the meeting with the Secretary of defense and represent the Chief, and I will tell you, our list went

up. The list that I am told the Chief submitted last night went up by, I believe, about $600 million.

Mr. FORBES. I am sorry, General, went up from what?

General CHIARELLI. It went up from our original list that we had submitted, which was just over, if I remember right, $300 million. So we went to just short of $1 billion in the list that was submitted, I am told, last night.

Mr. FORBES. General, did anyone give any direction to reduce those sums down based on budgetary concerns?

General CHIARELLI. No. I think it is just the understanding of all of us that as we watch the economy of the country and see what we, as a Nation, are going through right now, that we, the services, need to do everything we possibly can to control those costs.

Mr. FORBES. And General, again—and each of you, please understand, I am trying to ask these as respectfully as I can just to get the answers, so this is nothing with you—I fear that we have shifted from our strategy driving our budget to our budget driving our strategy.

And the question I am looking at is, last year we had $4 billion of unfunded requests. Undoubtedly, that was based on a risk assessment that you were looking at and needs that you felt the Army needed to meet that risk assessment. My question for you is, is that reduction from $4 billion to less than $1 billion based on a reduced risk assessment that you feel, or was it driven by budgetary concerns?

General CHIARELLI. I believe it was driven by what the Chief thinks is really needed. I think he has been quite clear, in working the Army toward an enterprise approach to everything we are doing, that we have got to control costs. And this has been a focus of his; it is a focus of all of ours to look at ways that we can, in fact, control costs.

Mr. FORBES. And the last question I would just ask you, then, if you would submit for the record for me why the Army felt they needed $4 billion in unfunded requests last year but have now determined that they really didn't need those requests, and submit that for the record so that we can look at that, General, I would appreciate that.

[The information referred to can be found in the Appendix on page 127.]

General CHIARELLI. I will do that, sir.

Mr. FORBES. And then, General, if I could ask you on the Air Force the same thing: We had $18.4 billion of unfunded requests last year; we are down to $1.9 billion this year. Are you aware of a list that—of unfunded requests that went to the Secretary that is different from the one coming to Congress?

General FRASER. Sir, I am aware of the list that went in, the discussion that was held, and there were not changes, based on what I was told, that came out of that meeting and what was actually submitted.

Mr. FORBES. And if that is the answer—and I am sure you are telling the absolute truth—can you tell us whether the reduction from $18.4 billion last year to $1.9 billion this year was a result of a change in risk assessment, or was it driven by budgetary concerns?

General FRASER. Sir, we looked at the requests that came over for an unfunded list. We wanted to go into that realizing that we needed to be fiscally responsible. We wanted to focus on today's fights and what was underfunded as we built the 2010 budget.

Mr. FORBES. And General, without interrupting, I just need to ask you—I would assume that you had that same concern last year, that you wanted to be fiscally responsible last year as well. Wouldn't that be a fair statement to stay?

General FRASER. Yes, sir. Not being in this position at that time, I——

Mr. FORBES. Whoever was in that position, I am sure would have had that same end?

General FRASER. Yes, sir.

Mr. FORBES. Do you feel that they were not fiscally responsible last Congress when they submitted the $18.4 billion request?

General FRASER. No, sir. It would be inappropriate for me to comment. I was not a part of that at that particular time.

But I know the guidance that we gave as we looked at 2010, we wanted to fix the items that we felt like were underfunded and that we needed to take care of for this fight nowadays. We also wanted to accelerate some capabilities into the fight to have a positive impact, so that was another area that we wanted to focus on, which was something that we certainly took a look at.

The other guidance that we had given was, no new starts. And so that is why I say we wanted to take a look, and the guidance that we gave to the staff as they were bringing this forward was to fix the things that were underfunded and then accelerate capabilities to today's fight, realizing, sir, that as we go to 2011 we are going to be informed, though, by the results of the Quadrennial Defense Review. We have other studies and analyses that are going on and that we will utilize that to then better inform us on what we build in the out years.

Mr. FORBES. And General, last question I have is for you. Same thing with the Marines, we were $3 billion unfunded needs last year; we are $188 million this year. If you could submit for the record the difference between what the Marines submitted to the Secretary and what was ultimately submitted to Congress, and also, if you could tell us if that reduction was based on a change in risk assessment or if it was based on budgetary concerns.

[The information referred to can be found in the Appendix on page 127.]

General AMOS. Sir, I will do that gladly.

If I could make a anecdotal comment, I also was present, along with General Chiarelli, and presented the Marines' unfunded list to Secretary of Defense, and it was very enlightening when the Secretary said—and I don't want to—I guess I am speaking for him, so to speak, but he looked at the service Chiefs and those of us that were representing our service Chief, and the thrust of his argument—not argument—the thrust of his statement was not how much or how little this list can be.

Quite honestly, it was just the opposite. His intentions were honorable. He looked at all of us and said: As you submit these lists, is there—my question for you, as service Chiefs, is there anything that is on this unfunded priority list that you did not know about

when you submitted the program objective memorandum (POM) 10 bill, when we submitted the budget.

And if you remember, sir, we began building that budget early last summer and really submitted the final up to the Office of the Secretary of Defense (OSD) probably around October or November timeframe. So his question was: What has happened, or is there anything that has happened, that now makes these things on the unfunded priority list—in our case $188.3—more exigent than those things that you submitted in the fiscal year 2010?

And his thrust was, if there are then maybe we should go back and modify the 2010 budget. In other words, let us pay for those things. Let us be good stewards of those things.

So to be honest with you, sir, we submitted our list of $188.3 million and didn't even bat an eye, but I came away from that meeting thinking, "Boy, his intentions were absolutely honorable on this, and he wants to make sure that we get what we need."

Mr. FORBES. And General, I just want to close by—want to apologize unto the subcommittee for taking this much time, but I think this is one of the most important things we will do this year in asking these questions.

Second, I want you to know, I do not question anybody's intent or their honor in doing any of this. And we all know that at some point in time you do have to balance the resources you have against the risks that you have. The only question I would say to all four of you, and I open this up for you to submit it to the record: We are trusting you. We trust your integrity that you are going to tell us what the risks are that we are facing, because ultimately this committee doesn't challenge at all anybody's integrity or their honor. But we need to know what the risks are. And when we see budgets coming over to us we are assuming you are telling us, "This is the risk and we are meeting the risk."

If you tell us the risk is greater, and you need more resources, and we don't get it, that is on our shoulders. But if you come over here and tell us, "This is all we need," and we supply that, and we find out later on that that was driven by budgets and not by the actual risk assessment, then that is something we all have to carry on our shoulders. And that is why we are giving you this opportunity to put that in the record. So if we come back down here a year from now or whenever, we can say we at least knew the risk, and we made the decision not to fund this risk adequately.

But thank you all for, again, your service and being patient with me in asking questions.

Mr. Chairman, I yield back.

Mr. ORTIZ. Thank you.

The chair recognizes the gentleman from Texas, Mr. Reyes.

Mr. REYES. Thank you, Mr. Chairman.

And gentlemen, thanks for being here this morning. We welcome you and we thank you for your service, and certainly know that you have been wrestling with some very tough issues with the limitation on budget.

General Chiarelli, I wanted to start with you because you and I have talked in the past about the stress on the troops and also their families, and the hope that we have that we are seeing the troop levels in Iraq hopefully start coming down. But at the same

time, we know we have got the challenge in Afghanistan, so we are potentially, if things go according to plan, are going to trade deployments in Iraq for deployments in Afghanistan.

There have been a number of incidents where—one in my district at Fort Bliss and one recently in Iraq—where the stress has led to unfortunate incidents. My concern, and I would ask you to address this, is in the face of these deployments and continuing deployments, I think perhaps for the next decade, and the dwell time limitations on troops coming out of combat theater, how do we justify going from 48 to 45 Army brigade combat teams?

And then the second part is, what are we doing to help with—because I know this is a personal interest to you—to help with military families coping with the stress of constant deployments? In my visits to our soldiers there in Fort Bliss, we have got, on a pretty common, regular basis, we have got troops going back for a fifth deployment. So that is just, from my perspective, an indicator that we don't have enough troops, that the operational tempo is too high, and yet we are going from 48 to 45 combat brigades.

General CHIARELLI. Sir, as you well know, we have the soldiers on board to build those brigades today. I think that is important to understand. We have 549,000 soldiers in the active component force. And in fact, we have got to take it down to 547,400 to get within our end strength.

The three brigades that were going to be built were going to be built in fiscal year 2011. That is after we should see savings from the Iraq drawdown. And those soldiers that are on board today, at 549,000, that delta of 10,300 soldiers are being used to thicken the formations that are going out today. I think the Secretary explained that in his decision to go from 48 to 45, and I have got to tell you, to me that makes sense.

He also indicated that if demand does not go down and we get further into this he would reconsider the decision to go from 48 to 45. And that is something we are going to look very, very hard at, because as you well know, that is my biggest concern. If you want me to tell you where I think we are taking risks, that is what concerns me.

And that leads into your next question, and that is on families and stress. I recently went on a trip to take a look at seven installations in eight days, and I went out to look at suicide prevention programs, since the Secretary of the Army has put me in charge of the Army's efforts to try to lower the number of suicides.

When I was at my fourth installation, I came to the realization that this isn't about suicide prevention programs; this is about helping soldiers and families—and I really emphasize families—improve their mental wellness, their mental health. And this has to be a multidisciplinary program.

We tend to concentrate on mental health care providers, and we need more. If you were to ask me how many more we need, I could not tell you. I can't tell you because I am trying to determine, after seven years of war with the stress that this force has been put on, how many do you really know? What I know now is I don't have enough.

But this is bigger than mental health care workers. It is supporting our chaplain's programs, his strong bonds programs, where

he takes both deploying and redeploying soldiers' families on a marriage retreat where they talk about some of the issues that they have had or are going to have going into that deployment or coming out of that deployment.

It is substance abuse counselors. We have got an issue that we have to work. I need more substance abuse counselors, and we are taking action now to hire more substance abuse counselors.

Again, it is hard for me to tell how many more I need. I just know the demand is not being met today.

So I am looking at this thing holistically, but the number one thing that I need to get this under control is to increase dwell. I have got to increase dwell. I know that when that happens many of the issues that we are seeing today will—not being eliminated, will decrease.

I would just leave you with one quick story. I was briefed yesterday on the number of nondeployables that are in upcoming brigades that are going out to the United States Army. And I saw those nondeployable numbers up in the vicinity—very, very high, except for one single brigade, which was very, very low—less than 4 percent of his formation was nondeployable as compared to 12 to 14 percent in some of these other brigades.

And I asked a question: What is this guy doing right that the others aren't? And what I found out is that he is on the Global Response Force, has been in the country for 2–1/2 years, has got the longest amount of dwell time of any unit in the United States Army, and his nondeployable rate is down under 4 percent. I think that is illustrative of the fact that time at home is what we need so that both soldiers and families can repair themselves.

Mr. REYES. Thank you, General.

Mr. Chairman, as you know, we have talked to Chairman Skelton about the issues that the General mentions in terms of doing everything we can to support the family structure as well as the soldier. This may be an issue that we might want to have an additional hearing on. Thank you.

Mr. ORTIZ. And we know that we are facing a lot of decisions that we have to make soon, and I agree with Chairman Reyes. We might be able to maybe have a separate hearing to dwell on this specific issue. But with what you have got, we appreciate what you have done. We really have.

And now I yield to my good friend, Mr. Rogers.

Mr. ROGERS. Thank you, Mr. Chairman.

And I want to thank all of you for being here and for your service to our country.

General Chiarelli, in looking at the baseline budget for 2010 and the supplemental, I notice there is an $87.4 billion has been requested, and that is just a 0.7 percent increase over fiscal year 2009, less than 1 percent. Can you talk a little bit about how this flat-lining of operation and maintenance funding will affect the active Army?

It seems inconsistent with the degradation that I know General Amos talked about in his opening comments, and I am sure you have got that in your equipment as a result of this seven years in two theaters of war. It seems like that is an inconsistent number with the growing amount of maintenance that we are having on

our equipment. Could you talk to me about how that is going to affect your ability to maintain your equipment?

General CHIARELLI. Well, as you well know, sir, our reset amount—what we are taking to reset the force—which is a critical piece of what we are doing with maintenance of equipment coming out of the force right now, is all in our OCO. And that is——

Mr. ROGERS. It is on what? Is your microphone on? I can't hear you very well.

General CHIARELLI. I am sorry. It is on.

Mr. ROGERS. Okay.

General CHIARELLI. It is in the OCO—the O-C-O—overseas contingency operations portion of the budget.

Mr. ROGERS. Yes, sir.

General CHIARELLI. That is a total of $11 billion. That has gone down. It was a high in fiscal year 2007 of $16.4 billion. It has gone down to $11 billion.

But we see that as significant—as the amount of money that we need to reset the forces that are coming back, that we know are coming back in the fiscal year 2010 period. I would expect that portion of the budget to go up in fiscal year 2011, and I would because we are going to be—if we, in fact, have the forces flow out of Iraq like we are planning on having them flow out, that reset money will probably go up because of those forces returning to the United States.

I will remind you that the Army has been consistent in its position as saying that if hostilities were to end today, we have still got a two-year period that we feel that we are going to need to have to reset the force. That will be bills for two additional years in order to reset the force.

Mr. ROGERS. Great. Thank you, sir.

General Fraser, the KC-X program will replace the KC–135s, hopefully in my lifetime—not been looking good so far. They are already an average of 47 years old. Given the delays in the KC-X and the fact that the KC–135 will remain in service for maybe 30 more years, keeping these airplanes available to support combat operations around the world is obviously an important objective.

Currently, the KC–135 program depot maintenance is performed organically as well as by outside contractors. I understand that in fiscal year 2010 the Air Force is planning to increase the number of aircraft inducted into programmed depot maintenance (PDM) organically from 48 to 54 and reduce those done by outside contractors from 29 to 23. Can you talk a little bit about how you are going to be able to handle that organic increase in work?

General FRASER. Thank you, sir. I will get back to you on the specifics of that. I know there are some adjustments that are being made within the schedule as we take a look to ensure that those aircraft meet the depot schedule, and so I would like to provide that detail schedule to you and what that actually looks like.

[The information referred to can be found in the Appendix on page 128.]

Mr. ROGERS. Great.

General FRASER. Now, I know there are some reductions that we had planned on with respect to the depot maintenance, and that is specifically related to the planned retirement and approved re-

tirement of some of the KC–135Es. They are not necessary to go into the depot, so we are able to take that out, so that is one reason that you see some of the reduction, but the actual specifics of that, I would like to provide that to you.

Mr. ROGERS. I would appreciate that.

And then just one statement for the record, Mr. Chairman. I appreciate all of you and, as Mr. Forbes said, respect your judgment. We do count on you to give us your unvarnished military opinion when we ask for it.

Unfortunately, in the last several terms that I have been here, we saw the Secretary of Defense Rumsfeld very heavy-handed with general officers, and they were controlling their comments to this committee, to the Secretary of Defense and his—in deference to him, with concerns over career. And this committee and the full committee, in my opinion—I was a part of it—we didn't do a good enough job of getting on top of that sooner.

I fear we are starting to see some of that from the current Secretary of Defense. I hope that is not the case, and if any of you don't want to give an unvarnished opinion when it is asked here, I hope you will talk to us privately and let us know what you need. Because as Randy has said, we can't fix it if we don't know about it, and you know a whole lot more than we do.

So if it is in a private meeting or if it is somewhere else, let us know if you are getting pressure to make cuts or do things separate and apart from what you really believe your military opinion is. I know that oftentimes when you come before us you have got to click your heels and salute to what your Chief told you to say, but we want to hear what you have got to say, because we do respect you.

Thank you, Mr. Chairman.

Mr. ORTIZ. Mr. Marshall.

Mr. MARSHALL. Thank you, Chairman.

Thank you, gentlemen, for what you do and for what all of those you lead do on behalf of our country.

General Chiarelli, you know, to sort of add to your list of reasons why the reduction in BCTs might be reconsidered is the fact that a number of different communities have relied upon what in essence is a promise from DOD to prepare for receiving those brigade combat teams (BCTs). Creating schools, building housing, you know, all of the other attendant things that are necessary in order to adequately take care of an extra 5,000 people and their families is a significant investment for the communities that have been asked to do that.

Fort Stewart, specifically, I think was the community that was going to receive the next BCT, and assuming it does, that is fine, but if it doesn't, so far to date the investment is in excess of $450 million. That may not be a lot of money from the Department of Defense's perspective. It is a huge sum of money for those communities and governments, et cetera, down in the Fort Stewart area.

And it is a matter of just sort of abiding by your word. I mean, if our word is not good, then what communities in the future are going to rely upon our promise that this is coming, would you please prepare? They just won't prepare, and then we will show up and families won't be served, et cetera. So I just add that. You

know, everybody knows we enlist a soldier and then we reenlist the families.

General Fraser, Secretary Young, not too long ago, suggested that modernization not be taken into account as core work for depot maintenance purposes, and that caused a flurry of consternation here because as we have gone through the process year after year after year of considering that question, you know, adjusting to 50–50, that sort of thing, we have always contemplated that modernization was part of the mix. What is Air Force's current view?

General FRASER. Sir, modernization is a part of that, and we have got an ongoing stake for new weapons systems that we are bringing online, and we are actually—that will wind up within the depots, so that is ongoing.

Mr. MARSHALL. Because of this little brush with the Secretary's suggestion of perhaps it is not, we might put clarifying language in this year's bill. Be happy to work with you on that clarifying language.

General FRASER. Yes, sir. We would like to work with you.

Mr. MARSHALL. Joint Cargo Aircraft (JCA)—Secretary has proposed—well actually, by agreement between the two Chiefs, looks like JCA will be transferred to Air Force. I have never been troubled at all by the notion that Air Force would manage acquisition, sustainment, modernization, maintenance.

I suspect thus far the understanding between the contractor and the Army, since the Army has sort of led the way in acquisition thus far, hadn't really taken into account the kinds of concerns that Air Force would have if Air Force is going to be doing long-term maintenance, sustainment, modernization, you know, data rights acquisition, and then some discussion concerning how are we going to transition this stuff from contractor control to—well, actually it should right away be Air Force control, but then contractor maintenance, sustainment, modernization to depot sustainment, modernization.

I am convinced we are going to acquire more of these things. We are not stopping at 38. The Institute for Defense Analyses (IDA) analysis that was published on March 13th says that for low-intensity conflicts like we are engaged in at the moment and for the foreseeable future seem to be the kind of conflicts we are going to be engaged in are the most cost effective platform—platform mix includes 98 of these JCAs.

And so it seems to me that in—as we consider further sales as we prepare to—buys, pardon me—as we prepare for more buys, Air Force really needs to focus on this long-term issue and the deal with the contractor can be modified. A question is, what sort of coordination has gone on between Air Force and Army right now on JCA and the needs of the Army?

Where the Caribou is concerned, something similar was done during the Vietnam era, and it didn't work out very well. The Air Force really wasn't able to meet the needs of the Army as far as the actual utilization of the platform Caribou, in this instance, was concerned, and I would be pleased to hear from General Fraser and General Chiarelli about what sort of things are going on as be-

tween the two branches to discuss—in trying to figure out how we are going to actually meet the Army needs.

General FRASER. Sir, thank you. We are committed to this mission of direct support for the Army. We have a team that is put together already that is taking a look at this to ensure that the program of record that we have on track right now stays on track, working with the program office to include the development, the testing, and everything else that is going to go with that. So we are integrating our people in with the Army and with the System Program Office (SPO) right now.

The other thing that we are doing is focused with the Air National Guard and the Army National Guard, so General McKinley is a part of that. In fact, General Chiarelli, myself, and General McKinley have held several meetings already as we provide direction and guidance to that team of individuals that is taking a look at this entire program. And so we have charged them by the end of the month to take a look at this, to periodically report back, seek guidance.

There was recently a meeting that was held at our mobility command. General Light, out there, was the host of that meeting, and they had some very good discussions with respect to the program and the mission and how this is going to be accomplished.

The other thing that is ongoing is discussions downrange and what this would look like as it actually gets employed. So there is a coordination group that is going on right now to ensure that this stays on track.

Mr. MARSHALL. Are you heading in the direction of putting in writing what the Army's expectations are of Air Force to bring to meet those expectations? Army actually is going to develop the list, and hopefully it will be a very thorough list, and guidance can be taken from the experience with the Caribou, trying to figure out, well, where would it break down in the past?

General Chiarelli, I am sorry to——

General CHIARELLI. That is, in fact, exactly what General Fraser and I are doing. We just can't talk direct support because direct support is absolutely key and critical for us, and the Air Force is fully signed up for direct support. We are down, now, into the weeds of, you know, when the Army defines direct support for this particular aircraft, what exactly does that mean?

And that, to us, is key, and I know it is to General Fraser, and the Air Force has said all along that they will provide the Army this aircraft and the capabilities of this aircraft in a direct support role. We are ensuring that we go into that with our eyes open on exactly what that means to both of us.

Mr. MARSHALL. Thank you, Mr. Chairman, for your indulgence.

Mr. ORTIZ. The chair recognizes Ms. Fallin, from Oklahoma.

Go ahead.

Ms. FALLIN. Thank you, Mr. Chairman.

And I just want to say how much I appreciate Ranking Member Forbes' comments about trusting you with the decisions and what we need to be doing with our military operations and maintenance, and we appreciate your service to our Nation. I have a couple of questions.

