INTRODUCTION

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

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

Consistent with those objectives, the initiatives I will outline are focused on ensuring the Navy’s ability to surge quickly to trouble spots across the globe and address the challenges posed by the new strategic environment: including adopting a wartime sense of urgency, being “ready” in an era of surprise and uncertainty, and maintaining fully equipped and fully manned forces with an emphasis on mobile and expeditionary operations. In some cases, these initiatives are gaining maturity and have already been tested by real world events over the last couple of years. A good example is the Navy’s use of the increased operational availability provided by the Fleet Response Plan (FRP) to immediately respond to the Tsunami in the Indian Ocean and the Gulf Coast hurricanes while continuing to support Combatant Commander presence requirements and routine
non-deployed training. In other cases, initiatives such as the creation of the Navy Expeditionary Combat Command are still in their infancy. Collectively these initiatives support the Navy’s ongoing transformation efforts and with the continued support of this Subcommittee will result in a Navy more ready, more responsive and better able to provide the reach, precision, persistence and awareness to fight and win our nation’s wars as part of the Joint force.

**FLEET READINESS AND THE FLEET RESPONSE PLAN**

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

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

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

As a component of this new readiness and surge construct, the Navy continues to examine its readiness resourcing framework. In this year’s budget submission you will see an element of that examination as we attempt to drive efficiency and balance resources and risk. The budget reflects additional risk in the Operation and Maintenance funded readiness accounts, primarily, the funded number of deployed steaming days per quarter. The baseline for deployed steaming days has been 51 days per quarter. The Fiscal Year 2006 appropriation supports 39 deployed steaming days per quarter, while the Fiscal Year 2007 budget supports 36 deployed steaming days per quarter. While fully supporting steaming requirements for carrier strike group training and workups, ensuring deploying forces will be fully trained and ready to deploy, the budget does restrict deployed operations to levels below that previously provided. This strategy is consistent with Fiscal Year 2006 Congressional actions that reduced peacetime operating tempo levels. Having said that, we recognize the added risk requires careful monitoring in execution. Should these levels prove insufficient to meet COCOM operational requirements, the Navy will reevaluate priorities and make appropriate internal adjustments in execution and/or seek Supplemental funding if the COCOM requirements justify such action.
The budget also reflects acceptable risk in aviation operations. Funding levels in the flying hour program have been reduced in the pre-workup phases of the inter-deployment readiness cycle, as well as in the “post-deployment surge” phase of the FRP when flight crews are at their highest state of readiness. We have fully funded the flying hours required for pre-deployment workups and for the maintenance of crew proficiency while deployed to ensure readiness levels are achieved and maintained throughout the entire deployment period. As with ship operations, this added risk in flight hours will require our continued and careful monitoring during execution.

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

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

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

**REGIONAL MAINTENANCE PLAN**

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

In the case of ship maintenance, a proof of concept pilot program at Pearl Harbor Naval Shipyard was established in 1997 to evaluate the consolidation of intermediate and depot ship maintenance activities. Prior to this pilot, all ship depots operated as elements of the Navy Working Capital Fund. All other organic ship maintenance activities were direct funded, otherwise known as mission funded. In order to enable the consolidation; a common financing mechanism was necessary to achieve full integration and enable enhanced work force flexibility. While there are advantages and disadvantages of both financial systems, mission funding was chosen for this pilot effort and Pearl Harbor Naval Shipyard and Naval Intermediate Maintenance Facility was converted to mission funding. The transition to a common financing mechanism has facilitated the
consolidation and has clearly demonstrated an enhanced flexibility to rapidly adjust resources to the highest priority work, a key capability for responsive maintenance support to FRP requirements. A second pilot effort at Puget Sound Naval Shipyards and Naval Intermediate Maintenance Facility began in 2003. In this pilot, a focus was placed on demonstrating that working-capital-fund-like cost visibility can be maintained under mission funding. While the Navy recognizes the Government Accountability Office has recommended delaying additional activities transferring into mission funding pending further study, we are convinced the transition of funding mechanisms of our ship maintenance depots to mission funding is a key component of our FRP responsiveness and seek the Subcommittee’s support in allowing this transition to take place. In support of that request, reports of the success of both pilots programs as well as proposed cost visibility metrics were submitted to Congress in accordance with the FY06 National Defense Authorization Act. Our FY07 budget includes conversion of the last two organic maintenance activities, Norfolk Naval Shipyards and Portsmouth Naval Shipyards to mission funding. This conversion