One deals with the memo that we have about the 2010 Air Force operation and maintenance baseline budget, and in it we reduce the organic KC–135 aircraft program depot maintenance by $68.1 million, and it will result in 10 fewer depot inductions. And I have a very specific question about how will this programming change affect the KC–135 depot at Tinker Air Force Base in Oklahoma?

General FRASER. Thank you, madam, I appreciate that. I will provide the detailed schedule, as I mentioned before, with respect to that. I know that that reduction was as a result of the KC–135E and the not needing to input those aircraft within the depot maintenance because they are approved and scheduled for retirement.

We are still on track to ensure that the KC–135Rs continue to meet their 5-year depot maintenance plan, and we are definitely committed to ensuring the 50–50 split, as is mandated too. So we will get you the detailed schedule.

[The information referred to can be found in the Appendix on page 128.]

Ms. FALLIN. Okay. Thank you very much.

And I have another question for General Chiarelli. I would like to ask you a couple of questions about the artillery capacities of the Army, and I know that the Army and Congress are both very committed to developing—have been committed, I should say, in the past, to developing a Non-Line-of-Sight (NLOS) cannon—NLOS cannon—and as part of the future combat systems (FCS), and there were significant developments that were made in that. But now we are in a restructuring of the FCS, and I want to make sure that the Army and our soldiers have the very best capacity and advantage on the battlefield.

So my question is, with the current Paladin system approaching nearly 50 years of age, can you tell us how the Army will continue to modernize the Army's artillery capacity, and is the Army's commitment to the Paladin more critical, given the changes in the FCS system programming?

General CHIARELLI. Well, we are totally committed to the Paladin 10 program, which will go a long ways in extending the life of the Paladin. In addition, I know you know that we are working and moving out very, very sharply what we are calling ground combat vehicle and looking to be able to deliver something in five to seven years.

Training and Doctrine Command (TRADOC) is working through, at this time, whether that will be a single vehicle or a family of vehicles, but I can assure you that everyone in the Army is committed toward some type of capability to provide indirect fires. We think the Paladin 10 program, in the interim, will do an excellent job of operating the Paladin.

Ms. FALLIN. Well, in light of the Army working toward modernizing the artillery capacities, how will you use those developments that have already been accomplished through the work outside the production of the NLOS cannon?

General CHIARELLI. Well, that is absolutely critical to us. There is a lot to be gained from the Manned Ground Vehicle (MGV) program, not just the NLOS cannon but also the entire MGV program. And our plan is to harvest those technologies, those things that we

are able to use and apply if they apply to this new ground combat vehicle.

So we see this as an investment that is not wasted, but one that will allow us to look at those technologies that have matured and consider them for incorporation into our new ground combat vehicles.

Ms. FALLIN. And the other thing, Mr. Chairman, I just want to mention that I know there has been a tremendous amount of investment put into these technologies, and now the program is changing, so I want to make sure that the investments that we spent are going to be used wisely in whatever type of systems that we put forth in the future with that technology.

General CHIARELLI. We are committed to that.

Ms. FALLIN. Thank you.

Thank you, Mr. Chairman.

Mr. ORTIZ. Mr. Heinrich?

Mr. HEINRICH. Thank you, Mr. Chairman.

I would certainly want to thank the four of you for joining us here today. I also want to commend the work of our service members for all that they do. I know we are asking a great deal of them at the current time, and I want to direct my question today to General Fraser.

General it was good to hear you in Albuquerque a couple of weeks ago. I very much enjoyed your speech and I know the audience enjoyed your interest in our city. In the last two hearings with Secretary Gates and Secretary Donnelly I made no secret of my concerns for the proposed accelerated retirements of fighter aircraft. And with the Quadrennial Defense Review underway, I believe that any decision to shut down entire fighter wings is premature.

But what is incredibly troubling to me is that the Combat Air Force Restructuring Report that was released on May 15 lists 23 bases across the country, all having future missions declared with the exception of one, that being the 150th at Kirtland Air Force Base, which has been selected to lose its entire flying force without a follow-up mission being determined.

General Fraser, yesterday I asked about the specific criteria that were used in determining which wings were selected for retirement. General Schwartz said that a business case analysis was used. To me it is still a little bit unclear as to what the specific criteria of that analysis were, and I was hoping that you might be able to elaborate on the criteria that were used to select these wings for retirement, specifically the 150th Fighter Wing in Kirtland.

General FRASER. Thank you, sir. We see the opportunities there with other activities that go on in the Kirtland area as opportunities for a total force initiative. So as we were looking across the entire spectrum of our combat air forces and trying to find that right balance and where opportunities presented themselves for the total force initiatives, that was one of the areas that we felt like was certainly prime to participate in one of those total force initiatives, with, say, the 150th.

In fact, we are in negotiations and discussions with them about potential opportunities. We have got special forces training that go

on right there, as you know, sir, at Kirtland, which is something that is a particular area of great interest to us as we continue to increase that capacity and capability to provide it to the joint fight.

There are other opportunities that we have also talked about with other emerging weapons systems as they come online, because as we provide other capabilities, such as intelligent surveillance and reconnaissance to today's fight, we need other units that are willing to participate and want to participate in those total force initiatives. And so we have had great opportunities in a number of the other states, too, where they have taken on these new missions.

And so we felt like that that was one area, as we modernized and upgraded across the Combat Air Forces (CAF) and took this particular step with the CAF Reductions (Redux) to look at those units where there were other opportunities, and we felt like that that was one of those units that was certainly viable because there are needs out there for our Air Force, which would add great capability to the joint fight.

Mr. HEINRICH. I hope you understand my trepidation regarding a report where that mission has not yet been designated or determined for the 150th. Would you be willing to comment a little bit, once again, on the criteria that were used in terms of figuring out who was going to be retired where and what, and specifically whether or not the—some of the things were taken into account, such as, I know 10 of the 21 aircraft in the 150th had already just recently gone through the upgrades that extend their service life for another 8,000 hours on top of their remaining service—or, I am sorry, 2,000 hours on top of their remaining service life.

General FRASER. Sir, we would be happy to come over and hold some discussions, and get into further details. As we looked at all the different units and as we went across that, we would love to come over and spend some time and talk to you about that.

Mr. HEINRICH. Are you able to comment at all on what the cost difference is between an active duty F–16 wing and a Guard unit? I know I have seen some figures thrown around that suggest that Air National Guard units maintain combat ready status at approximately a third the cost of an equivalent active duty force. Is that an accurate statement, or do you know what the ratio there is?

General FRASER. Sir, I will get the specifics, but I too have seen these same figures.

[The information referred to can be found in the Appendix on page 128.]

Mr. HEINRICH. Okay.

Thank you very much.

Mr. ORTIZ. Ms. Shea-Porter.

Ms. SHEA-PORTER. Thank you very much.

These questions are for Admiral Walsh, please, and General Fraser. I have read reports that the Navy and the Air Force have cut back on the flying hours for pilots to train, which could produce a problem of proficiency and leave an impact on readiness.

In fact, according to the Navy Times article entitled, "P3 Mishap, Two Pilots Short on Flight Hours," the Navy Judge Advocate General (JAG) manual investigation of the mishaps found that lack of flying hours was a contributing factor. Two of the pilots failed to meet the proficiency minimums and serve the required 10 hours

per month. One pilot had 3.8 hours and the other one had 3.3 hours—less than a third of the requirement.

Some of the reduction can be replaced by flight simulators, but surely not all. How concerned are you both about the impact of the flying hour reductions on readiness, and what steps have you taken to deal with this problem, if you see it as one?

Admiral WALSH. I can start. I am not familiar with the JAG manual investigation on the P3. I suspect this is a investigation of a mishap that took place in Afghanistan a while ago and involved proficiency issues associated with the crew. And the question that would come up right to mind is whether or not we mandated that minimum in terms of flying hour proficiency, or was that something that was determined by local commanders as adequate enough, and I don't have the answer to that.

But in terms of resourcing fiscal year 2010 and how we look at the flight hour program, we continue to work toward a T-rating at 2.5, which has proven adequate in combat. In fact, we are over-executing our flying hour program in Central Command area responsibility today, and it is forcing some mitigations in fiscal year 2009 that affect the rest of the fleet, in terms of operating costs and steps that we are having to take in the execution.

But the plan for fiscal year 2010 is to continue to fund this. This is an area that we don't take for granted, that we continue to self-assess, and we do have statistical data that will prove out that when we have less than a certain minimum flight hours per month we will, in fact, see a causal relationship to accidents. That is something that, at the headquarters level, we are very much aware of and we are trying to avoid with resources. But I can dig further and find out, in fact, whether or not those were local decisions or decisions that they inherited from us.

Ms. SHEA-PORTER. Okay. And I also would like to say that—well, we will let that go and I will let General Fraser answer, and then I will make a comment.

General FRASER. Yes, ma'am. Our flying hour program for 2010 is fully funded. What you are saying with respect to the reductions that are in there are directly related to a restructure and some changes with respect to our undergraduate pilot training program and the syllabus changes that have been made there.

The other place that we have managed to have some savings within the flying hour program, and therefore a reduction this time that you are specifically talking about, is directly associated with the CAF Redux. By removing 250 of the older aircraft as we modernize and change that force structure there, we get some savings.

We ensure that the experience and inexperience level of our aviators continues to stay up, and assure that that is fully funded. The other thing that we have done with the flying hour program is, we have ensured that we have brought the air sovereignty mission into the baseline.

This is a change. We see it as an enduring mission, and so that has also negated any further reductions with respect to that. So as we continue to do that to support the combatant commander of the air sovereignty mission, we ensure that that was also brought in there. So that is what you are seeing, as far as our changes go.

Ms. SHEA-PORTER. Okay, thank you.

And I was referencing the article in the Navy Times, and it was Sunday, March 1, 2009, if anybody wants to read this: "PC Mishap, Two Pilots Short on Flight Hours."

General FRASER. Yes, ma'am. Thank you.

Ms. SHEA-PORTER. All right. Thank you.

And my other question has to do with whistleblowers. This is a big issue for me, and I want to thank the DOD Inspectors General for their efforts to protect whistleblowers, but I did want to talk about the hotline that they have been using.

I understand that fewer than 2,000—to be exact, 1,956 calls out of more than 13,000 resulted in any investigation, and I just wanted to ask, why such a low rate? Do you have enough resources? What steps are being taken to improve this so that whistleblowers who call will feel comfortable utilizing this service and knowing that there will be some kind of a response?

General FRASER. I am going to have to take that one for the record and get back to you on that, ma'am.

[The information referred to can be found in the Appendix on page 127.]

Ms. SHEA-PORTER. Okay, thank you. I mean, I really admire the work that they are doing. I know it is critical, and I appreciate the fact there is a hotline, but it is important to actually be able to follow up on the calls once they come in.

So thank you, and I yield back.

Mr. ORTIZ. Thank you.

You know, one of the things that I am very concerned with, that when we talk about dwelling, dwell time, equipment age, getting old, the losses that we have had on the equipment on the battlefield, I always worry about another conflict. And if there was to be another conflict, how are we going to be able to sustain those troops if we were to send—and I ask that question because I was in Korea, and when I asked the question of sustainment, they told me that it would only be a few days.

And because of the prepositioning stock and a lot of issues that we have, how were we going to respond? I know we are involved in two conflicts now—two wars—but if there was to be another conflict, how are we going to be able to sustain those troops.

I mean, can we manage it somehow, to be able to sustain in case we have to deploy troops to another conflict someplace else? I mean, we have got our hands full, but this always worries me. Any one of you who would like—respond to that question.

Admiral WALSH. This is precisely what we are concerned about, why we present ourselves as a full-spectrum force, because in large measure in our history we have been caught by surprise. And so when we are forward-deployed and really, in many respects, alone operating at sea, we have to take a very suspect approach, in terms of how we approach our concept of operations so that as we approach traffic in the area, we have no idea whether these are vessels in distress, legitimate traffic, or another USS Cole that is about to happen.

So our experience has taught us, and that is one of the reasons why the full-spectrum capability has been redlined from my service for many years, and why we argued before the Supreme Court how

important it was to be able to have that full-spectrum training to include undersea warfare.

The committee's support for our readiness and our ranges is critically important to us, and one of the reviews that is underway right now is, how valuable and how appropriate is simulation training. Because it cannot replace the hands-on execution and experience, whether it is in the flight hour program or the actual execution of undersea warfare operations.

That cannot be simulated to the point that we can do away with training rangers, but continued support in that area is very valuable to us, and that is exactly the reason why we approach our business the way we do and why we have described redlines in training the way we have. Thank you, sir.

General CHIARELLI. I would add that our operational ready rates, quite frankly, astound me every time I look at them, both in theater and back here. I think nowhere do you see it more than in Army aviation and the ability of our low decisions, through use of some contract maintenance for sure, that provide us unparalleled operational readiness rates not only across our aircraft, but even the Mine Resistant Ambush Protected vehicles (MRAPs), where we took—in our attempt to try to get them to the field as early as we did and as quickly as we did, we took some risks with the sustainment packages. But both in Iraq and Afghanistan we have seen those numbers extremely high—over 90 percent.

There is no doubt that what we call the enablers—the logisticians that are conducting this work brilliantly—are stressed. They are a big portion of our force's stress today. However, their ability to support us, as they have in two theaters, I think is unparalleled in modern warfare. And I suspect there is still capability left to do that, should another contingency require us to do so, as long as it was not too large.

Mr. ORTIZ. Anybody else?

General AMOS. Chairman, right now, with 30,000 Marines tied up and the balance shifting, now, from the left foot in Iraq to the right foot in Afghanistan, there is no question that, as I said in my opening statement, that the—not only is the readiness forward-deployed very high, but the readiness at home station has been the bill-payer for that. And that gets to the crux of your question of—if we assume that we are going to be tied up in the theater that we are in two fronts, what else could we do around the world?

And the answer, from the Marine Corps' perspective is, we would—it would be difficult. We would cobble together the equipment that we have back at home station. We would empty out our maritime preposition squadrons.

As you and I talked yesterday, we are running—we have got three squadron's worth of ships, each one roughly five ships, and some of those are sitting at about 100 percent, some are sitting at about 80 percent. We have got caves in Norway that are just a little over 50 percent of that prepositioned equipment. We would empty that out to go fight someplace else in the world, and we would cobble together the Marines just as we did in Korea when we brought six Marines together from almost a cadre status and flowed them in——

So it would be difficult; it would be challenging. It can be done. The sustainment piece, though, is—it would be the hard part. It would fall on the shoulders of industry and this Congress to help put that together for us to be able to sustain the fight someplace else in the world. But I don't think there is any question it would end up with some give and take on both theaters.

Mr. ORTIZ. General Fraser.

General FRASER. Sir, I would echo a number of those remarks, too, in that in order to maintain the full spectrum, it takes time to come back and then get those individuals who have been deployed in theater back up to their full-spectrum capability. So it takes additional training, additional time to reset themselves, because we have seen, as time has gone on, that our deployment rates have gone up while yet the time has also gone up that the individuals are deployed.

Back in 2004, 120-day or less deployments—we were only in the 12 to 14 percent of the force. Now we are upwards of 54 percent of our deployers are over 120 days, and we have even larger numbers that are picking up the 365s. So naturally, that adds stress back to those home units to ensure that they maintain the capabilities should something else arise someplace else.

The other thing that we see that we are able to do is continue to deploy in other areas. While there is nearly 40,000 airmen that are deployed—that may be deployed forward, but yet we have over 200,000 that are engaged in the day-to-day fight

Because of the way that we are able to do business back here with our intelligence surveillance and reconnaissance assets for the PED piece for the processing, exploitation, and dissemination of the intelligence, a lot of people are able to do that back here. And so we have got a lot of people that are deployed in garrison—in place—and actually performing the mission today and providing a valuable contribution. So it is all of that that is stressed out there that we need to take a look at.

We also have several specialty codes that are stressed. The leveling off of the manpower at 330,000—332,000—is going to help us. So we have focused that additional manpower into, yes, some of those stressed career fields, but into those added capabilities that we continue to bring on to provide for today's fight.

We are still doing other deployments in the Pacific. Today we have F–22s that are deployed at Anderson, and in Guam, and we are going to do another deployment to Kadena here, so there are other weapons systems that are still picking up and other areas of the world that continue to be able to deter, dissuade, and assure our allies and friends that we will be there, but it will be stressful.

Mr. ORTIZ. When I came to the Congress back in the 1980's, I can remember the reduction of the forces, and I can remember young men and women calling that had been in the military 12, 14 years, but they were being forced out because we had to reduce the force. And I guess when I came here we had Army—something like 900,000 troops. It was reduced drastically. Not only the Army, but all branches of the military.

And I hope we can learn from the lessons that have stressed our armed forces in the past. And now, of course, recruitment is doing fine at this moment, but we have lost sergeants, we have lost a lot

of key personnel, and I know that all of you are doing your best and you are trying hard, otherwise you wouldn't be where you are at, and your loyalty and your dedication to our country. We appreciate that, and when we say—Mr. Forbes and I, and members of the committee—we really want to help, and we do not mean to harass anybody or to point fingers at anybody; we just want to know so that we can be in a position to help you.

Mr. Forbes.

Mr. FORBES. Chairman, just one question.

First of all, General, thank you for your comment about logistics. I think really that probably when all the stories are ultimately written, they are the true unsung heroes of everything we have seen, and what they have done has been just simply fantastic, and we owe them a great deal in all four areas.

But there was an article on May 14th in the USA Today that highlighted the number of soldiers in the Army—some 30,000 to 35,000—who are not available for deployment because they are recovering from wounds or injuries or because they are supporting the Wounded Warrior program. And I also understand from the data provided by the committee—to the committee by the Army—that up to an additional 50,000 military personnel in the active Army, Army Guard, and Army Reserve may be nondeployable because they have permanent profiles of three and four as a result of medical or other conditions.

According to what the Army provided us, the number of people with these permanent P3 and P4 profiles in the active Army was 19,300, and the Army Guard 20,770, and in the Army Reserve 11,150. My question to you is, what effect are these large number of nondeployable personnel having on the Army's ability to fully man deploying units? And none of us are advocating a decrease in the support for the Wounded Warrior program, but what is the Army doing to address the numbers of nondeployables in that program?

And among the personnel with P3, P4 profiles, particularly what can Congress do to assist the Army in increasing the number of soldiers who are deployable? For example, would temporarily exempting the numbers of people in the warrior transition units from counting against Army end strength assist the Army to increase the number of deployable personnel?

General CHIARELLI. There is no doubt that this unavailable force creates a problem for us. That is a problem we are facing today. In the active component force I have in the vicinity of—I saw a report yesterday of 21,000 folks who are nondeployable. I have just over 9,100 who are in WTUs—warrior transition units—and the rest are nondeployables who reside in units.

We are seeing an increase in how many soldiers we are having to assign to units before they deploy in order to get them out the door at the acceptable strength of over 90 percent. We are seeing that number go up from 9 percent to over 12 percent, and we are concerned because this is cumulative over time.

We have seen an increase in the number of soldiers who have mental health profiles. There is no surprise, I don't think, for anybody that that would be the case. And when you don't have the required dwell time back home to allow folks to heal from muscular-

skeletal issues that they have, humping a rucksack at 10,000 to 12,000 feet in Afghanistan, you will see those numbers grow, and we are seeing those numbers grow.

What it requires us to do is it requires us to take units down to a lower percentage than we would like to when they go through reset and build them up over time. But the problem you have there is that we—as we get ready for our capstone exercise in the trained and ready portion of that train-up to go, many times we don't have upwards of 70 to 80 percent of the unit available for that training exercise at that particular time.

So it is creating some great challenges for us. But at the same time, I can tell you, when those forces got into country they are trained and ready and the best fighting force that we have ever had.

Mr. FORBES. And you all do a wonderful job in dealing with the resources you have, but if there is anything you can see that we can do to assist you with that concern, please let us know, because we understand it is a difficulty.

General CHIARELLI. Appreciate that.

Mr. FORBES. Mr. Chairman, I just thank our witnesses and yield back.

Mr. ORTIZ. Mr. Marshall.

Mr. MARSHALL. Thank you, Mr. Chairman.

I would like to return to the C–27 and the coordination between Army and Air Force. I was in Afghanistan a year and a half ago, and from my perspective, fortunately, Army couldn't get me out of Chamkani, so I stayed there for about three days, and it wound up being a better trip as a result of that.

The reason Army couldn't was because Army didn't have the air assets that it needed in order to deal with the tempo and also move some Congressmen. So I just said, "I am last in line here. Can't have soldiers be last in line."

And so I wonder what the range of possible options might be with regard to the coordination between Air Force and Army. General Fraser, for example, is it conceivable that you could wind up with Air Force simply providing the platform to the Army and everything else is relatively the same from the Army's perspective—Army warrant officers, Army chain of command, Army complete control—although Army would not be saying, "Here is how we are going to be maintaining this, sustaining it, et cetera."

That would be one extreme, and I suppose the other extreme, General Chiarelli, would be that Air Force is providing absolutely everything and it is totally in control and Army has to actually go through Air Force channels in order to access the asset hour by hour, day by day. And then somehow there is something that is in between that maybe works. From Army's perspective, obviously, you would rather have the asset and then all your people—chain of command, et cetera—and I am not sure what Air Force would prefer to have.

Are both of those extremes, at this point, possible, or are you much narrower than that?

General FRASER. Sir, that is why we have a group that involves the Guard, the active duty Army, and active duty Air Force that are coordinating on this and working with the theater, working

with everyone involved to ensure that we understand the concepts of employment. And as we mentioned earlier, that we will get that down in writing.

We see this as—as we step into this this is not going to be all-in-all one day turned over, let us say, to the Air Force. There will be a transition period, and that is why we are working together with respect to the acquisition program to make sure that there is a smooth transition.

So there is a number of items that are on the table. We have a task to do out to report back, and we will do so in the timeframe that is allotted to us. There is a number of things that are being talked about.

Mr. MARSHALL. Well, with respect, sir, is the outer range that I described possible? Could this group that is this task force that is meeting—could this task force conclude that the best way to go about this is to simply give the asset to the Army and let Army National Guard, Army whoever, manage the asset?

General FRASER. Sir, we are looking at this as, the mission has been given to the Air Force, and that we are going to pick up this mission. And that is how we are approaching this, and to ensure that we get this capability to the theater as fast as we can.

Mr. MARSHALL. Would Army personnel migrate—the Army personnel, perhaps, who would otherwise have been accomplishing a mission—would they migrate to the Air Force somehow? Would Air Force take Army Warrant Officer pilots, for example, or will Air Force be providing its own pilots?

General FRASER. Sir, I think here in the beginning what you are going to see is there is certainly a mix, and I would not discount any of that.

Mr. MARSHALL. Okay.

Thank you, Mr. Chairman.

Mr. ORTIZ. Thank you so much. This has been a very productive hearing that we have had, and our country and us, we appreciate your service. We are grateful for what you have done, putting you, yourself in harm's way and the sacrifices that not only you but that your families go through. So we are very appreciative.

Hearing no other questions, this hearing stands adjourned. And again, thank you so much.

[Whereupon, at 11:55 a.m., the subcommittee was adjourned.]

# A P P E N D I X

MAY 20, 2009

## PREPARED STATEMENTS SUBMITTED FOR THE RECORD

MAY 20, 2009

Opening Statement by Chairman Solomon Ortiz
Readiness Subcommittee Hearing on
Military Services' Fiscal Year 2010 O&M Budget Request
May 20, 2009

The subcommittee will come to order.

Today the Readiness Subcommittee meets to hear testimony on the military services' fiscal year 2010 Operation and Maintenance budget request.

I thank our distinguished witnesses from each of the military services for appearing before this subcommittee today to discuss funding for the services' readiness programs.

The Operation and Maintenance account is the single largest component of the Department of Defense's annual budget request. The military services' O&M accounts provide funding for such readiness areas as operating forces, mobilization, training and recruiting, and administration and service-wide activities.

For fiscal year 2010, the O&M portion of the budget request comprises $185.7 billion, or 35%, of the Department of Defense's total $533.8 billion baseline request. The fiscal year 2010 request increases the O&M account by 3.7%, or $6.6 billion over fiscal year 2009.

However, increases in the Defense Health Program account for $3 billion – or nearly half – of the overall O&M funding increase in fiscal year 2010.

Additionally, the Department has requested another $74.1 billion for O&M in Overseas Contingency Operations funding for fiscal year 2010. O&M is the largest portion of the OCO request at 57% for military operations, subsistence and logistics, including pre-deployment, deployment and redeployment.

The fiscal year 2010 O&M budget request basically leaves training at a steady state, signaling that the Department will remain focused on the counterinsurgency mission vice resourcing full-spectrum training. The fiscal year 2010 budget request relies upon OCO funding to achieve air, ground and sea training at levels required to maintain military standards.

The fiscal year 2010 budget request decreases tank training miles to 550 from a high of 608 in the fiscal year 2009 budget request but keeps them above the low of 459 in fiscal year 2008.

Flying hours slightly increase for the Navy in the base budget from 17.2 in fiscal year 2009 to 19.0 in fiscal year 2010 and with OCO funding climb to 22.0.

The Air Force's flying-hour program has been reduced in the fiscal year 2010 base budget by $67.0 million, but Air Force budget documents state the budget fully funds the flying hour program at 1.4 million hours due to the retirement of roughly 250 aircraft.

Additionally, the Navy will reply upon OCO funding to achieve 58 ship steaming days per quarter – compared to a steady-state level of 45 days in the base budget – putting it above the deployed-force goal of 51 days per quarter.

What the Subcommittee needs to hear from out witnesses today is where each of your services is taking risk in this budget request and how this budget request improves readiness.

Our witnesses today are four distinguished military leaders:

General Peter W. Chiarelli
Vice Chief of Staff of the Army

Admiral Patrick M. Walsh
Vice Chief of Naval Operations

General James F. Amos
Assistant Commandant of the Marine Corps

and

General William M. Fraser III
Vice Chief of Staff of the Air Force

The Chair recognizes the distinguished gentleman from Virginia, Mr. Forbes, for any remarks he would like to make.

General Chiarelli, please proceed with your testimony, followed by Admiral Walsh, General Amos, and General Fraser.

## Forbes Opening Statement for Hearing on Fiscal Year 2010 Budget Request for Operation and Maintenance for the Military Services

**Washington D.C.** – The Armed Services Subcommittee on Readiness today held a hearing to review the Administration's budget request for Operations and Maintenance for the military services. The subcommittee's Ranking Member, U.S. Congressman J. Randy Forbes (R-VA), released the following prepared remarks for the hearing:

"Thank you, Mr. Chairman. I appreciate the time today for us to examine the budget request from the services as it pertains to readiness, and I'd like to welcome each of our witnesses. Gentlemen, thank you all for being here today and thank you for your service to our Nation.

"The Operations and Maintenance budget accounts for over a third of the $534 billion defense budget request. If you factor in the additional $91 billion in Operations and Maintenance requested for the war in Iraq and Afghanistan, that percentage rises even further.

"The amount of funding in this budget request demonstrates the considerable oversight responsibility this subcommittee has. Particularly when our federal government is spending beyond its means and when our economy is struggling, American taxpayers expect that every dollar we direct towards defense is spent in the most effective way to protect this Nation.

"But the dollars are not the only component in this budget request. The strategic risks we accept in this proposal are equally important, because there is no bailout or stimulus that will help us recover if our Nation is tested in battle, and we discover that we have not provided the equipment, training, or resources that our men and women in uniform need for victory. So we need you to help us understand what risks we are accepting in the proposed budget.

"Particularly this year, when the budget was formulated in an accelerated manner, the budget proposes major changes to force structure a year before the QDR, the details of the budget were released just a couple weeks ago, and we have access to only the first year of a five year budget, your professional input is critical to understanding the consequences of this budget request.

"When Secretary Gates testified last week, he said that everyone who signed the non-disclosure agreement was free of its restrictions, and he assured us that we could expect candor in the witnesses that came over to testify on the budget, and we look forward to a robust dialogue between the witnesses and the members of this panel today.

"What is particularly concerning to me in this year's budget cycle is this: over the next few years, the federal budget will be in desperate and obvious need of savings because of the current and expected costs of the bailout and stimulus packages. Yet, at a time when adequate defense investment is most vulnerable, we are receiving less and less information on the status of our forces and the plans for the future from the new Administration. We have not been given a 30-year ship-building plan in this year's budget, even though it is required by law. We have not given a naval aviation plan, even though that is also required by law. We cannot discuss the results of Navy ship readiness reports, even though they were unclassified through the entire Cold War. While I understand the Navy's concern that the detailed information contained in those reports could be useful to those wishing to do us harm, I can assure you that the American people would be surprised to know the state of repair of our surface Navy.

"The American people rightfully expect that when it comes to our national security, members of this Committee and officials in the Pentagon will keep them informed of the threats we face and what we are doing to prepare for those threats. And so it is our obligation to share with the American people not only what is in this budget to keep us safe, but what is not in the budget that presents risks that we all are assuming as a Nation.

"As my good friend from Texas, Chairman Ortiz, likes to say, 'We want to help you, and we can't help you if we don't know what you need.' Mr. Chairman, thank you again for holding this hearing and I look forward to the testimony of our witnesses."

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RECORD VERSION

STATEMENT BY

GENERAL PETER W. CHIARELLI
VICE CHIEF OF STAFF
UNITED STATES ARMY

BEFORE THE
HOUSE ARMED SERVICES COMMITTEE
SUBCOMMITTEE ON READINESS

FIRST SESSION, 111TH CONGRESS

ON THE READINESS OF THE UNITED STATES ARMY

MAY 20, 2009

NOT FOR PUBLICATION
UNTIL RELEASED BY THE
COMMITTEE ON ARMED SERVICES

**GENERAL PETER W. CHIARELLI**
**VICE CHIEF OF STAFF**

Chairman Ortiz, Ranking Member Forbes, distinguished Members of the House Committee on Armed Services. I thank you for the opportunity to appear here today to provide a status on the current readiness of U.S. ground forces. This is my first occasion to appear before this esteemed committee, and I pledge to always provide you with an honest and forthright assessment.

On behalf of our Secretary, the Honorable Pete Geren and our Chief of Staff, General George Casey, I would also like to take this opportunity to thank you for your continued, strong support and demonstrated commitment to our Soldiers, Army Civilians, and Family members.

As all of you know, it has been a busy time for our Nation's military. We have been at war for the past seven-plus years, which has undeniably put a strain on our people and equipment. We have had our share of good and bad experiences; and, we are continually making adjustments and improvements to our tactics, training, and equipment based upon lessons learned.

However, since the very beginning, this war has been in many ways different and more complex than past wars. We are dealing with less clearly defined and highly savvy adversaries in two theaters. In order to remain dominant, we have had to simultaneously and swiftly adapt our doctrine and organizational structure to effectively span the breadth of operational environments. It's all part of a changing strategy we refer to in the Army as *"Full Spectrum Operations."*

Unlike the Army of previous generations – that had essentially a single mission focus of ground warfare – today's Force has many more specialized capabilities and a much broader mission span. The centerpiece of our efforts is a shift to a modular construct focused at the brigade level, thus creating a more deployable, adaptable, and versatile force. By the end of fiscal year 2009, the Army will have transformed 87 percent of our units to modular formations – the largest organizational change since World War II. We have also widely expanded our capability by adding Civil Affairs, Military Police, Special Forces, and others.

This ongoing transformation has greatly enhanced the Army's ability to respond to any situation, quickly and effectively. However, reaching this point has not been easy, particularly for a tired and stretched Force. And, the degree of impact continues to vary, for example, between Brigade Combat Teams (BCTs), "enablers," the Reserve Components, and individual Soldiers.

The 15 combat brigades in theater understandably get the bulk of the attention, but when you look across the total Army today, the number of brigades committed is actually much higher. We have six National Guard brigades assigned to Security Forces; one brigade in Korea; one in Kosovo Force (KFOR); one committed to the Transition Team Mission; one serving as the Global Response Force; one tied up as the CBRNE (chemical, biological, radiological, nuclear or high-yield explosive) Consequence Management Response Force or CCMRF; two tied up in Relief in Place/Transition of Authority (RIP/TOA), the approximately 40-day period when the incoming/outgoing units are either enroute to/from theater or on-site conducting battle hand-off; and, one battalion serving in the Sinai.

Additionally, among all the components, there are approximately 30,000+ Soldiers that are currently unavailable (~9,200 are assigned to Warrior Transition Units (WTUs); ~2,300 are assigned as cadre or health care providers at WTUs; ~10,000 are non-deployable (i.e., dwell, injury, pregnancy); and ~10,000 are assigned as individual augmentees).

Also, while we built BCTs to be self-sufficient, in reality there is still a relatively robust support system that augments them – as well as the other Services, our coalition partners, and host nation forces – in the environments we fight in today. These "enablers" include engineer, intelligence, fires, logistics, military police, civil affairs, and aviation. The demand on "enablers" is expected to grow even larger in Afghanistan, a country without the infrastructure and logistical capability that already existed in Iraq in 2003. The overall demand will also be further exacerbated by the continued necessity for a large number of "enablers" in Iraq, even as units drawdown to meet the President's guidance from February 27, 2009.

Other capabilities have also been created out of hide in response to new requirements or because the appropriate government agencies have either been unable or unwilling to provide these critical functions – civil affairs officers, contract specialists, and health advisors are good examples.

A case in point is Afghanistan, where National Guard AgriBusiness Development teams – made up of Farmer-Soldiers from 8 states in Middle America – are teaching Afghans how to improve their farming methods in order to yield more crops and livestock. Agriculture accounts for 60-70% of that country's economy; however, the "how-to" knowledge that historically was passed down from generation to generation has been lost after years of civil war and tribal fighting.

This non-kinetic piece is critically important, and these Farmer-Soldiers are doing an outstanding job. However, the fact is they do not exist on the National Guard's Table of Organization and Equipment (TO&E), and the manning shortfalls they create must then be backfilled from somewhere else.

One possible solution would be for teams of agronomists from land grant universities sponsored by the United States Agency for International Development (USAID) to take on this particular mission. In their absence, the Army has had to provide these and other specialized teams.

Over the past seven-plus years, demand has continued to grow and the Army's level of responsibility has expanded considerably. At the same time our available Force structure has become smaller as the number of non-deployables has increased. The combined effect has been increased deployments and shorter dwell times for our Soldiers. The Army is currently averaging a 1:1.3 ratio (12 months deployed and 16 months dwell) for our Active Component and less than a 1:3 ratio for Reserve Component forces.

People tend to focus on unit dwell time, while failing to appreciate that frequently a Soldier will redeploy with one unit, go to school en route to his next assignment, then have to deploy with the new unit in less than 12 months. The United States Military Academy's Operations Research Center and the Army G-1 recently completed a very detailed analysis of unit and individual "Boots on the Ground" (BOG)/dwell times. The study analyzed the 11 Series Military Occupational Specialty (MOS) grades, concluding that for every MOS and grade (rank), more than 50% of the Soldiers experience shorter dwell time compared to the BCTs.

The current pace of operations is impacting every segment of our Force – Active, Guard, and Reserve. And, while our Reserve Components are continuing to perform magnificently, many of these units have been assigned missions as an operational force, when they had been resourced and utilized as a strategic reserve for decades.

Another challenge we are still dealing with is the impact of the Surge. We are not scheduled to get our last combat brigade off of a 15-month deployment until June 2009 and our last CS/CSS unit off of 15-month deployment until September 2009.

As we have previously reported to this committee, the Army remains out of balance. We continue to be consumed by the demands of the current fight; and, we are consuming our readiness as fast as we are building it. Soldiers, Families, support systems, and equipment are stretched and stressed by the strain of multiple, lengthy deployments, with insufficient recovery time. Equipment used repeatedly in harsh environments is wearing out more rapidly than programmed. The maintenance activities and capacity at Army depots have increased to their highest levels in 35 years.

This lack of balance poses a significant risk to the All Volunteer Force, and it limits our flexibility to provide ready forces as rapidly as we would like for other contingencies.

Two years ago, the Chief, General Casey outlined a plan to restore balance to the Force and set conditions for the future. The plan included four imperatives: sustain, prepare, reset, and transform. Since then, we have made definitive progress in each of these areas; however, there is still much work to be done. Looking ahead, the Army must continue to modernize, adapt our institutions, and transform Soldier and leader

development. We must ensure we have a trained and ready Force that is well-prepared, expeditionary, versatile, lethal, sustainable, and able to adapt to any situation.

The challenge continues to be complicated by changing circumstances and increased demand on the Force. We simply cannot achieve desired BOG/dwell ratios until demand is reduced to a sustainable level.

Unfortunately, the Army cannot influence demand, and the current level does not appear likely to improve significantly for the foreseeable future. So, the choice we are faced with is to continue to over-extend some of the lower-density MOSs or create additional capability. We are currently staffing many of the critical functions by reassigning authorizations and personnel from within our ranks. My concern is that we cannot fully predict what the derivative effects of this will be in the future.

The Army is expecting to gain some savings over the next couple of years as the last of the units deployed for 15 months as part of the Surge return in September 2009, and as we begin the drawdown of forces in Iraq in 2010. If executed as planned, these reductions in demand will help to increase dwell times for many of our Soldiers. However, if these plans are delayed or postponed due to unforeseen events or a resurgence of tensions in 'hot spots' around the world, we will have to find other ways to relieve the stress on the Force. Simply put, we must be prepared for the very real possibility of – what I refer to as – *"persistent engagement."*

These continue to be challenging times for our Nation and for our military. With the support of Congress, we have deployed the best manned, equipped, trained, and led forces in the history of the United States Army over the past seven-plus years. However, the fact remains that we have asked a great deal from our Soldiers and their Families.

Unfortunately, the prolonged strain is already manifesting itself in an increased number of Soldiers struggling with substance abuse and mental or behavioral health issues, such as depression, post-traumatic stress, and other types of anxiety disorders, as well as an increase in the number of suicides across the Force.

We must continue to address these and other urgent problems, and find ways to relieve some of the stress on the Force by increasing dwell time between deployments.

I assure the members of this committee – the Army's senior leaders are focused and working hard to address these challenges and to determine the needs of the Force for the future. We remain dedicated to improving the quality of life of our Soldiers, Army Civilians, and Families. In particular, we are committed to providing the best care and support to our wounded, ill, and injured Soldiers and their Families. As we continue this process, we will coordinate with senior DoD officials and Congress to identify both short- and long-term solutions. Your input will continue to be very valuable to us.

Chairman, members of the committee, I thank you again for your continued and generous support of the outstanding men and women of the United States Army and their Families. I look forward to your questions.

NOT FOR PUBLICATION UNTIL
RELEASED BY THE HOUSE
ARMED SERVICES COMMITTEE

**STATEMENT OF**

**ADMIRAL PATRICK M. WALSH**

**VICE CHIEF OF NAVAL OPERATIONS**

**BEFORE THE**

**HOUSE ARMED SERVICES COMMITTEE**

**SUBCOMMITTEE ON READINESS**

**ON**

**NAVY READINESS AND THE FY10 O&M BUDGET**

**20 MAY 2009**

NOT FOR PUBLICATION
UNTIL RELEASED BY THE
HOUSE ARMED SERVICES COMMITTEE

# Vice Chief of Naval Operations

## Admiral Patrick M. Walsh

Admiral Patrick M. Walsh graduated with honors from Jesuit College Preparatory in Dallas, Texas, and was the second student in the 60 year history of the school to receive both the Distinguished Graduate and Distinguished Alumnus awards. He graduated from the United States Naval Academy in 1977 with a Bachelor of Science degree.

As a naval aviator, Walsh began operational flying with the "Golden Dragons" of Attack Squadron 192, deployed to the Indian Ocean aboard USS *America* (CV 66), and was later selected by Commander, Light Attack Wing Pacific, as the Junior Officer/Tailhook Pilot of the Year. He then reported to Air Test and Evaluation Squadron 5 as an Operational Test director until selection to the Navy Flight Demonstration Squadron, "Blue Angels," where he flew the Left Wingman and Slot Pilot positions. When he returned to the fleet, Walsh joined the "Golden Warriors" of Strike-Fighter Squadron 87 as the Operations officer and flew combat missions in support of Operations *Desert Storm* and *Provide Comfort* from USS *Theodore Roosevelt* (CVN 71).

Walsh commanded the "Gunslingers" of Strike-Fighter Squadron 105 for missions in support of Operations *Southern Watch* and *Deny Flight* from USS *Dwight D. Eisenhower* (CVN 69). He commanded Carrier Air Wing 1 for deployment in support of Operation *Southern Watch* aboard USS *John F. Kennedy* (CV 67), and Carrier Group 7/USS *John C. Stennis* Strike Group for a deployment to the western Pacific Ocean. Most recently, he commanded U.S. Naval Forces Central Command and U.S. 5th Fleet, while also commanding the Combined Maritime Forces conducting Operations *Enduring Freedom*, *Iraqi Freedom* and maritime security operations in the Central Command area of responsibility.

Walsh has been a special assistant to the Director of the Office of Management and Budget as a White House Fellow. He chaired the Department of Leadership, Ethics and Law at the U.S. Naval Academy, served as the executive assistant to the Chief of Naval Personnel, and reported to the Joint Staff for his first flag assignment as the deputy director for Strategy and Policy, (J-5). He also served concurrently as the director, Navy Quadrennial Defense Review and Director, Navy Programming Division. He attended graduate studies in the International Relations curriculum at the Fletcher School of Law and Diplomacy, Tufts University, as part of the Admiral Arthur S. Moreau Scholarship Program. Walsh graduated first in his class and received a Master of Arts in Law and Diplomacy, entered the Doctorate Program with distinction and subsequently received a Ph.D.

His awards and decorations include the Distinguished Service Medal, Defense Superior Service Medal, Legion of Merit (4), Meritorious Service Medal (2), Air Medal w/ Combat V, Strike/Flight Medal (5), Navy Commendation Medal (3) w/ Combat V, Navy Achievement Medal, Presidential Service Badge, and various other awards.

## NAVY READINESS AND THE FY10 O&M BUDGET

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

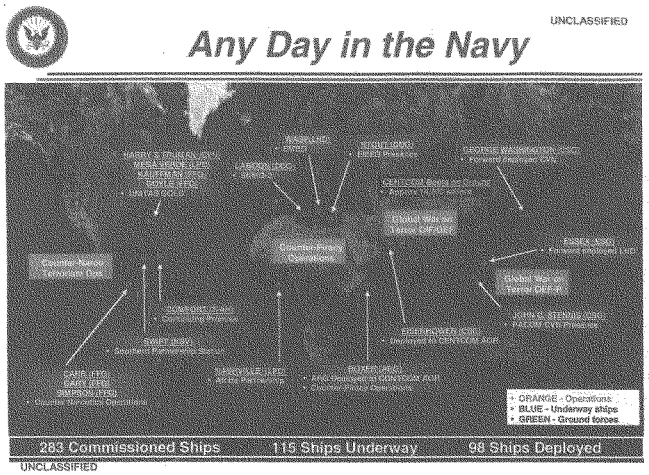
Today our Navy stands ready with agility, flexibility, capability, and competence to do what no other navy in the world can do. The demand for responsive naval forces in an uncertain world remains high. The U.S. is a maritime nation and our interests in a globalized world depend upon free and secure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

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

### A DAY IN THE NAVY - 23 APRIL 2009

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

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




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

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

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

Fleet Response Plan (FRP)

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

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

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

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

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

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

The necessary balance between future fleet readiness and current operational requirements has resulted in risk in readiness funding. The Navy's baseline budget does not deliver an adequate FRP posture for the projected security requirements for FY10. Navy relies on baseline budget and Overseas Contingency Operations (OCO) funding to meet COCOM requirements. OCO funding supports a USMC T-Rating[1] of T2.0 and a Navy T-Rating of T2.5. The ship maintenance account will be 96% funded, aviation maintenance at 87%, and Navy Expeditionary Combat Command (NECC) funded at 98% for expeditionary operations (88% in the aggregate). This level of readiness meets the full Navy Presence Requirement but takes risk in the Surge required to meet emergent COCOM requirements and Major Combat Operation (MCO)

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

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

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

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

**2008 - A YEAR IN REVIEW**

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

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

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

non-core support[2] including Detainee Operations, Customs Inspection, Training Teams, Civil Affairs and Provincial Reconstruction Teams. Navy Commanders lead six of the 12 US led Provincial Reconstruction Teams (PRTs) in Afghanistan. The support to adaptive-core[3] missions is also making a significant impact. We lead the Counter IED mission and the Counter Rocket, Artillery and Mortar (C-RAM) point defense mission protecting critical infrastructure in Iraq and ISR support. Outside of the CENTCOM AOR, Navy is engaged in missions in the Horn of Africa, Guantanamo Bay and the Philippines. In total we have requirements for 10,500 individual augmentation billets supporting global demand through various RFF and JMD requirements.

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

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

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

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

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

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

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

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

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

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

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

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

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

**PIRACY**

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

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

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

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

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

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

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

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

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

**PROCUREMENT DELIVERED IN 2008**

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

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

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

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

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

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

**PERSONNEL**

Recruiting

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

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

*HSDG – High School Diploma Graduate
**TSC – Test Score Category (Aptitude Level)

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

Retention

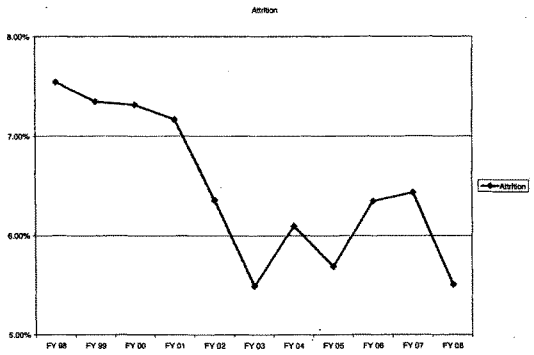
The comprehensive benefits provided to our service members, combined with current economic conditions, resulted in increased retention and lower attrition than predicted for 2008. This behavior was a significant shift from the previous year.

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

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

Attrition

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




**FY09 / FY10 HIGHLIGHTS**

Force recapitalization

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

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

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

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

Shipbuilding programs

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

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

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

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

The procurement of major ships is outlined in Figure 1.

Shipbuilding Programs

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

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

Figure 1

Ship Weapons

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

Major Ship Weapons Quantities

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

Figure 2

Aviation programs

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

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

Aircraft Programs

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

Figure 3

Aircraft Weapons

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

Major Aviation Weapons Quantities

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

Figure 4

Expeditionary Forces

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

**FLEET READINESS**

Fleet Response Plan (FRP)

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

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

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

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

Ship Operations

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

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

Flying Hours Program

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

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

***DON Aircraft Force Structure***

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

Figure 5

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

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

***DON Flying Hour Program***

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

Figure 6

Ship Maintenance

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

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

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

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

Significant Event Repairs

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

Surface Ship Life Cycle Maintenance

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

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

Surface Forces Back to Basics

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

Getting Maintenance Requirements Right

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

Aviation Maintenance

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

**DON Aircraft Depot Maintenance**

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

Figure 7

P-3C Red stripe

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

Expeditionary Forces

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

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

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

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

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

Navy Energy Approach

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

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

Fleet Synthetic Training

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

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

## MANPOWER, PERSONNEL, TRAINING AND EDUCATION

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

### Recruiting

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

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

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

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

Retention

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

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

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

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

Force Stabilization

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

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

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

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

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

Tone of the Force

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

Sailor and Family Support

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

Individual Augmentees (IA)

As the strategy in Iraq shifts in focus to an Advise and Training role, we expect to continue to support and play a significant role. Navy's support resides in the Combat Support and Combat Service Support[5] enabler support. Until "specific missions" such as Detainee Guards, Base Support, Customs and C-RAM are transitioned to the Government of Iraq, we expect our level of effort to remain the same.

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

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

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

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

**SHORE READINESS**

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

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

American Recovery & Reinvestment Act (ARRA)

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

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

Base Operating Support (BOS)

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

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

Facility Sustainment, Restoration and Modernization (FSRM)

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

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

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

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

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

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

Military Construction (MILCON)

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

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

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

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

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

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

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

Recapitalization

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

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

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

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

Bachelor Housing

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

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

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

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

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

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

Training Encroachment

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

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

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

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

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

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

**RESET THE FORCE**

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

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

**CONTINUED SUPPORT**

Carrier Force Structure

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

**CONCLUSION**

Investment in Navy Readiness buys the nation the following:

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

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

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

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

DEPARTMENT OF THE AIR FORCE

PRESENTATION TO THE COMMITTEE ON ARMED SERVICES
SUBCOMMITTEE ON READINESS
UNITED STATES HOUSE OF REPRESENTATIVES

SUBJECT: READINESS OF THE UNITED STATES AIR FORCE

STATEMENT OF: GENERAL WILLIAM M. FRASER III
VICE CHIEF OF STAFF, UNITED STATES AIR FORCE

20 MAY 2009

NOT FOR PUBLICATION UNTIL RELEASED
BY THE ARMED SERVICES COMMITTEE
UNITED STATES HOUSE OF REPRESENTATIVES

# BIOGRAPHY

**UNITED STATES AIR FORCE**

## GENERAL WILLIAM M. FRASER III

Gen. William M. Fraser III is Vice Chief of Staff of the U.S. Air Force, Washington, D.C. As Vice Chief, he presides over the Air Staff and serves as a member of the Joint Chiefs of Staff Requirements Oversight Council and Deputy Advisory Working Group. He assists the Chief of Staff with organizing, training, and equipping of nearly 700,000 active-duty, Guard, Reserve and civilian forces serving in the United States and overseas.

General Fraser entered the Air Force in 1974 as a distinguished graduate of the Texas A&M University ROTC program. His operational assignments include duty as a T-37, B-52, B-1, and B-2 instructor pilot and evaluator. General Fraser has commanded an operations group and two bomb wings. His staff duties include tours on the Air Staff, Joint Staff, and Joint Strategic Target Planning Staff at Offutt AFB, Neb. He has also served as Chief of the Nuclear Requirements Cell at Supreme Headquarters Allied Powers Europe, Chief of Staff for U.S. Strategic Command, and as the Assistant to the Chairman of the Joint Chiefs of Staff.

General Fraser has extensive wartime, contingency, and humanitarian relief operational experience. During Operation Enduring Freedom he led an intelligence fusion organization that provided direct support to the warfighter.

**EDUCATION**

1974 Bachelor of Science degree in engineering technology, Texas A&M University
1977 Squadron Officer School, Maxwell AFB, Ala.
1980 Master of Science degree in management information systems, University of Northern Colorado, Greeley
1983 Marine Corps Command and Staff College, Quantico, Va.
1985 Armed Forces Staff College, Norfolk, Va.
1987 National Security Management Course, Syracuse University, N.Y.
1991 Air War College, Maxwell AFB, Ala.
1995 Executive Development Program, Johnson Graduate School of Management, Cornell University, Ithaca, N.Y.
1999 Combined Force Air Component Commander Course, Maxwell AFB, Ala.
1999 Senior Information Warfare Applications Course, Maxwell AFB, Ala.
2000 National Security Leadership Course, National Security Studies, Maxwell School of Citizenship and Public Affairs, Syracuse University, N.Y.
2002 Executive Program for Russian and U.S. General Officers, John F. Kennedy School of Government,

Harvard University, Cambridge, Mass.
2002 Joint Flag Officer Warfighting Course, Maxwell AFB, Ala.
2002 Senior Intelligence Fellows Program, Wye River, Md.
2003 Program for Senior Executives in National and International Security, John F. Kennedy School of Government, Harvard University, Cambridge, Mass.
2005 Leadership at the Peak, Center for Creative Leadership, Colorado Springs, Colo.

**ASSIGNMENTS**
1. November 1974 - October 1975, student, undergraduate pilot training, Williams AFB, Ariz.
2. October 1975 - March 1976, student, instructor pilot training, Randolph AFB, Texas
3. March 1976 - February 1978, T-37 instructor pilot and T-37 check pilot, 96th Flying Training Squadron, Williams AFB, Ariz.
4. March 1978 - March 1980, T-37 instructor pilot and flight examiner, 82nd Flying Training Wing, Williams AFB, Ariz.
5. March 1980 - October 1980, Operational Support Aircraft Program Element Monitor, Air Staff Training Program, Headquarters U.S. Air Force, Washington, D.C.
6. October 1980 - April 1981, Worldwide Military Command, Control and Communications Program Element Monitor, Air Staff Training Program, Headquarters U.S. Air Force, Washington, D.C.
7. May 1981 - October 1981, B-52H student, 4017th Combat Crew Training Squadron, Castle AFB, Calif.
8. October 1981 - March 1983, B-52H aircraft commander, later B-52G aircraft commander and instructor pilot, 46th Bomb Squadron, Grand Forks AFB, N.D.
9. March 1983 - December 1984, Chief, B-52G Standardization and Evaluation Branch, 319th Bomb Wing, Grand Forks AFB, N.D.
10. January 1985 - June 1985, student, Armed Forces Staff College, Norfolk, Va.
11. June 1985 - March 1986, Chief, European Single Integrated Operational Plan Tactics, Joint Strategic Target Planning Staff, Offutt AFB, Neb.
12. April 1986 - October 1987, executive officer to the Strategic Air Comand Chief of Staff, Headquarters SAC, Offutt AFB, Neb.
13. October 1987 - July 1990, Chief, Nuclear Requirements Cell, SHAPE, Mons, Belgium
14. July 1990 - July 1991, student, Air War College, Maxwell AFB, Ala.
15. July 1991 - July 1993, Deputy Commander, 384th Operations Group, McConnell AFB, Kan.
16. July 1993 - January 1995, Commander, 509th Operations Group, Whiteman AFB, Mo.
17. January 1995 - August 1995, Vice Commander, 509th Bomb Wing, Whiteman AFB, Mo.
18. August 1995 - January 1997, special assistant to the Supreme Allied Commander Europe, SHAPE, Mons, Belgium
19. February 1997 - May 1998, Commander, 28th Bomb Wing, Ellsworth AFB, S.D.
20. May 1998 - May 1999, Chief of Staff, U.S. Strategic Command, Offutt AFB, Neb.
21. May 1999 - December 2000, Commander, 2nd Bomb Wing, Barksdale AFB, La.
22. December 2000 - December 2002, Deputy Director for National Systems Operations, the Joint Staff; Director, Defense Space Reconnaissance Program; and Deputy Director for Military Support, National Reconnaissance Office, Washington, D.C.
23. January 2003 - October 2004, Director of Operations, Headquarters AETC, Randolph AFB, Texas
24. November 2004 - February 2005, special assistant to the Commander, Air Force Command and Control, Intelligence, Surveillance and Reconnaissance Center, Deputy Chief of Staff for Warfighting Integration, Langley AFB, Va.
25. February 2005 - May 2006, Vice Commander, Air Combat Command, Langley AFB, Va.
26. May 2006 - October 2008, Assistant to the Chairman of the Joint Chiefs of Staff, Washington, D.C.
27. October 2008 - present, Vice Chief of Staff, Headquarters U.S. Air Force, Washington, D.C.

**FLIGHT INFORMATION**
Rating: Command pilot
Flight hours: More than 4,200
Aircraft flown: T-37, T-38, T-1, KC-135R, B-1B, B-2, B-52G/H and C-21

**MAJOR AWARDS AND DECORATIONS**
Defense Distinguished Service Medal
Distinguished Service Medal with oak leaf cluster
Defense Superior Service Medal with two oak leaf clusters
Legion of Merit with two oak leaf clusters

Defense Meritorious Service Medal with oak leaf cluster
Meritorious Service Medal with oak leaf cluster
Air Force Commendation Medal with oak leaf cluster
Air Force Achievement Medal
National Intelligence Medal of Achievement
Combat Readiness Medal
National Defense Service Medal with bronze star
Armed Forces Expeditionary Medal
Global War on Terrorism Service Medal
Armed Forces Service Medal
Military Outstanding Volunteer Service Medal

**OTHER ACHIEVEMENTS**
Officer training award, undergraduate pilot training
Top graduate, T-37 pilot instructor training
T-37 Instructor Pilot of the Year
Distinguished graduate, B-52 G/H combat crew training
Air Force Public Affairs Directors Special Achievement Award for commander support
Joseph A. Moller Award, Outstanding Wing Commander, ACC
Gold Medal, National Reconnaissance Office

**EFFECTIVE DATES OF PROMOTION**
Second Lieutenant Nov. 8, 1974
First Lieutenant Nov. 8, 1976
Captain Nov. 8, 1978
Major Oct. 1, 1983
Lieutenant Colonel June 1, 1988
Colonel Jan. 1, 1992
Brigadier General Jan. 1, 2000
Major General Oct. 1, 2003
Lieutenant General Feb. 3, 2005
General Oct. 8, 2008

(Current as of November 2008)

## INTRODUCTION & OVERVIEW

Chairman Ortiz, Ranking Member Forbes, distinguished Members of the committee, on behalf of the men and women of the United States Air Force, I thank you for the opportunity to discuss our portion of the President's FY10 budget request as it relates to the readiness of America's Air Force.

I am honored to report that over 660,000 Air Force Airmen continue to be "*All In*," doing whatever it takes to fight and win America's wars against determined adversaries. Despite the last eight years of conflict and multiple sustained deployments since 1990, your Air Force stands ready to execute its missions with precision and reliability. However, it is important to note that ongoing operations have strained our force and consumed a portion of our readiness.

We appreciate the House Armed Services Committee's steadfast support of the Air Force as we continue to organize, train, and equip our Total Force, comprised of our Active Duty (AD), Air Force Reserve (AFR), and Air National Guard (ANG) components, to deliver timely air, space and cyber power to Combatant Commanders (COCOMs) around the globe. We also remain grateful for the Committee's unswerving support of our Airmen, their families, and their quality of service.

### CURRENT REALITIES AND THEIR IMPACTS ON READINESS

With this budget request, we recognize that the current fiscal realities facing our great Nation will force difficult decisions for the foreseeable future. We also understand our current operations and readiness must come first. Yet we must continue to prepare for tomorrow's challenges in an increasingly chaotic strategic environment. As a military service, these preparations reflect a deliberate balancing of Air Force capabilities to effectively prepare for the spectrum of warfare.

Over 18 years of continuous deployments and the wars of the last eight years have strained our personnel and equipment. At the same time, the spectrum of threats for which we must prepare continues to expand. U.S. Pacific Command's area of responsibility (AOR) is a perfect example of these operational challenges. In the Pacific we must prepare our forces for the high intensity end of the

spectrum of warfare, characterized by anti-satellite weapons, advanced surface-to-air missile systems, increasingly effective electronic and cyber attacks, and the future potential of adversary low-observable fighter aircraft. Yet simultaneously in the same theater, we also stand ready to execute conventional major combat operations in the middle of the spectrum, while actively engaging in building partnerships and executing humanitarian airlift missions at the lower end of the spectrum.

### OVERVIEW OF THE AIR FORCE FY10 BUDGET REQUEST

Our FY10 budget request remains relatively stable between FY09 and FY10 and will fund the day-to-day operating expenses for 331,700 Airmen, 179,000 Civilians, and nearly 5,500 aircraft at 83 major installations around the world. With a focus on careful stewardship, we will responsibly allocate these funds to ensure we provide the Global Reach, Global Power, and Global Vigilance our Nation expects and deserves.

Our FY10 operations and maintenance (O&M) budget request is $43.4B, a 3% increase from our FY09 appropriation of $42.1B. Through this request, we will execute critical continuing O&M and focus on migrating budget funding from supplementals into our base budget. This budget request provides for our continuing efforts to reinvigorate our nuclear enterprise, supporting ongoing irregular warfare efforts, aggressively standing-up our emerging cyber mission, and restructuring our Combat Air Forces.

## READINESS FOR TODAY'S AND TOMORROW'S FIGHT ACROSS THE SPECTRUM

Regardless of the time, place, scale, size, or duration of the request, we continue to answer today's call for unrelenting air, space and cyber power and prepare to answer tomorrow's call at the same. America's Air Force is comprised of men and women who continue to respond to any request for their service with two simple words: *"Send Me"*.

**DAILY OPERATIONS**

Every day, your Air Force is engaged around the globe, including our current unquestioned focus in U.S. Central Command's (CENTCOM) AOR. Right now, of the 37,000 deployed Airmen, over 29,000 are serving in CENTCOM's AOR. Every day, we fly approximately 300 sorties in Iraq and Afghanistan, providing the Joint and Coalition team airlift, aero-medical evacuation, air refueling, command and control (C2), close air support, electronic warfare, and intelligence, surveillance, and reconnaissance (ISR). In 2008 alone, the Air Force flew almost 114,000 sorties in support of Operation IRAQI FREEDOM and Operation ENDURING FREEDOM and conducted 2,075 precision airstrikes in the CENTCOM theater.

We are also engaged around the globe daily in less publicized supporting operations. At any given time, we have about 218,000 members (over 34,000 Guard and Reserve) providing direct support to the COCOMs, 24 hours a day, seven days a week, 365 days a year. While not as widely known, these operations are unquestioningly vital to our Nation's defense. Airmen are engaged worldwide in missions ranging from global mobility to strategic bombers and space and missile forces to Air Sovereignty Alert. These lesser-known commitments also include our mission sets of increasing focus: C2, ISR, Special Operations and Combat Search and Rescue (CSAR).

While these are but a few examples of our numerous ongoing global operations, I trust our dedication to the COCOMs may be exemplified by our persistent support of the Medical Evacuation (MEDEVAC) mission, one we believe to be a moral imperative. This critical mission of quickly airlifting wounded Soldiers, Sailors, Airmen and Marines from the battlefield during the "golden hour" to medical facilities is typically performed by U.S. Army rotary-wing assets. However, due to the expanded and enduring requirement for MEDEVAC capabilities in CENTCOM's AOR, the Air Force has performed this mission using our HH-60G fleet, typically reserved for CSAR missions. With its expanded capabilities in higher threat and demanding environmental conditions, this capable aircraft and its crews are well-suited to this mission set and they have contributed greatly. Starting in January 2006, Air Force

CSAR helicopters were also deployed solely to perform the MEDEVAC role in Afghanistan due to shortages of available U.S. Army aircraft. In February 2009, we moved to further support the Secretary of Defense's MEDEVAC initiatives by increasing our deployment capability by cancelling training events and tasking all Air Force helicopters in Afghanistan to perform MEDEVAC, including those assigned to CSAR alert.

**TRAINING**

In addition to our dedicated support to ongoing operations, we continue to increase the complexity and difficulty of our training to ensure our forces are ready for conflicts across the spectrum of operations. As a vital part of these training programs, the FY10 O&M funding request will fully fund our 1.4 million hour flying hour program that provides training for over 1,200 pilots and sustains almost 5,500 aircraft.

We've recently transformed our most realistic and rigorous training programs in cooperation with the other Services and the COCOMs. Seven Title 10 training programs are now accredited as Joint training programs where our forces function as one of many integrated elements of national power. For example, to better prepare our aviators for the challenges they'll face in Iraq and Afghanistan, we recently modified our keystone flying training event, Red Flag. There, we increased the realism of scenarios and increased by 50% the number of sorties flown. We have also increased the realism and intensity of our Space wargames, most recently with Schriever V. This Space wargame included broader national security, allied, and commercial policy implications than ever before in order to prepare us for the increasingly important and complex field of Space warfare. Although these are only two examples of our innovative training programs, we are continuously searching for better ways to prepare our forces for the myriad of challenges they will face.

## PERSONNEL READINESS

Our dedicated Airmen are the heart and soul of our Air Force. These committed men and women form the backbone of the finest Air Force in the world. That said, the high operations tempo of the last eight years has strained portions of our force that we are moving aggressively to relieve.

### END STRENGTH

End strength is an area of particular concern to senior Air Force leadership as our requested increase is necessary to meet the needs of new and emerging missions and the need to robust existing missions. Our FY10 budget requests an authorized end strength increase to 331,700. The increased manning request will help to: establish an Air Force Global Strike Command; stand up a Cyber Numbered Air Force; operate the MC-12 "Project Liberty" and enhance irregular warfare capabilities; support new and emerging missions for Air Force Special Operations Command; increase our unmanned aerial systems operations (including operators and intelligence analysts) to 50 combat air patrols (CAP); achieve acquisition excellence; increase Defense Health Program positions; and provide manpower for new and emerging missions. Until these end strength requests become reality, our existing personnel will continue to shoulder a large burden.

### RECRUITING AND RETENTION

Despite our engagements in Afghanistan and Iraq over the last eight years and what we have asked of our personnel, our recruiting and retention efforts remain strong. To continue engaging current and emerging threats, our recruiting mission reaches past achieving pure quantities by ensuring the right quality and right skills are present in potential candidates. So far in 2009 we have achieved 100% of our year-to-date accession goals and 100% success in filling our requirements for physically demanding and highly-skilled "hard to fill" jobs since 2001. With Congressional assistance and our recruiters' hard work, we continue to meet all requirements for such vital career fields as Combat Controller, Pararescue, Tactical Air Control Party, Explosive Ordnance Disposal (EOD), Security Forces, Linguist, and Survival,

Evasion, Resistance, and Escape Instructor. Because these career fields are so important, they are also the only ones for which we are offering FY09 enlistment bonuses. Additionally, we have achieved mission goals in officer recruiting, but continue to struggle with some Health Professional officer programs. Considerable challenges exist for attracting candidates from this lucrative civilian market, but for FY09 we have already filled approximately 45% of available scholarships.

Even more than recruitment, the Air Force depends on retaining its highly skilled and uniquely qualified personnel. We are on track to meet our retention goals, but note several of our stressed specialties continue to experience significant shortfalls. We will continue to rely heavily on bonuses and quality of life initiatives to resolve these shortages. Selective Reenlistment Bonuses (SRB) continue to be our most effective monetary retention tool. We've recently maximized the impact of our SRB program by increasing FY09 bonuses for our Contracting career field and lowering or eliminating bonuses for 24 other career fields. Our officer retention is strong, yet we are moving to target concerns in our Health Professional career fields, including physicians, nurses, dentists and biomedical specialists such as psychologists and social workers.

We know our force is strained by the on-going high operations tempo and we have identified 16 specialties (7 officer and 9 enlisted) that we monitor as "stressed." To help mitigate stress on these career fields, we are constantly reviewing skills retention bonuses, promotions, force shaping exemptions, and process improvements. We also expect continuing high demand for our Contracting, Airfield Operations, Special Investigations, Security Forces and Intelligence career fields that are currently in a 1:1 deploy-to-dwell rotation.

**JOINT EXPEDITIONARY TASKINGS**

Currently, approximately 12% of our deployed personnel are executing Joint Expeditionary Taskings (JET) that support our sister Services. These taskings were previously called "in lieu of" taskings; however in late 2008, we made the conscious decision to identify these duties under the term "JET." This change reflects our renewed commitment to the Joint team, and reiterates the dedication to

service of our Airmen. The majority of JET deployees have duties in line with their normal career fields; however, roughly one-third of these JET deployments are in support of ad hoc units made up of personnel from several Services or functional areas, including Provincial Reconstruction Teams or Training Teams. For these non-traditional taskings, we have bolstered our training programs to ensure our personnel are ready to execute a wide variety of missions. Sister Service commanders continuously note that Airmen bring new, innovative perspectives and unique problem-solving skills to the fight that make them uniquely suited for a wide array of taskings. Additionally, via these taskings our Airmen are developing new Joint competencies and understanding of Joint doctrine. The top five Air Force specialties sourced for JET duties are: Security Forces (20%), Vehicle Operations (7%), EOD (5%), Intelligence Operations (4%), and Vehicle Maintenance (4%).

**QUALITY OF SERVICE**

The Air Force continues to deliver combat support and community service programs that are the cornerstone of sustaining our Airmen. We fully recognize that we recruit Airmen, but we retain their families.

Over the past year, we have redefined our traditional "quality of life" concept to a more encompassing "quality of service" concept. This expanded definition recognizes that we must not only take care of an Airman and his or her family, but we must also provide each of them the opportunity to perform meaningful work and contribute to the mission.

In FY09, we refined our operations to increase support for the families of our Wounded Warriors, deployed Airmen, Air National Guardsmen and Air Force Reservists. To support our Wounded Warriors, our Family Liaison Officers have expanded their coverage to include not only the families of our fallen and combat-wounded Airmen, but to the families of all seriously injured Airmen receiving medical treatment away from their home unit. We also tackled issues identified as important to Air Force families including: expanding child care capacity; increasing child care support for families of Guard and Reserve

Airmen; improving financial readiness; and providing opportunities for children of Airmen, whether they are located on installations or in civilian communities throughout the United States.

### TOTAL FORCE

As our Air Force moves forward, we continue to capitalize on the tremendous talent the Air Force Reserve and the Air National Guard contribute to the Total Force, as both strategic and operational teammates. For decades, the Reserve Component's (RC) contributions to prevailing in today's fight while preparing for tomorrow's challenges have been crucial to our success as an institution. Simply stated – the Air Force could not achieve its goals without them.

We continue to modernize our organizations to produce a more capable, affordable Total Force. As we consider today's economic climate, it has never been more critical to build on the success of Total Force Integration (TFI). Through TFI, we aim to increase force-wide efficiencies and maximize combat capability for the Joint warfighter and the Nation's allies. We must continue to leverage TFI to meet our highest priority manpower requirements and to do so we have charged our RC leadership to expand both traditional and active associations.

We are also cognizant of the need to balance RC usage and stress with the need to expand their role in the Air Force mission. We think it's crucial to examine opportunities for the RC to participate further in mission areas associated with fixed locations, particularly those with minimal or no requirements for deployment and missions requiring augmentation for 24/7 surge operations. Our objective is to leverage geographic resources, equipment and workforce to enhance mission opportunities close to home.

## AIRCRAFT READINESS

Our aircraft inventory remains viable, ready and relevant to meet the Nation's current and future defense needs; however, we have considerable concerns going forward. Despite incredibly high utilization rates, the last decade has seen stable aircraft availability and mission capable rates that are a

testament to the skill and determination of our maintainers. Yet, continued high demand on these platforms contributes to systemic declining reliability, reflected in significant cost, capability and availability concerns across the fleet. This trend is most evident in the groundings of our F-15, F-16, A-10, C-130, and T-6 fleets in the past two years. As we extend many of our aircraft past their original design lives, we expose ourselves to unpredictable availability and cost risks which can only be avoided through recapitalization or mitigated after the fact. Simply put, issues affecting older aircraft are unpredictable and repairs on older aircraft take longer and cost more.

Our A-10 fleet is a perfect example of the risks associated with our aging aircraft. Almost the entire fleet (350 out of 356 aircraft) has exceeded the original service life of 6,000 hours and the average A-10 has flown 8,919 hours. We have recognized the value of this aircraft in current operations in Iraq and Afghanistan and have used it extensively in these theaters to great effect. To extend its useful life, we recently undertook an extensive modification program which extended its service life to 16,000 hours. While the fleet was undergoing this modification, we found wing cracks in many of the aircraft, which grounded them and necessitated increased funding for maintenance.

**FLEET SUSTAINMENT AND DEPOT OPERATIONS**

As part of an ongoing process, we have taken multiple steps to better understand and mitigate the factors associated with aging aircraft, including integrating our Fleet Viability Board (FVB) into our normal life-cycle sustainment processes. The FVB provides senior Air Force leaders an independent assessment of the sustainment and minimum capability investments required to keep our fleet viable over a 20-25 year planning horizon. This year we are expanding this organization because the FVB's independent assessments have provided valuable insight into the future sustainability of our legacy systems and better information to our enterprise-level planning and programming functions.

A large part of our maintenance capability resides in our depots, which are absolutely vital to our maintenance operations. We are committed to continue investing in our modern industrial base to sustain both our aging legacy fleets and posture us to sustain new weapon systems. To this end, we have

committed an additional $150M capital investment for our depots from FY04-09 and plan to continue our investments at a minimum rate of 6% of funded workload, per Congressional direction. These investments will ensure our depots are provided with state-of-the-art, environmentally compliant, efficiently configured, and properly equipped facilities to support existing and projected depot maintenance workloads.

Our newest weapon systems have entered service and are providing outstanding capabilities. Yet many are also experiencing sustainment growing pains such as CV-22, RQ-4A, and F-22 aircraft availability and mission capable rates below expected projections. The CV-22 and RQ-4A fleets suffer from parts support issues and both program offices are aggressively working to procure additional spares, improve repair cycles and improve reliability. The F-22 fleet is also in the midst of a reliability improvement program which is expected to dramatically improve the maintainability of its low-observable features. We are also taking the lessons we are learning from these platforms and rolling them into our plans for fielding and sustaining the F-35.

## FY10 EMPHASIS AREAS

### BUDGET MIGRATION FROM EMERGENCY SUPPLEMENTALS TO THE BASE BUDGET

As we built our portion of the FY10 President's Budget Request, the Air Force and the Department of Defense as a whole began to transition from a reliance on contingency funding by moving selected enduring capabilities into our permanent baseline budget. This deliberate action was in line with the Air Force's re-balancing efforts and marks an important first step toward solidifying our baseline funding for on-going irregular warfare and long-term missions.

With the continuing growth in demand for ISR assets, the Air Force re-aligned $311M within the FY10 baseline to fund the operations and sustainment of this critical mission set, including $196M for MQ-1 and MQ-9 operations and $115M for sustainment of the Distributed Common Ground System. Additionally, the Air Force committed more than $350M in the FY10 budget to institutionalize Air

Advisor Training, to enhance C2 capabilities to support the Joint fight, and to continue recapitalizing the MC-130J fleet. Finally, the Air Force re-aligned "long war" facility requirements, outside the CENTCOM AOR, out of the contingency request into our baseline budget.

These actions are representative of our efforts to shore up baseline funding for some of our newest enduring missions that grew out of DoD's efforts to fight terrorism. By resourcing these irregular warfare and long-term missions with baseline funding, the Air Force decreases reliance on contingency funding and improves predictability of readiness funding levels. While these FY10 actions represent a proper movement toward improving long-term readiness for these missions, we acknowledge they are only the first step and we continue to rely on your support for Overseas Contingency Operations funding to sustain many of our enduring weapon systems involved in operations overseas.

**NUCLEAR ENTERPRISE AND IRREGULAR WARFARE**

Our budget request continues to place great importance on our nuclear enterprise by providing additional funding for developing and maintaining nuclear expertise, investing in nuclear resources, and continuing to fix systemic weaknesses in our processes. Specifically, our budget request maintains the B-52 fleet of 76 aircraft while funding the stand-up of the Air Force Global Strike Command. It also establishes a new Assistant Chief of Staff for Strategic Deterrence and Nuclear Integration and increases the end strength assigned to our nuclear enterprise by almost 2,500 personnel.

While this request continues to meet the Combatant Commanders' needs for strategic forces, the Air Force budget request also shifts resources within the O&M portfolio to support irregular warfare. We are continuing on an accelerated path to achieve the Secretary of Defense goal of 50 ISR CAPs. In FY10 we will have 43 CAPs in place, with the remaining to be fielded in FY11. Additionally, our newly acquired and soon to be fielded MC-12 capability, a platform we are sending directly forward as part of the Joint fight, will also increase ISR support to our troops on the ground. Our Air National Guard Airmen are a key force provider in this mission and will provide 100 percent of the mission qualification training for our MC-12 pilots. These expanded ISR programs will continue to provide unprecedented

levels of battlespace awareness to operational commanders that have proven invaluable in our operations in Iraq and Afghanistan.

**CYBER**

Cyberspace is now a recognized warfighting domain and cyber-security is increasingly a vital national interest. State and non-state actors continue to exploit asymmetric advantages in this domain and place the Air Force, Department of Defense, and our national key infrastructure at risk. As part of a Joint operational capability, the Air Force will continue to develop and implement plans to improve our cyber operational capabilities through new organizational and training initiatives.

The Air Force is currently moving forward with the planned reorganization of existing cyber operational units by assigning them to Air Force Space Command and placing them under the C2 of a warfighting numbered air force aligned with United States Strategic Command. The Air Force will continue to provide operational cyber capabilities in support of all Combatant Commands and Joint Task Force-Global Network Operations. As the Nation and the Department of Defense develop future Joint C2 constructs, the Air Force will present cyber forces to Joint or unified commands at the proper level to ensure operational success and will also remain focused on daily cyber operations as well as building the future cyber professional career force.

We recognize that much work is required to provide the right number of cyber operators and technicians to defend and operate the Air Force network and to achieve mission assurance across all Air Force operations and Joint military operations. To provide the cyber operators and technicians we need, the Air Force must develop the education and training programs to will grow the cyber expertise necessary to accomplish this increasingly important mission. Air Education and Training Command (AETC) developed an initial cyber skills curriculum and will begin training Air Force cyber personnel beginning in FY09. Additionally, the Air Force Cyberspace Technical Center for Excellence has taken the lead in developing our Professional Education Courses. We are also looking at cyber training courses

offered by our sister Services and the academic and business communities to bolster our cyber knowledge base.

**RESTRUCTURING OUR COMBAT AIR FORCES**

As we re-balance our O&M portfolio to accommodate the emergence of new missions and expansion of existing missions, one notable change is our plan to restructure our Combat Air Forces. Based on our assessments of the current mid-term strategic environment, we plan to accelerate the retirement of approximately 250 legacy combat aircraft – mainly F-15s, F-16s and a small number of A-10s. We see this as an opportunity to eliminate excessive overmatch in our tactical fighter portfolio and begin to bridge to a 5th Generation-enabled force that increases our flexibility, survivability and lethality. It is important to note that this restructuring of capabilities fully complies with national and Department of Defense guidance, including the Defense Secretary's Guidance for the Development of the Force. Additionally, this restructuring is balanced across U.S. and foreign-based units in our Active and Reserve components.

While this plan creates over $3.5B in savings across the Future Years Defense Plan, it more importantly frees up over 4,000 Active Duty manpower positions which we will shift to expanding national priority missions. Many of these positions will be used in restore our B-52 force structure and related nuclear positions. Additionally, we are fully manning operators for our expanding ISR mission due to accelerated growth in unmanned aircraft and our MC-12 programs. Finally, we must provide intelligence analysts to process, exploit, and disseminate the immense amounts of information that these new ISR systems will produce. We anticipate these expanded ISR capabilities will continue to provide game-changing effects in our Joint and Coalition operations in Iraq and Afghanistan. The funding saved from the reduced aircraft authorizations will also be reinvested to reduce key capability gaps in our Force Application portfolio by allowing the procurement of the latest generation of air-to-air missiles and preferred air-to-ground munitions.

## CONCLUSION

Despite the last eight years of conflict and multiple sustained Air Force deployments since 1990, your Air Force stands ready to execute its missions with precision and reliability. Although these ongoing operations have strained our force and consumed a portion of our readiness, we are taking steps to ensure our personnel, equipment, and institutions are prepared for fighting today's wars and for future challenges. Regardless of the task, you can rest assured your Air Force is ready. Through your ongoing support and the incredible resilience of America's Airmen, we'll continue to answer the Nation's call.

Not public until
Released by the
House Armed Services Committee

STATEMENT OF

GENERAL JAMES F. AMOS
ASSISTANT COMMANDANT OF THE MARINE CORPS

BEFORE THE

HOUSE ARMED SERVICES COMMITTEE

SUBCOMMITTEE ON READINESS

20 MAY 2009

Not public until
Released by the
House Armed Services Committee

# General James F. Amos
## Assistant Commandant of the Marine Corps

General James F. Amos, USMC, is the 31st and current Assistant Commandant of the Marine Corps. A Naval aviator by trade, General Amos has held command at all levels from Lieutenant Colonel to Lieutenant General. Most notably he commanded the 3rd Marine Aircraft Wing in combat during Operations Iraqi Freedom I and II from 2002-2004, followed by command of the II Marine Expeditionary Force from 2004-2006. He subsequently served as the Commanding General, Marine Corps Combat Development Command and as the Deputy Commandant, Combat Development and Integration from 2006 to July 2008. General Amos was promoted to his present rank and assumed the duties of Assistant Commandant of the Marine Corps on 2 July 2008.

Operational assignments include tours with Marine Fighter Attack Squadrons 212, 235, 232 and 122 where he flew the F-4 Phantom II. In 1985 General Amos assumed command of Marine Wing Support Squadron 173. Later, transitioning to the F/A-18 Hornet, he assumed command of Marine Fighter Attack Squadron 312 and subsequently joined Carrier Air Wing Eight onboard USS Theodore Roosevelt (CVN-71). General Amos took command of Marine Aircraft Group 31 Beaufort, SC in May 1996.

General Amos' staff assignments include tours with Marine Aircraft Groups 15 and 31, the III Marine Amphibious Force, Training Squadron Seven, The Basic School, and with the MAGTF Staff Training Program. Promoted to Brigadier General in 1998 he was assigned to NATO as Deputy Commander, Naval Striking Forces, Southern Europe, Naples Italy. During this tour he commanded NATO's Kosovo Verification Center, and later served as Chief of Staff, U.S. Joint Task Force Noble Anvil during the air campaign over Serbia. Transferred in 2000 to the Pentagon, he was assigned as Assistant Deputy Commandant for Aviation. Reassigned in December 2001, General Amos served as the Assistant Deputy Commandant for Plans, Policies and Operations Department, Headquarters, Marine Corps.

**Introduction**

Chairman Ortiz, Congressman Forbes, and distinguished Members of the Committee, on behalf of your Marine Corps, I want to thank you for your generous support and for the opportunity to speak to you today about the readiness of the United States Marines and our Fiscal Year 2010 budget request. Recently, the Secretary of Defense outlined a strategy to return the Department to a balanced force capable of prevailing in current conflicts while preparing for other contingencies.[1] Consistent with Secretary Gates' strategy, my statement will address our efforts to achieve that balance, the readiness challenges facing Marines today, and the critical steps needed to reset and reconstitute our Corps for today's complex challenges and tomorrow's uncertain security environment.

Despite high operational tempo, your Marines are resilient, motivated, and performing superbly in missions around the globe. They are fully engaged and winning in combat operations in Iraq and Afghanistan as part of a generational struggle against global extremism. This sustained effort and performance does not come without costs – to the institution, to our equipment, to our strategic programs, and most importantly to our Marines and their families. Continued Congressional investment in our Marines and families, resetting and modernizing our equipment, and training Marine Air Ground Task Forces for the future security environment are critical to the Marine Corps' success as the "Nation's Force-in-Readiness."

**Readiness Assessment**

The Marine Corps is meeting all OIF and OEF requirements. In the course of the last seven years, your Marine Corps has been battle-tested, combat hardened, and has accumulated tremendous experience in irregular warfare and counter-insurgency operations. Forward deployed units are manned, trained, and equipped to accomplish their assigned missions, and these units are reporting the highest levels of readiness for those missions. However, resources are limited and non-deployed units incur the costs of ensuring deployed and next-to-deploy units have sufficient personnel, equipment, and training. As a result, our non-deployed forces are currently reporting degraded readiness levels. This degraded state of readiness within our non-deployed forces presents risk in our ability to rapidly respond to other unexpected contingencies.

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[1] Gates, Robert M. "A Balanced Strategy: Reprogramming the Pentagon for a New Age." Foreign Affairs, Volume 88, No. 1, January / February 2009.

Because our equipment, personnel, and training priorities are focused on counter-insurgency operations, we have experienced degradation in some of our traditional, full spectrum, core competencies such as integrated combined arms operations and large-scale amphibious operations. These skills are critical to maintaining the Marine Corps' primacy in forcible entry operations that enable follow-on joint forces. The OIF/OEF demand for units has also limited our ability to fully meet Combatant Commander requests for theater engagement activities. The current security environment has clearly justified the tradeoffs we've made to support the Long War, but the uncertainty of the future makes it prudent to regain our capabilities to operate across the full range of military operations – to be that "balanced force" that Secretary Gates speaks of.

In addressing the challenges facing the Marine Corps, I have structured my statement along the lines of our key readiness concerns – personnel, facilities and military construction, equipment, training, amphibious shipbuilding, and caring for our warriors and their families. I will discuss the positive steps and proactive initiatives we are undertaking, with your support, to reset, reconstitute, and modernize the Marine Corps for an uncertain future. Finally, I will conclude with some of our ongoing initiatives and programs that address the care and welfare of our Marines and their families.

**The Fiscal Year 2010 Budget Request**

Our Fiscal Year 2010 baseline budget request, which totals $26.5 billion, includes $5.7 billion in operation and maintenance funding for our active and reserve components. This O&M funding supports the full range of Marine Corps activities – training our men and women for combat, operating our bases and stations, and repairing and maintaining our equipment. Our baseline O&M request also continues support for our family readiness programs. In addition to our baseline funding, we requested $6.1 billion in Fiscal Year 2010 Overseas Contingency Operations (OCO) funding, including $3.8 billion in operation and maintenance. This funding remains critical to our success in OPERATION IRAQI FREEDOM and OPERATION ENDURING FREEDOM.

We also requested $4.1 billion in active and reserve operation and maintenance funds in our Fiscal Year 2009 OCO submission. Thanks to your support, $2.9 billion received through

the bridge currently supports our ongoing operations. The remaining $1.2 billion in the 2009 request is vital to our continued efforts abroad and at home.

**Stress on the Force: Personnel Challenges and Operations Tempo**

The pace of operations for your Marines remains high, with over 30,000 Marines forward-deployed across the globe. In the U.S. Central Command area of operations, there are over 25,000 Marines deployed in support of OPERATION IRAQI FREEDOM and OPERATION ENDURING FREEDOM. Despite the recently concluded Status of Forces Agreement with Iraq and the plans for a drawdown of forces there, the demand and associated operational tempo for Marines will remain high as we transition requested forces to Afghanistan. Meeting this global demand resulted in short deployment-to-dwell ratios for many units, with some deployed for as many months as they spend at home. Some of our low density/high demand units such as Intelligence, Communications, Explosive Ordnance Disposal, and certain aviation units, remain at or below a 1:1 dwell, with only moderate relief in sight for the near future. Insufficient dwell negatively impacts our total force readiness because it leaves inadequate time to conduct full spectrum training and to reconnect with families.

Another readiness detractor has been the need to task combat arms units, such as artillery, air defense, and mechanized maneuver to perform "in-lieu-of" (ILO) missions such as security, civil affairs, and military policing. Shortages of those skill sets created the need for ILO missions to meet the requirements for counter-insurgency operations in Iraq and Afghanistan. Although these mission assignments are necessary, they have degraded our readiness because these combat units are unable to train to and maintain proficiency in their primary skill sets.

In addition to unit rotations and ILO missions, the Marine Corps is tasked to fill a variety of assignments for forward-deployed staffs, training teams, and joint/coalition assignments that exceed our normal manning structures. The manning requirements for these Individual Augments (IAs), Training Teams (TTs) and Joint Manning Documents (JMDs) seek seasoned officers and staff non-commissioned officers because of their leadership, experience, and training. We understand that these augmentees and staff personnel are critical to success in Iraq and Afghanistan, but their extended absence has degraded home station readiness, full spectrum training, and unit cohesion.

**Personnel Initiatives.** In order to better meet the needs of a nation at war, the Corps has been authorized to grow to an active duty end strength of 202,000 (202K) Marines. The 2010 baseline budget includes $250 million to support recruiting and advertising efforts to maintain this end strength level. This increase in manpower will ultimately result in a Marine Corps with three balanced Marine Expeditionary Forces (MEFs) and will help mitigate many of the operational tempo challenges described in the previous section. A balanced Marine Corps will provide combatant commanders with fully manned, trained, and equipped Marine Air Ground Task Forces (MAGTFs) that are multi-capable, responsive, and expeditionary. Additionally, the end strength growth will increase our capacity to deploy forces in response to contingencies and to participate in exercises and operations with our international partners in support of the Nation's broader security objectives. It will also allow more time at home for our Marines to be with their families, to recover from long deployments, regain proficiency in core skills, and prepare for their next mission.

The 202K growth plan is progressing well. The Marine Corps grew by over 12,000 Marines in Fiscal Year 2008 and is on pace to reach an active duty end strength of 202K by the end of Fiscal Year 2009 – two years ahead of schedule. Thanks to the continued support of Congress, we have increased our infantry, reconnaissance, intelligence, combat engineer, unmanned aerial vehicle, military police, civil affairs, and explosives ordnance disposal communities. Several of these units have already deployed to Iraq, mitigating the need for additional ILO missions. We have realized improvements in dwell time for a number of stressed communities. Although the plan is progressing well, the growth in end strength will not result in an immediate improvement in reported readiness because it takes time to train and mature our newly recruited Marines and units and the demand created by our operational tempo still exceeds our force strength.

In addition to our end strength increase, the Marine Corps is examining other options to keep Marines in the fight. For example, we are hiring over 1,700 civilian police officers and security support personnel to meet home station policing and security requirements at our bases and stations. After our first year of implementing this program, we are successfully blending traditional military police with federal civilian police officers at the majority of our installations. This initiative enables us to free active duty military police for deployments in support of the MAGTF, further reducing the need for ILO assignments.

**Facilities**

As the Marine Corps grows to 202K, military construction is critical to supporting and sustaining the new force structure and maintaining the individual readiness and quality of life for our Marines. Thanks to your support, we recently expanded our construction efforts and established a program that will provide adequate bachelor housing for our entire force by 2014. In Fiscal Year 2009 alone, Congress funded over 12,000 barracks spaces for our Marines. Congressional support is still required to provide additional new barracks spaces to meet our 2014 goal. Concurrent with our new construction efforts is our commitment for the repair and maintenance of existing barracks to improve morale and quality of life. The 2010 operations and maintenance baseline budget request includes $692 million for facilities sustainment, restoration and modernization (FSRM), of which $102 million is allocated for barracks improvement. This funding will allow the Corps to adequately maintain facilities where Marines work, live and train.

**Equipment Readiness**

Ensuring that our Marines are equipped with the most modern and reliable combat gear is a necessity. However, the requirement to fully resource deployed forces, often in excess of our tables of equipment, has reduced the availability of materiel essential to outfit and train our non-deployed units. Approximately 24% of all Marine Corps ground equipment and 40% of our active duty aviation squadrons are deployed overseas. Most of this equipment is not rotating out of theater at the conclusion of each force rotation; it remains in combat, to be used by the relieving unit.

**Ground Equipment Readiness.** After seven years of sustained combat operations, our deployed equipment has been subject to significant wear and tear, harsh environmental conditions, and increased operating hours and mileage. Additionally, the weight associated with armor plating further increases the wear on our deployed vehicle fleet and accelerates the need for repair and replacement of these assets. Despite these challenges and higher utilization on already aging equipment, our young Marines are keeping this equipment mission-ready every single day. The high equipment maintenance readiness rates throughout the Marine Corps are a testament to their dedication and hard work.

The policy to retain equipment in theater as forces rotate in and out was accompanied by increased in-theater maintenance presence; this infusion of maintenance support has paid great dividends, with deployed ground equipment maintenance readiness above 90%. However, the Marine Corps is experiencing challenges with the supply availability of a number of critical equipment items. Equipment supply availability varies depending on whether units are forward deployed or in dwell at home station. Supply readiness rates have decreased for home station units, while we work to meet the demand of deployed forces, and those next-to-deploy. Shortages of critical equipment limit home station units' ability to prepare and train to their full core competencies and present additional risk in availability of equipment necessary to respond swiftly to unexpected contingencies.

The recent sourcing of equipment for the 2nd Marine Expeditionary Brigade (MEB) deploying into Afghanistan illustrates our equipment availability challenge. Equipment assets were pulled from across the enterprise to accomplish this task. To ensure the 2nd MEB is provided the newest and most capable equipment, over 55% of their equipment came via new procurement provided by Marine Corps Systems Command. Approximately 27% of the equipment came from within the Central Command area of operations, including items made available from units retrograding from Iraq; and about 4% of the required assets were sourced from Marine Corps Logistics Command and the Marine Corps Prepositioned Program - Norway (MCPP-N). Although a concerted effort was made to minimize the impact on home station unit readiness, 14% of 2nd MEB's equipment needed to be drawn from our non-deployed operating forces.

Ground equipment age continues to be a top readiness challenge as well. As equipment ages, more time, money, and effort are expended repairing it. Our depot maintenance request, totaling $635 million in the 2010 baseline and OCO budgets, supports the Corps' efforts to repair equipment and make it available for use quickly. Ultimately, however, the answer to achieving sustained improvements in ground-equipment readiness is to improve logistics processes and to modernize with highly reliable and maintainable equipment. The Corps is achieving efficiencies by improving supply-chain processes, adopting best practices, and by leveraging proven technological advances to facilitate responsive and reliable support to the Operating Forces. In addition to the depot maintenance funding request, sustainment funding for fielded equipment remains an integral part of the Corps' readiness picture. The 2010 baseline and OCO budget

requests include $1.08 billion for field logistics, which is critical for sustainment support of our fielded equipment.

**Aviation Equipment.** Our aviation capability is a critical part of the MAGTF. Just like our ground forces, deployed Marine aviation units receive the priority for aircraft, repair parts, and mission essential subsystems such as forward looking infrared (FLIR) pods. Non-deployed forces, on the other hand, face significant challenges for available airframes and supply parts. Exacerbating the readiness challenges in our aviation fleet, most Marine aviation platforms are "legacy" platforms which are no longer in production, placing an even greater strain on our logistics chain and maintenance systems.

Our Marine Corps aviation platforms are supporting ground forces in some of the world's harshest environments: the deserts of Iraq, Afghanistan, and the Horn of Africa. Our aircraft are flying at utilization rates far beyond those for which they were designed. We are nearly tripling the utilization rates of our workhorses - the F/A-18C and D; the KC-130 cargo and aerial refueling platform; our EA-6B electronic warfare aircraft; and even the new MV-22 Osprey. Increased utilization causes aircraft to structurally age faster than programmed. As our legacy aircraft are lost or damaged in combat, the Marine Corps is faced with a shortage of available aircraft for training and future employment. To maintain sufficient numbers of aircraft in deployed squadrons, non-deployed squadrons have taken cuts in aircraft and parts. With our current force structure, our aircraft requirement, termed Primary Aircraft Authorization (PAA) is short 248 aircraft across all Type/Model/Series. These shortfalls are the result of aircraft modifications, intermediate maintenance events, depot maintenance, transition/procurement aircraft, and aircraft damaged beyond repair.

Maintaining the readiness of aviation assets while training aircrew is an enormous effort and an ongoing readiness challenge. Our aviation Fleet Readiness Centers have been able to mitigate degradation of our aircraft materiel readiness through modifications, proactive inspections, and additional maintenance actions. These efforts successfully bolstered aircraft reliability, sustainability, and survivability. Nevertheless, additional requirements for depot-level maintenance on airframes, engines, weapons, and support equipment will continue well beyond the conclusion of hostilities. Aircraft undergoing depot-level repairs are not available for training or combat. We are simply running short of aircraft on our flight lines due to age, attrition, and wartime losses.

**Pre-positioning Equipment and Stores.** Marine Corps Prepositioning Programs are comprised of the Maritime Prepositioning Force (MPF), with three Maritime Prepositioning Ships Squadrons (MPSRONs), and the Marine Corps Prepositioning Program – Norway. Since 2002, we have drawn equipment from our strategic programs and stocks to support combat operations, growth of the Marine Corps, and other operational priorities. While the readiness of the strategic prepositioning programs continues to improve, equipment shortages in our strategic equipment pre-positioned stores have forced the Marine Corps to accept necessary risk in our ability to rapidly respond to world-wide contingency operations. With Congress' support, our shortfalls in the MPF and MCCP-N programs will be reset, in accordance with operational priorities, as equipment becomes available. The 2010 baseline budget includes $77 million in support of our pre-positioning efforts.

**In-Stores Equipment.** In-Stores Equipment refers to our pool of assets that serves as a source of equipment to replace damaged or destroyed equipment in the operating forces, and potentially fill shortfalls in the Active and Reserve Components. This equipment was used heavily to source equipment requirements in Iraq and will be used to support our transition to operations in Afghanistan. The availability or supply rating for In-Stores assets has been degraded over the past years and limits our ability to rapidly respond to unexpected contingencies and to replace damaged equipment in the operating forces.

**Equipment Initiatives.** To counter the readiness impact of damaged, destroyed or worn out equipment, the Marine Corps initiated a program to reset and modernize our force. The goals of our reset and modernization programs are to sustain the current fight by repairing or replacing worn out or damaged/destroyed equipment while enhancing our support to the warfighter by reconstituting our force with newer, more capable, equipment. Over time, these initiatives will help to increase non-deployed unit readiness by enhancing home station equipment pools and pre-deployment unit training requirements.

**Equipment Reset.** Reset consists of actions taken to restore units to a desired level of combat capability commensurate with the unit's mission. It encompasses maintenance and supply activities that restore and enhance combat capability to equipment that has been damaged, rendered obsolete, or worn out beyond economic repair due to combat operations by repairing, rebuilding, or procuring replacement equipment. Our cost estimate for resetting our force is over $20 billion. As we continue with Overseas Contingency Operations, we will update this estimate

accordingly. We appreciate the generous support of the Congress in appropriating over $12 billion to date to ensure that Marines have the equipment and maintenance resources they need. We are committed to managing these resources wisely as we repair, reset and modernize our force.

We expect to see reset requirements increase as a result of force reductions in Iraq and to sustain a growing presence in Afghanistan. To prepare for the reset of equipment redeployed from Iraq, we have created an OIF Reset Plan. The plan synchronizes Marine Corps efforts to ensure we effectively and efficiently reset equipment to support follow on operations. Equipment being redeployed is inspected, sorted and redistributed in theater, or redeployed to CONUS to maintenance facilities. These assets will then be repaired and distributed to fill shortfalls for established priorities. Our depot maintenance budget request supports this effort. Equipment determined to be beyond economical repair will be disposed of and replacements procured.

**Modernization.** As the Nation's expeditionary force-in-readiness, the Marine Corps is required to prepare for the unexpected. We are making progress in repairing and resetting existing equipment, but this effort must be augmented with continued investment to modernize our capabilities. Equipment modernization plans are a high priority within our Corps. Our Commandant's recently published Marine Corps Vision and Strategy 2025 will help guide our modernization efforts as we continue to be the agile and expeditionary force for the Nation.

**Ground Modernization.** Prompted by a changing security environment and hard lessons learned from sevens years of combat, the Marine Corps recently completed an initial review of its Operating Force's ground equipment requirements. Recognizing that our unit Tables of Equipment (T/E) did not reflect the challenges and realities of the 21st century disbursed battlefield, the Corps adopted new T/Es for our operating units. This review was synchronized with our modernization plans and programs, and provides enhanced mobility, lethality, sustainment, and command and control across the MAGTF. The new equipment requirements reflect the capabilities necessary not only for the Corps' current mission, but for its future employment across the range of military operations, against a variety of threats, and in diverse terrain and conditions. The MAGTF T/E review is an integral part of the critical work being done to reset and reconstitute the Marine Corps.

**Aviation Modernization.** We are modernizing the aircraft we fly, changing the way we think about aviation support to our ground forces, and changing our capabilities to conduct operations in any clime and place. To help meet the growing intelligence, surveillance, and reconnaissance requirements of our operating forces, the Marine Corps will field three levels, or "tiers," of unmanned aircraft systems (UAS). Furthermore, we are committed to an "in-stride transition" from twelve type/model/series aircraft to six new aircraft. Programs such as the F-35B Joint Strike Fighter, the MV-22 Osprey, the CH-53K, and the H-1 upgrades will vastly increase the Corps' aviation capability and ensure our warfighting advantage for decades to come. It is critical that these programs stay on track, and on timeline, with full funding support, due to the declining service life of our legacy tactical aviation platforms.

**Training Marines to Fight**

In preparing Marines to fight in "any clime and place," the perennial challenge to our Corps is to attain the proper balance between core warfighting capabilities and those unique to current operations. Decreased unit dwell times and shortages of equipment in our non-deployed forces translate to a limited ability to conduct training on tasks critical to our core competencies, such as integrated combined arms, large force maneuver, and amphibious operations. Short dwell times between deployments and the need for many units to perform "in lieu of missions" have resulted in a singular focus on counter-insurgency training. Our Marines continue to be well trained for current operations through a challenging pre-deployment training program that prepares them for all aspects of irregular warfare. Funding in our 2010 budget requests $752 million to make this training possible.

**Pre-deployment Training Program.** In order to properly train our operating forces for the rigors and challenges they face in OIF and OEF, we have developed a very demanding, realistic and adaptive pre-deployment training program. The Pre-deployment Training Program (PTP) contains standards-based, progressive skills training which is evaluated by commanders and assessed by our Training and Education Command at the final Mission Rehearsal Exercise. The PTP includes counter-insurgency combat skills, as well as operational language and culture skills. Unit after-action reports and unit surveys conducted by the Marine Corps Center for Lessons Learned (MCCLL) are shared Corps-wide and have influenced training changes to keep PTP relevant. For example, the Afghanistan Pre-Deployment Training Program, while similar in

many facets to the PTP for Iraq, includes mountain warfare training and an increased emphasis on MAGTF combined arms training.

During Fiscal Years 2007 and 2008, the Pre-deployment Training Program resulted in over 42,000 Marines receiving theater-specific combined arms and urban operations training at Exercise Mojave Viper at Twenty-nine Palms, California. Over 2,800 Marines received mountain operations training at the Mountain Warfare Training Center in Bridgeport, California. And over 12,000 Marines participated in the aviation-focused Desert Talon Exercise in Yuma, Arizona.

While our PTP focuses on preparing Marine units for their next deployment, we are further enhancing our education and training programs to respond to ongoing changes in the security environment. Through the efforts of organizations such as the Marine Aviation Weapons and Tactics Squadron One, Marine Corps Tactics and Operations Group, the Center for Advanced Operational Culture Learning, the Advisor Training Group, and the Marine Corps University, we are providing a holistic education to our Marines across the range of military operations. Based on a continuous lessons learned feedback process, supported by the Marine Corps Center for Lessons Learned (MCCLL), we are building an Enhanced Company Operations capability which will make our smaller infantry units more lethal, agile, and survivable.

**Preparing for Future Conflict.** As challenging as it is to prepare Marines for the current fight, our forces must adapt to the ever-changing character and conduct of warfare to remain relevant. To meet the complex challenges in the emerging security environment, we are improving training and education for the fog, friction and uncertainty of the 21st century battlefield. We are focusing efforts on our small unit leaders—the "strategic non-commissioned officers and junior officers"—who will operate more frequently in a decentralized manner and assume greater responsibility in operations against hybrid threats.

To better prepare our Marine Air Ground Task Force to operate across the spectrum of conflict, we are developing an improved training and exercise program. When implemented, this program will increase our ability to maintain proficiency in core warfighting capabilities, such as combined arms maneuver and amphibious operations, while continuing to meet current commitments. Two important training concept exercises being developed are the Combined Arms Exercise - Next (CAX-Next), and the Marine Air Ground Task Force Large Scale Exercise (MAGTF-LSE). The CAX-Next will be a live-fire training exercise aimed at developing

combined arms maneuver capabilities from individual Marine to regimental-sized units. It will incorporate lessons learned from today's conflicts, while training adaptable and flexible MAGTFs for the future. The MAGTF-LSE will be a scenario-based, service-level training exercise, scalable from Marine Expeditionary Brigade to Marine Expeditionary Force levels. It will develop the Marine Air Ground Task Force's capability to conduct sea-based power projection and sustained operations ashore in a combined, joint, whole-of-government environment.

**Amphibious Shipbuilding**

The Chief of Naval Operations and Commandant of the Marine Corps have determined that the force structure requirement to support a 2.0 Marine Expeditionary Brigade lift is 38 total amphibious assault ships. Due to fiscal constraints, the Department of the Navy has agreed to maintain a minimum of 33 total amphibious ships in the assault echelon. The 33 ship force accepts risk in the arrival of combat support and combat service support elements of the Marine Expeditionary Brigade. Of that 33 ship Battle Force, 11 aviation-capable big deck ships (LHA/LHD) and 11 LPD class ships are required to accommodate the Marine Expeditionary Brigade's aviation combat element and part of the ground combat element.

**Caring for our Warriors and Families**

A critical part of our overall readiness is maintaining our solemn responsibility to take care of our Marines and their families. While Marines never waiver in the ideals of service to Corps and Country, the needs of our Marines and their families are constantly evolving. Marines have reasonable expectations regarding housing, schools, and family support. It is incumbent upon us, with the generous support of Congress, to support them in these key areas. Marines make an enduring commitment to the Corps when they earn the title Marine. The Corps in turn, makes an enduring commitment to every Marine and his or her family. This enduring commitment is reflected in the baseline budget request, which includes $378 million for family support programs and Marine Corps Community Services. Our OCO request includes just $25 million for family readiness programs, as we have moved funding for most of these critical programs into the baseline.

**Putting Family Readiness on a Wartime Footing.** Last year, the Marine Corps initiated a multi-year plan of action to place family support programs on a wartime footing. We significantly increased training and support staff at the installation level, expanded the depth and breadth of family readiness training programs, and authorized full-time Family Readiness Officers in more than 400 units. We improved the command's ability to communicate with Marines and their families with state-of-the-art information technology tools. We continue to assess the efficacy of our Marine Corps Community Services programs to ensure that we are empowering our Marines and their families to maintain a state of readiness while caring for their immediate needs.

These initiatives and others demonstrate the commitment of the Marine Corps to our families and highlight the connection between family readiness and mission readiness. We are grateful to Congress for providing supplemental funding during Fiscal Years 2008 and 2009 that enabled the initial start-up of our improved family readiness program.

**Improving Care for Our Wounded Warriors.** The Marine Corps is very proud of the positive and meaningful accomplishments of the Wounded Warrior Regiment in providing recovery and transition support to our wounded, ill, and injured Marines and Sailors and their families. Since the Regiment stood up in April 2007, we instituted a comprehensive and integrated approach to wounded warrior care, and unified it under one command. Our single process provides active duty, reserve, and separated Marines with non-medical case management, benefit information and assistance, resources and referrals, and transition support. The Regiment strives to ensure programs and processes adequately meet or exceed the needs of our wounded, ill, or injured Marines, while remaining flexible to preclude a "one-size-fits-all" approach to care. To ensure effective family advocacy, we added Family Readiness Officers at the Regiment and to its two battalions. The 2010 budget includes $22 million for Wounded Warrior efforts in the baseline and $2.5 million in the OCO request.

While the Marine Corps is aggressively attacking the stigma that prevents Marines from asking for help, we are also being proactive in reaching out to those Marines and Marine veterans who may need assistance. Our Wounded Warrior Call Center not only receives calls from active duty and veteran Marines, but also initiates important outreach calls. Since November 2007, our call center has made over 65,000 calls and contacted over 7,500 wounded, ill, or injured Marines and family members.

Our Job Transition Cell, manned by Marines and representatives of the Departments of Labor and Veterans Affairs, has proactively reached out to identify and coordinate with employers and job training programs to help our Wounded Warriors obtain positions where they are likely to succeed and enjoy promising careers. One example is our collaboration with the United States House of Representatives to establish a Wounded Warrior Fellowship Program to facilitate hiring disabled veterans to work in Congressional offices.

The Marine Corps' commitment to our wounded, ill, and injured is steadfast; we are grateful for the support and leadership of Congress on their behalf. I would also like to extend my personal thanks for Congressional visits to our Marines and Sailors in the hospitals where they are being treated and convalescing.

**Conclusion**

This Nation has high expectations of her Corps—and Marines know that. Your Marines are answering the call around the globe while performing with distinction in the face of great danger and hardships. The Corps provides the Nation unrivaled speed, agility, and flexibility for deterring war and responding to crises; our ability to seize the initiative and dominate our adversaries across the range of military operations requires the right people, the right equipment, and sufficient time to train and prepare appropriately.

As your Marines continue to serve in combat, we must provide them all the resources required to complete the tasks we have given them. Now more than ever they need the sustained support of the American people and the Congress to maintain our readiness, reset the force during an extended war, modernize to face the challenges of the future, and fulfill our commitment to Marines, Sailors, and their families.

On behalf of your Marines, I extend my appreciation for your faithfulness to date and thank you in advance for your ongoing efforts to support our brave men and women. The Corps understands the value of each dollar provided by the American taxpayer, and will continue to provide maximum return for every dollar spent. Today over 200,000 Active and 39,000 Reserve Force Marines remain ready, relevant, and capable as the "Nation's Force-in-Readiness"... and with your help, we will stay that way.

## DOCUMENTS SUBMITTED FOR THE RECORD

MAY 20, 2009

DEPARTMENT OF THE NAVY
CHIEF OF NAVAL OPERATIONS
2000 NAVY PENTAGON
WASHINGTON DC 20350-2000

IN REPLY REFER TO

May 14, 2009

MEMORANDUM FOR SECRETARY OF DEFENSE

FROM: Chief of Naval Operations

SUBJECT: PB10 Unfunded Program List

Mr. Secretary, the attached Fiscal Year 2010 (FY10) Unfunded Program List replaces my original May 7, 2009 submission.

The $462M P-3 Red Stripe Mitigation has been removed. Recent P-3 wing analysis and updated future grounding projections indicate the initial baseline recovery plan projections were too conservative. Navy intends to operate within appropriated and requested funding, eliminating an unfunded requirement from the original plan.

I look forward to discussing the details of Navy's FY10 Unfunded Program List.

G. ROUGHEAD
Admiral, U.S. Navy

Attachments:
As stated

cc:
CJCS

# FY 10 Unfunded Programs List

| Title (Program/Issue) | FY10 | Justification |
|---|---|---|
| Aviation Depot Maintenance | $195M | Program funded 87 % of goal. Accepted risk to goal in order to balance across portfolio. Funds 86 deferred airframes / 314 deferred engines. |
| Ship Depot Maintenance | $200M | Program funded 96% of goal. Accepted risk to goal in order to balance across portfolio. Funds 20 surface ship availabilities. |
| **Total Unfunded Programs List:** | **$395M** | |

**WITNESS RESPONSES TO QUESTIONS ASKED DURING THE HEARING**

MAY 20, 2009

## RESPONSES TO QUESTIONS SUBMITTED BY MR. FORBES

Admiral WALSH. The reduction in dollar value of the Navy's Fiscal Year 2009 (FY09) Unfunded Program List of $4.6 billion to the FY10 submission of $395 million is a recognition that a substantial amount of the national budget is tied up in debt, and that the Navy is taking a very disciplined approach about how to sustain itself.

The idea that we can go forward in 2010 and still procure aircraft, ships, and submarines is critically important to the future of the Navy, and recognizes the Congress' commitment to the Navy.

The effort now is to sustain the service life of those assets, particularly in aviation and shipboard maintenance. The Navy's unfunded submission will bring that level to 100 percent of requirement.

If the CNO was given an extra dollar that is exactly where it would go. It would go into the maintenance accounts rather than for additional procurement. [See page 15.]

General CHIARELLI. There are many factors that led to the Army leadership's decision to forward $1 billion in unfunded requirements to Congress. They focused on Readiness and the programs where funding above the PB10 submission would provide the greatest impact to readiness for the operational and institutional force, including $200 million that carried over from the FY09 requirements list. Additionally, requirements change over time and the Army continues to refine and adjust its requirements as it goes through the budget cycle. [See page 16.]

General AMOS. There was no difference between the FY10 Unfunded Programs List that the Marine Corps submitted to the Secretary of Defense for review and the list the Marine Corps submitted to Congress. Our list was internally tailored to focus on warfighter equipment, continued modernization, and improved reset enablers to highlight the top priorities of our unfunded programs. [See page 17.]

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## RESPONSES TO QUESTIONS SUBMITTED BY MS. SHEA-PORTER

General FRASER. Answer 1a. The Air Force IG's at all levels of the department (i.e., installation, Numbered Air Force, MAJCOM, and HAF) are capable/available to assist Air Force personnel. Part of their duties is to receive complaints from Airmen. However, not all complaints are of reprisal. Complaints in any given year run the full gamut from pay issues to reprisal. The IG process calls for the IG to clarify (with the complainant) the problem and then analyze the complaint to determine the best way to resolve it. The Air Force IG has four ways to resolve complaints: ASSIST, REFER, INVESTIGATE and DISMISS.

In many cases the best way to resolve the complaint is to assist the member to solve the problem for themselves (e.g., the IG will call the local finance office to help the member resolve his/her pay issue directly). Other complaints are best resolved by referring the complainant to another agency. In these cases the IG will send the member to a more appropriate agency such as Equal Opportunity Office if the complainant is alleging sexual harassment. For the cases that warrant an IG investigation, then the IG will submit a letter of appointment to his/her commander and an investigation into the alleged wrongdoing will be conducted (reprisal complaints are investigated through the IG investigative process). Finally, if the complaint is analyzed and no evidence of wrongdoing is discovered the Air Force will recommend to DOD, IG the case be dismissed. DOD IG is the final approval authority for reprisal complaints.

In calendar year 2008, the Air Force closed 8,904 complaints: 5,123 through ASSIST; 2,351 through REFERRAL, 78 through INVESTIGATION, and 1,352 through DISMISSAL. [See page 29.]

Answer 1b. Yes. The Air Force, in recent years, has been undergoing a transformation and the Inspector General has not been immune to this transformation. To that end, the Inspector General is currently working several initiatives that will make the process more timely and efficient. One initiative the AF is working on is the One Base—One IG concept that will allow one installation IG to be responsible for and respond to all personnel on a base. To complement this initiative we have

started the process of streamlining the initial investigative phase for reprisal to allow the individual IG's to quickly assess the facts in a reprisal complaint during the complaint clarification phase and quickly move to the investigation phase on the cases that warrant investigation. These changes will allow the Air Force to provide better resolution products quicker, thus keeping our Airmen focused on their mission. [See page 29.]

Answer 1c. Air Force leadership shares the same concerns as you do regarding whistleblower rights. To that end, the identity of all whistleblowers is closely guarded, disclosing it only to those who need it to resolve the issue. Additionally, Air Force IGs continually educate commanders, Airmen, and civilian members on the requirements associated with whistleblower rights and protections. Finally, for individuals who still feel uncomfortable, the Air Force allows anonymous reporting. [See page 29.]

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## RESPONSE TO QUESTION SUBMITTED BY MR. ROGERS

General FRASER. In order to accommodate the planned increase in KC-135 PDMs at Tinker AFB, an additional 105 maintenance personnel will be hired under a phased approach. Current Tinker AFB facilities are adequate to support the planned increased workload. The execution of the organic plan is underway to increase PDM capacity from 48 to 54 aircraft in FY10. [See page 21.]

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## RESPONSE TO QUESTION SUBMITTED BY MS. FALLIN

General FRASER. Despite the overall reduction of 10 KC-135 PDMs in FY10, the planned workload at Tinker AFB will increase from 48 in FY09 to 54 in FY10. [See page 25.]

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## RESPONSE TO QUESTION SUBMITTED BY MR. HEINRICH

General FRASER. The Air National Guard (ANG) plays a critical role for the Department of Defense, providing a rapidly responsive force to meet national security requirements. It is true that some metrics indicate an apparently large cost advantage for ANG units compared to active units. One such metric is "operational cost per total aircraft inventory," which shows ANG unit costs to be ~33% lower than active units. This metric does not take into account important differences between ANG and active units and how they calculate costs. For example, ANG units typically leverage the infrastructure of active duty or commercial facilities through Joint Use Agreements, yielding efficiencies that are not available to active duty units. Additionally, lower costs expressed in this metric are also due to differences in manning (part-time versus full-time) and significant differences in the number of flight hours flown by the respective units. As a result, it is difficult to use this metric to accurately compare costs of active duty and Air National Guard (ANG) units.

Another metric, "operational cost per flight hour" (CPFH), includes all military personnel and Operations and Maintenance costs. CPFH is a more appropriate metric to compare costs between flying units because it scales for differing levels of operational activity. CPFH data in the Air Force Total Ownership Cost database permits a comparison of the F-16C and F-16D for ANG and active units from 1996 through 2006. During this period, Air National Guard CPFH for the F-16C was 5.2% lower than the active duty costs in the three Air Force major commands (Air Combat Command, Pacific Air Forces, and US Air Forces Europe) that operate the F-16C.

For the F-16D, ANG costs were 11.7% lower than active units. [See page 27.]

## QUESTIONS SUBMITTED BY MEMBERS POST HEARING

MAY 20, 2009

## QUESTIONS SUBMITTED BY MR. ORTIZ

Mr. ORTIZ. Army combat units are under significant stress and soldiers are spending little time at home between combat deployments. This is especially true for the Combat Service and Combat Service Support (CS/CSS) units. These units, whose duties range from medical to maintenance, have been heavily taxed due to their unique missions and limited depth. As troop levels are reduced in Iraq there will be a greater need for the CS/CSS soldiers. At the same time, operations in Afghanistan are increasing, and the austere nature of that theater will require more CS/CSS troops instead of the contractors that provided so much support for our forces in Iraq. What are you doing to increase the number and availability of CS/CSS units? Will the Army rebalance itself to increase the mix of support to combat troops? How will stopping the growth of the Army's Brigade Combat Teams at 45 improve or exacerbate the stress on CS/CSS troops? How does this budget request address this urgent requirement?

General CHIARELLI. In 2007, the administration recognized that Army resources were insufficient to meet current operational demand and that continued stress on the force would lead to unacceptable strategic risk. The President, authorized by Congress, approved an end strength increase of 74.2K across all three components (65K AC, 8.2K ARNG, 1K USAR). Implementation of the end strength increase, in conjunction with the rebalancing and right-sizing of structure across and within components into needed Operating Force capabilities, was intended to increase Brigade Combat Team (BCT) surge capacity; expand capabilities for missile defense, Military Police (MP), Engineer, Improvised Explosive Device threat mitigation, force protection, intelligence, and communications; and provide key CS/CSS enablers to mitigate persistent shortfalls. The rebalancing of Army structure is a continuous effort requiring frequent review and adjustment to meet projected operational demand within authorized resources. Force structure change is not immediate, requiring time and resources. Some examples of programmed growth from FY06 to FY15 include 47 MP Combat Support Companies, 9 Air Ambulance Companies, 12 Explosive Ordnance Disposal Companies, 117 Civil Affairs Companies, and 107 Psychological Operations (PSYOP) Detachments. Stopping the growth of the Army's BCTs at 45 while maintaining programmed end strength (a key point), will address CS/CSS unit stress by reducing force structure demand on the Army's end strength, improving unit manning levels, and eliminating the routine use of stop loss.

The President's Budget Request for fiscal year 2010 adds additional Army Force Structure for Echelons above Brigade, with over 100 new Army units of various sizes (detachments to full-size battalions). These new units are part of the phased implementation of Grow the Army and other force structure initiatives. They provide the Army with operational depth needed to sustain enduring levels of force deployment to meet global commitments. Included are many high-demand engineer, military police, signal, intelligence, air defense, and transportation units. This growth will help reduce the stress for these high-demand units. In addition, this budget provides increased home station training funding to support the modular force design which will bring the Army closer to a balanced training program for the entire Force.

Mr. ORTIZ. The budget request includes funding for 550 tank training miles in FY10. This represents a decrease in miles from the FY09 budgeted level of 608 miles. Tank miles are a vital part of the training required to restore the Army's ability to conduct full-spectrum combat operations. How do you justify a decrease in training miles considering the current readiness shortfalls and the need to restore full-spectrum combat capability?

General CHIARELLI. The Army's FY09 budget request for 608 miles was reduced to 547 miles in the FY09 Appropriations bill. The FY10 budget level of 550 miles acknowledges prior year Congressional actions and recognizes the associated level of risk inherent in this highly dynamic period of rotational deployments. The principal challenges impacting Army training and readiness are a function of current demand for forces exceeding supply. This high demand shortens dwell time for units and requires mission-specific focused training which increases readiness to meet directed missions at the expense of core unit and individual tasks. The Army will

evaluate unit training requirements during the execution years to reassess and mitigate risks to readiness as necessary. The Army remains committed to achieving a balanced force capable of executing a broad range of requirements encompassing operational themes of peace operations, peacetime military engagement, limited intervention, irregular warfare and major combat operations.

Mr. ORTIZ. A key tenet of the Navy's ability to maintain forward-deployed and surge-ready naval forces is the proper resourcing, planning and execution of maintenance needed to prepare and sustain its ships. The Fleet Response Plan, when fully funded, should enable the Navy to continuously deploy three Carrier Strike Groups to points around the globe, surge three more in 30 days and deploy a seventh in 90 days. What happens when sufficient resources are not found and accounts are not fully funded? What level of strategic risk is Navy asking the Nation to accept by not fully funding Navy O&M requirements?

Admiral WALSH. When fully resourced, the Fleet Response Plan (FRP) enables us to deploy three Carrier Strike Groups, surge three more in 30 days, and deploy a 7th in 90 days. When sufficient resources are not found, the Navy must strike a balance between risk to our future readiness and current operational requirements. The Navy's baseline budget does not deliver an adequate FRP posture for FY 2010 projected security requirements, requiring the Navy to rely on baseline and Overseas Contingency Operations (OCO) funding to meet COCOM requirements. While the Department's FY 2010 baseline and OCO funding will meet the projected Navy Presence Requirements of three Carrier Strike Groups (CSGs), it assumes risk in the FRP Surge required to meet emergent COCOM requirements and Major Combat Operation (MCO) timelines with the required assets.

Mr. ORTIZ. Operational tempo for Navy surface combatants has increased 19% since 2000. While maintenance and ship operating budgets also have increased, the focus of those additional maintenance dollars were aimed at near-term ship readiness, making the surface fleet much more susceptible to changes in operational tempo. Is the Navy funding the maintenance it needs or doing the maintenance it has funding for? When you look at the sharp rise in operational tempo and the slight rise in maintenance funding, are we funding short-term readiness gains in operational availability at the expense of maintenance required to fund long-term readiness?

Admiral WALSH. The Navy makes every effort to fund the maintenance it needs. In FY10, fiscal constraints and competing requirements resulted in a budget request that included a $200 million unfunded requirement in the ship depot maintenance account. The Navy is completing the maintenance necessary to support operational tasking. However, there are early signs that surface ship material readiness is being impacted by three things: the lack of refined and technically validated Integrated Class Maintenance Plans (ICMP) to define the 100% maintenance requirement for meeting expected service life, the current process for executing maintenance, and the amount of surface ship maintenance funding. PB10 ship maintenance funding is reliant on baseline budget and OCO funding to meet the surface ship maintenance requirements for FY10.

In the last several years, the Navy and Surface Warfare Enterprise have taken specific steps to address these issues. The Naval Sea Systems Command (NAVSEA) has allocated more technical resources to surface ships and is working to establish technical redlines for our surface ships that will help establish the foundation for each ship class ICMP. NAVSEA has also chartered the standup of SEA 21 with assigned responsibilities as the full-spectrum life cycle manager for surface ships. SEA 21 is leading the effort to conduct a bottom up review of each ICMP and provide work package development and oversight similar to what we have today on our submarines and aircraft carriers. SEA 21 has also established the Surface Ship Life Cycle Management (SSLCM) activity to manage work package development and ICMP.

Finally, from a resource perspective, ship maintenance must be part of a balanced approach within our operating accounts to ensure COCOM demand is being met, with acceptable risk, while at the same time ensuring that critical maintenance necessary to ensure future readiness is being accomplished.

Mr. ORTIZ. How would failure to achieve the 11-carrier waiver affect the Navy's ship maintenance cost and schedule?

Admiral WALSH. The extension of CVN 65 until 2015 would also result in a domino effect of delays in scheduled ship maintenance and docking periods and reduce overall aircraft carrier availability while providing only one additional deployment for CVN 65.

Navy has requested a legislative waiver to temporarily decrease the number of active duty aircraft carriers from 11 to 10 between the planned November 2012 inactivation of CVN 65 (USS Enterprise) and the September 2015 delivery of CVN 78

(USS Gerald R. Ford). If the legislation is not approved, a minimum of $2.8B in funding, which includes Operations and Maintenance, Navy (OMN), Military Personnel, Navy (MPN), and Shipbuilding and Conversion, Navy (SCN), would be required to extend CVN 65 until 2015. If additional funding is not provided, the Navy would allocate OMN, MPN and SCN funds from other requirements impacting the Navy's ability to meet operational demands.

Mr. ORTIZ. How long will it take the Marine Corps to recover key core warfighting capabilities following cessation of operations in Iraq and Afghanistan?

General AMOS. Once operations are concluded in Iraq and Afghanistan, we estimate it would take about 36 months to fully reset our equipment assets and reconstitute full-spectrum Marine Air Ground Task Force (MAGTF) training readiness. This projection assumes that adequate resources will be provided and sustained to continue our RESET and modernization plans which are key to restoring current and future warfighting capabilities. We anticipate the Marine Corps restoration of training readiness to include: 6–18 months for unit training; concurrently 24–36 months for integrated combined arms training; and concurrently 36 months for initial amphibious training. In addition, large-scale Command and Control training and joint/combined exercises are also critical to regaining our full-spectrum capability. We are committed to maintaining our expeditionary capability as the Nation's force in readiness, and with your continued support we can achieve these timelines.

Mr. ORTIZ. Where in the continental United States does the Marine Corps have the ability to bring brigade-size force together for a live-fire training exercise? How important is the 29 Palms facility to retention of the Marine Corps' warfighting capabilities?

General AMOS. The capability for the Marine Corps to bring together a brigade-sized force for a live-fire exercise does not currently exist. As captured in detail in the Marine Corps' response to similar questions contained in Section 2829 of National Defense Authorization Act (NDAA) Fiscal Year (FY) 2009, geographical and fiscal constraints preclude the Marine Corps from addressing existing training space shortfalls. Currently, major deficits in the Marine Corps' ability to train to the many missions that it faces; the largest gaps in training capability include:

The inability to exercise a large-scale (brigade level) MAGTF in a "live" training scenario. The reach of modern weapon systems and tactical doctrine require a much larger land and airspace area than the Marine Corps currently has available. Only the Marine Corps Air Ground Combat Center (MCAGCC)/Marine Air Ground Task Force Training Command (MAGTFTC) at Twenty-nine Palms, California comes close but given its many other missions and its limited size relative to the area required for Marine Expeditionary Brigade (MEB) training, it cannot fully accommodate a MEB-size unit.

The USMC has an ongoing project to expand the MCAGCC in order to enable a large-scale, live-fire and maneuver training exercise capable of supporting MEB training sufficient to allow 48 to 72 hours of live-fire and maneuver by three battalions converging on a single MEB-level objective.

As stated in the Marine Corps' response to questions contained in Section 2829 of NDAA FY08, MCAGCC Twenty-nine Palms is critical to the retention of Marine Corps warfighting capabilities. Today, the Combat Center, as headquarters to the Marine Air Ground Task Force Training Command (MAGTFTC), provides (1) the principal venue for advanced, Service-level core capability/core competency training, Service-level live-fire/fire and maneuver ranges, and training for deploying Marine Corps forces; (2) the center of excellence for developing and executing combined arms live-fire training of the Marine Air Ground Task Force (MAGTF); and (3) multiple ranges replicating the urban environment. Additionally, Twenty-nine Palms is home station to ground combat, aviation, and logistics units. The development of this premiere training installation has been driven primarily by the need to support the evolving training requirements of the MAGTF resulting from new doctrine, tactics, weapons systems, and missions. These have steadily expanded the operational pace and required maneuver space of modern warfare.

Mr. ORTIZ. The Marine Corps has accepted considerable risk in its fiscal year 2010 depot maintenance accounts. How important is reset to the Marine Corps' ability to sustain equipment for current operations in Iraq and Afghanistan and to provide for ongoing training of non-deployed and next-to-deploy units? What is the O&M funding profile for reset in the fiscal year 2010 budget request?

General AMOS. The funding profile for reset in the USMC FY2010 Overseas Contingency Operations budget includes $950M in organization, intermediate and depot level maintenance, as well as contractor logistics support. Reset funding is critical for mission accomplishment. USMC will always ensure that deploying units have the best equipment available at the expense of home station inventory if the availability of a specific piece of gear is limited. (Reset funding is not included in our

operations and maintenance baseline funding request.) Depot maintenance for aviation is captured in the Navy's operations and maintenance budgets.

Mr. ORTIZ. If the Congress were to impede the retirement of fighter aircraft as proposed in the FY10 budget request, what would the impact be on the Air Force's O&M account?

General FRASER. The impact of not allowing the Air Force to retire ~250 fighter aircraft in FY10 would result in adding back $328M for 32,183 O&M flying hours; $17M in other O&M support costs for squadron operations; and realigning ~4K positions from critical skills and new and emerging Air Force missions back to their original career field. Total O&M funding impact in FY10 is $345M.

Mr. ORTIZ. How do readiness rates for deployed units compare to those within CONUS? What impact are these readiness rates having on your ability to train your forces when not deployed?

General FRASER. AF training and exercises are aligned with our AEF rotations and deployments to ensure we deploy mission-ready units from CONUS. USAF units remain fully ready for their deployed missions while in the AOR; however, some units' full-spectrum mission readiness erodes while deployed.

Upon return to CONUS from deployment, this erosion causes many units to require additional training to get them back to their fully mission-ready status. This creates additional demands on training resources. The overall impact is a "time-lag" in regaining a unit's full-spectrum readiness as a result of balancing their training requirements against the requirement to ensure a unit preparing to deploy is fully mission-ready in time for their AEF rotation.

Mr. ORTIZ. In March, Chairman Skelton and Chairman Ortiz requested that the Department and the military services halt any pending A-76 studies and conduct a thorough review of the program. What is the Air Force doing to comply with that request? Have you received any guidance from OSD on the matter? Will a halt on A-76 activities impact your fiscal year 2010 budget request?

General FRASER. In accordance with the FY09 Omnibus Appropriations Act, we have not initiated any new public-private competitions this fiscal year. We are also currently reviewing three ongoing Air Force A-76 studies to determine if we should proceed or request OSD cancellation. Our internal review of these competitions should be completed by 31 July 2009.

We have received no additional guidance regarding A-76 other than the OSD Acquisition, Technology and Logistics' 15 April 2009 response to Chairman Skelton and Chairman Ortiz stating DOD will not announce any new A-76 competitions this fiscal year and is reviewing all ongoing competitions.

Halting A-76 activity would not impact fiscal year 2010 budget requests as A-76 programming is performed at the conclusion of the competition.

Mr. ORTIZ. Secretary Gates has moved aggressively to convert many contract positions to DOD civilian billets. In your fiscal year 2010 budget request, it appears that you are planning to in-source 4,000 positions during the course of the year. How did you arrive at this number? Was any analysis done to determine which billets would be converted or were the conversions merely levied across the Department?

General FRASER. OSD levied conversion targets on the Service Components and subsequently removed contract dollars from the Air Force. As a result, they assumed a 40% savings and the remaining dollars were used to fund civilian manpower authorizations for in-sourcing. The Air Force is in the process of identifying specific in-sourcing candidates based on mission requirements, Inherently Governmental and Commercial Activities Review, and individual business case analysis.

Mr. ORTIZ. Although I support the Secretary's efforts to reshape the DOD workforce to ensure we have the proper skill sets and capabilities in that workforce, I'm concerned that you may be implementing it in a manner that is counter-productive and could have a long-term negative impact. As we saw with the A-76 program, measuring the services against mandatory out-sourcing targets resulted in the execution of A-76 activities that may not have been in the best interest of the service or the Department. How can we be assured that this in-sourcing initiative will be executed appropriately and not just in response to random goals and budget reductions levied on the services by OSD?

General FRASER. Both public-private competitions and in-sourcing, when selectively applied, are useful tools for ensuring workload is performed by the most cost-effective means. In-sourcing candidates will be evaluated on a case-by-case basis. In-sourcing decisions will be based on Inherently Governmental and Commercial Activity Review, mission requirements and business case analysis as appropriate.

Mr. ORTIZ. The Air Force has proposed to defer investments in facilities sustainment and restoration. The Air Force is requesting funds necessary to support only 59% of the required facility recapitalization. Why did the Air Force elect to take risk in the facility accounts and delay critical restoration and modernization activi-

ties? What is the long-term effect of a delay in funding restoration and modernization activities?

General FRASER. Modernizing the Air Force's aging aircraft fleet is our toughest challenge; in order to recapitalize and modernize, the Air Force must take risk in some areas. Because the Air Force invested heavily in infrastructure in the past (with the outstanding support of Congress), we decided taking risk in our facility accounts was acceptable for a short duration.

The Air Force views installations as critical war-fighting platforms that provide a core AF expeditionary combat capability. We will ensure our risk taken in our facilities and infrastructure will not jeopardize our ability to conduct critical operations from our installation weapon systems. We intend to mitigate potential shortfalls in MILCON and facility maintenance funding by bolstering our restoration and modernization programs as much as possible. Using an enterprise portfolio perspective, we intend to focus our limited resources only on the most critical physical plant components, by applying demolition and space utilization strategies to reduce our footprint, aggressively pursuing energy initiatives, continuing to privatize family housing and modernizing dormitories to improve quality of life for our Airmen.

We really appreciate the efforts of Congress with the recent passing of the American Recovery and Reinvestment Act of 2009. This legislation will help us reduce our facility restoration, modernization, and recapitalization backlog of over $16B by $1.5B. To date, we awarded over $600M worth of these projects and expect to have the most of the remainder awarded by the end of September 2009.

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## QUESTIONS SUBMITTED BY MR. FORBES

Mr. FORBES. Secretary Gates has moved aggressively to convert many contract positions to DOD civilian billets. How did you arrive at the number of billets to be outsourced in fiscal year 2010? Was any analysis done to determine which billets would be converted or were the conversions merely levied across the Department? Do you have any concerns that the "cost savings" anticipated with this in-sourcing activity as reflected in your FY2010 budget request may not be realized?

General CHIARELLI. The in-sourcing target was levied by the Office of the Secretary of Defense and not developed by the Army. Although the Army had started to implement a review of its contractor inventory established pursuant to the National Defense Authorization Act for Fiscal Year 2008 in January 2009, prior to the levying of these targets in May 2009, this review did not inform the initial targets established by the Office of the Secretary of Defense. However, 8,379 of the 9,913 positions programmed and budgeted for in-sourcing from FY10–15 were subsequently validated as of June 26, 2009, by the contractor inventory review process as implicating acquisition functions, functions closely associated with inherently governmental functions, inherently governmental functions, and unauthorized personal services. (As of August 15, 2009, the contractor inventory review process identified 9,471 out of 11,084 positions programmed and budgeted for in-sourcing from FY10–15 as involving acquisition functions, inherently governmental functions, closely associated with inherently governmental functions, and unauthorized personal services.) Reprogramming may be required to align initial funding targets to positions where contractor inventory reviews support in-sourcing. Based on prior Army experience with in-sourcing about 1162 positions, the savings varied based on function and location and averaged at 33 percent and not the 40 percent assumed in the budget request.

Mr. FORBES. Although I support the Secretary's efforts to reshape the DOD workforce to ensure we have the proper skill sets and capabilities in that workforce, I'm concerned that you may be implementing it in a manner that is counter-productive and could have a long-term negative impact. As we saw with the A-76 program, measuring the services against mandatory out-sourcing targets resulted in the execution of A-76 activities that may not have been in the best interest of the service or the Department. How can we be assured that this in-sourcing initiative will be executed appropriately and not just in response to random goals and budget reductions levied on the services by OSD?

General CHIARELLI. The Army established the contractor inventory prescribed by the National Defense Authorization Act for Fiscal Year 2008 and completed as of June 26, 2009, a thorough review of 52 percent of the activities on that inventory to identify 1,085 inherently governmental functions, 12,895 closely associated with inherently governmental functions and 40 unauthorized personal services. This review involved detailed analysis of how commands performed contracted functions within its organizations, looking at the total manpower mix of military, civilian employee and contractor within that organization. A comprehensive checklist compiled

from the relevant statutory definitions and criteria for in-sourcing was used by the Commands when performing this analysis (see checklist at http://www.asamra.army.mil/insourcing). In addition, Army contracting activities will not process an action for contract services absent a certification from the requiring activity with this checklist attached. The Army Audit Agency is in the process of auditing the application of this checklist throughout the Army. Based on the above reviews completed as of June 26, 2009, 8,379 of the 9,913 positions programmed and budgeted for in-sourcing from FY10-15 were subsequently validated by the contractor inventory review process as implicating acquisition functions, functions closely associated with inherently governmental functions, inherently governmental functions, and unauthorized personal services. (As of August 15, 2009, the contractor inventory review process identified 9,471 out of 11,084 positions programmed and budgeted for in-sourcing from FY10-15 as involving acquisition functions, inherently governmental functions, closely associated with inherently governmental functions, and unauthorized personal services.) Reprogramming may be required to align initial funding targets to positions where contractor inventory reviews support in-sourcing. We have made the case that any future in-sourcing candidates should be identified based on this deliberative process and expect that our recommendations may be followed.

Mr. FORBES. Secretary Gates has moved aggressively to convert may contract positions to DOD civilian billets. How did you arrive at the number of billets to be outsourced in fiscal year 2010? Was any analysis done to determine which billets would be converted or were the conversions merely levied across the Department? Do you have any concerns that the "cost savings" anticipated with this in-sourcing activity as reflected in your FY2010 budget request may not be realized?

Admiral WALSH. The number of billets to be in-sourced in FY2010 were passed from OSD to the components as goals. Navy is working to solidify a comprehensive plan to meet our goal. The Budget Submitting Offices are currently assisting in the analysis to identify specific functions as in sourcing candidates. Once the analysis is complete we will have a better understanding of how to achieve the potential "cost savings."

Mr. FORBES. Although I support the Secretary's efforts to reshape the DOD workforce to ensure we have the proper skill sets and capabilities in that workforce, I'm concerned that you may be implementing it in a manner that is counter-productive and could have a long-term negative impact. As we saw with the A-76 program, measuring the services against mandatory out-sourcing targets resulted the execution of A-76 activities that may not have been in the best interest of the service or the Department. How can we be assured that this in-sourcing initiative will be executed appropriately and not just in response to random goals and budget reductions levied on the services by OSD?

Admiral WALSH. As we move forward toward implementing requirements of DOD directed resource management adjustments and Sec 324 FY2008 NDAA, Navy is looking at the workforce from a Total Force perspective. We are reviewing our core capabilities and skill sets necessary to meet emerging requirements. In-sourcing provides us an additional avenue to shape the workforce properly to meet these requirements and maximizes our ability to carry out the mission with the most cost-effective workforce.

Navy views in-sourcing as an opportunity. As we look at the workforce from a Total Force perspective, there are core capabilities and skill sets required for emerging capabilities. In-sourcing provides us an additional avenue to shape the workforce properly to meet these requirements.

Mr. FORBES. How did you arrive at the number of billets to be outsourced in fiscal year 2010? Was any analysis done to determine which billets would be converted or were the conversions merely levied across the Department? Do you have any concerns that the "cost savings" anticipated with this in-sourcing activity as reflected in your FY2010 budget request may not be realized?

General AMOS. Working with the assigned OSD civilian hire targets, the Marine Corps has convened a working group consisting of headquarters activities, contracting officers, HR community, financial managers and the field to determine where in-sourcing makes sense and establish the permanent civilian billet requirements to be added, contracts re-scoped for cost savings or eliminated in FY 2010. The realignments of funding and civilian labor in FY 2010 were based on the dollar value of contracts identified in budget justification material. Those numbers were adjusted to reflect a rebalancing of contracts versus in-house labor that corresponds with our pre-war levels of funding and manning. The notional targets distributed by OSD were based on this premise. Currently, we believe the personnel goals are attainable in FY 2010 but remain concerned about the savings targets.

Mr. FORBES. Although I support the Secretary's efforts to reshape the DOD workforce to ensure we have the proper skill sets and capabilities in that workforce, I'm concerned that you may be implementing it in a manner that is counter-productive and could have a long-term negative impact. As we saw with the A-76 program, measuring the services against mandatory out-sourcing targets resulted the execution of A-76 activities that may not have been in the best interest of the service or the Department. How can we be assured that this in-sourcing initiative will be executed appropriately and not just in response to random goals and budget reductions levied on the services by OSD?

General AMOS. The execution plan for Marine Corps has three phases. First, we will tackle FY10, then FY11 and finally, the third phase will focus on FY12-15 adjustments. The first phase will focus on professional administrative and management support product services contracts. FY11 and out considerations will include all types of contracts.

USMC will work with the Navy and OSD to realign funding as necessary during the year of execution if problems arise with in-sourcing execution. OSD continues to work with the services to prepare for the manpower and funding shift and has highlighted the need for a prudent civilian/contractor balance that takes into consideration pay, training and facilities needed to support the increased civilian workforce. A critical component to overall execution will be the ability of the Department of Navy human resources community and individual managers to handle the volume of personnel actions necessary to bring a large number of civilians on board.

Mr. FORBES. Secretary Gates has moved aggressively to convert may contract positions to DOD civilian billets. How did you arrive at the number of billets to be outsourced in fiscal year 2010? Was any analysis done to determine which billets would be converted or were the conversions merely levied across the Department? Do you have any concerns that the "cost savings" anticipated with this in-sourcing activity as reflected in your FY2010 budget request may not be realized?

General FRASER. OSD levied conversion targets on the Service Components and subsequently removed contract dollars from the Air Force. As a result, they assumed a 40% savings and the remaining dollars were used to fund civilian manpower authorizations for in-sourcing. The Air Force is in the process of identifying specific in-sourcing candidates based on mission requirements, Inherently Governmental and Commercial Activities Review and individual business case analysis. Our preliminary findings are that 40% savings are possible.

Mr. FORBES. Although I support the Secretary's efforts to reshape the DOD workforce to ensure we have the proper skill sets and capabilities in that workforce, I'm concerned that you may be implementing it in a manner that is counter-productive and could have a long-term negative impact. As we saw with the A-76 program, measuring the services against mandatory out-sourcing targets resulted the execution of A-76 activities that may not have been in the best interest of the service or the Department. How can we be assured that this in-sourcing initiative will be executed appropriately and not just in response to random goals and budget reductions levied on the services by OSD?

General FRASER. Both public-private competitions and in-sourcing, when selectively applied, are useful tools for ensuring workload is performed by the most cost effective means. In-sourcing candidates will be evaluated on a case-by-case basis. In-sourcing decisions will be based on Inherently Governmental and Commercial Activity Review, mission requirements and business case analysis as appropriate. In-Sourcing candidates will be evaluated on a case-by-case basis. In-Sourcing decisions will be based on Inherently Governmental and Commercial Activity Review, mission requirements, and business case analysis as appropriate.

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## QUESTIONS SUBMITTED BY MS. GIFFORDS

Ms. GIFFORDS. We recently learned from a press release sent by the Utah delegation that Dugway Proving Grounds in Utah was selected as the site to establish the Army's Rapid Integration and Acceptance Center for UAS's. I have not, however, seen this in a formal Army announcement. The press release states that the Rapid Integration and Acceptance Center would integrate systems and conduct testing on the Hunter, Shadow and Sky Warrior Unmanned Aerial Systems (UAS's). Currently a portion of this mission is conducted at Fort Huachuca and Yuma Proving Grounds in Arizona. Moving these missions to Dugway will force more than 200 hard-working employees near Fort Huachuca alone out of a job. It is my understanding that the original plan for the UAS Program Manager was to conduct a series of final visits and site assessments. From these visits they were to make an informed decision about where this mission should be established based on the requirements and

available assets at the location. PM UAS subsequently canceled their scheduled visits to Ft. Huachuca and Yuma just prior to the announcement by the Utah Delegation. In light of these canceled site surveys, please explain what criteria were used to make this decision?

General CHIARELLI. Program Manager-UAS has no current activities being conducted at Yuma Proving Ground (YPG). Yuma was one of the sites being surveyed. The Warrior-class UAS test activities are currently being conducted at El Mirage, outside of Victorville, CA. AAI (Shadow) has about 75 personnel and Northrop Grumman (Hunter) has about 15 personnel supporting their respective programs in the Fort Huachuca area. The final survey trip was cancelled after Dugway Proving Ground (DPG) was selected as the site for the RIAC. The last surveys were for final confirmation of information that had already been gathered during previous surveys. This data was already obtained from the respective staffs at the surveyed locations. The selection criteria used to make the decision included:

(1) Maximum amount of restricted airspace available to fly unmanned aircraft without requiring a Certificate of Authorization (COA) from the Federal Aviation Administration. A COA requires a chase plane for UAS operations, which causes additional costs to the program.

(2) A very clean frequency spectrum, not only for current needs, but for future data and video links and payloads.

(3) Ability to launch and deploy external stores and weapons.

(4) Ability to support large-scale joint interoperability testing with multiple aircraft and control stations.

(5) Available facilities or ability to expand with new facilities to support current and future growth.

(6) High priority with maximum flexibility to fly unimpeded when needed.

(7) The ability to consolidate all the activities at one location.

(8) During the original analysis of the three most likely locations (Fort Huachuca, YPG, and DPG), Dugway was the clear lead in every criteria.

Ms. GIFFORDS. Fort Huachuca owns a significant piece of restricted airspace that only they control, free of commercial and general air traffic. It is also home to the Electronic Proving Grounds, free of excessive electromagnetic interference, ideal for testing communications systems. How does Dugway's airspace, shared with Salt Lake International Airport and Hill Air Force Base and with a busy electromagnetic spectrum give it an operational advantage?

General CHIARELLI. Dugway's airspace is restricted and controlled by the U.S. Army and not shared by Salt Lake International Airport. Dugway's airspace is as large as that at Fort Huachuca, but substantially less congested, not having to deal with the Unmanned Aircraft System (UAS) Training Center, as well as manned and unmanned traffic (border patrol missions and other training activities) at Libby Army Airfield. Additionally, with prior coordination, additional restricted airspace controlled by the U.S. Air Force could be made available if needed for weapons firing and long-range datalink testing. Due to all the UAS efforts (and being home to substantial electronics testing at the Electronic Proving Grounds) at Fort Huachuca, the frequency spectrum is challenging with shared frequencies within the operating bands of UAS programs. According to the Department of Defense frequency database, all frequencies required for current needs and future plans are available at Dugway with minimal interference.

Ms. GIFFORDS. While consolidating the mission at one location may be more economical, with a lack of final surveys do you think your staff fully considered the costs of this move to Dugway?

General CHIARELLI. Surveys were started in March 2008 through April 2009. The final survey was scheduled to validate previous survey results. Costs were considered during the surveys. In fact, every location surveyed required additional infrastructure and associated costs. Fort Huachuca was the most costly due to limited facilities available for consolidated activities due to its current and planned missions as indicated by the Garrison staff.

Ms. GIFFORDS. There are already substantial facilities at Fort Huachuca for the UAS Mission and more facilities under construction and to begin construction shortly. There are also well embedded and deeply rooted industry partners in the areas performing the production and testing prior to final acceptance. Are there similar substantial and robust facilities and contractor presence at Dugway?

General CHIARELLI. There were no existing facilities available at Fort Huachuca for consolidation of Army UAS activities at that location. Fort Huachuca RIAC ac-

tivities would be in three different locations unless they were to build an entirely new complex, including runways, office and hangar space, etc.

Dugway offers an airfield that allows for at least three simultaneous UAS flight activities to occur, one from a 13,000 foot long runway that has minimal air traffic, one from a taxiway over 8,000 feet long, and another from taxiway of over 2,000 feet. Dugway also has a 20,000 square foot hangar, almost half of which is being made available until suitable maintenance buildings can be built. Additionally, Dugway offers an expansive area for any new facilities needed, all adjacent to the existing ramp and accessible to the runways.

Ms. GIFFORDS. What are the plans for relocating the skilled workers with unique experience on the Shadow and Hunter UAS systems from Fort Huachuca to Dugway and how many of these employees are expected to actually relocate to Dugway? How will this potential loss of skilled employees impact the mission?

General CHIARELLI. Each prime contractor has developed their own incentive packages for moving their existing personnel to Dugway. In early June 2009, AAI expected more than 50 percent of their Shadow workforce to move in early June 2009. Subsequently, AAI offered an incentive package, so the number of AAI personnel who will actually move will not be known until July 31, 2009. Several of the AAI employees at Fort Huachuca will most likely accept positions with the Unmanned Aircraft System Training Brigade (UASTB) located at Fort Huachuca thereby minimizing the impact to the families that choose to stay at Fort Huachuca versus moving to Dugway. Fort Huachuca's current mission will be minimally impacted based on the phased approach to standing up the activities at Dugway. Northrop Grumman is also moving in a phased approach, although there are substantially fewer personnel to be moved. It is expected that over 50 percent of the Northrop Grumman employees will move to Dugway. There is no expected impact to the Hunter mission due to the move. The role of the UASTB will increase with the addition of training for the Extended Range Multi-purpose (ERMP) UAS that begins this fall with ERMP Quick Reaction Capability-2, allowing further employment opportunities for AAI and Northrop Grumman personnel currently located at Fort Huachuca. We are attempting to mitigate the impact to Fort Huachuca by pursuing a phased approach to standing up activities at Dugway.

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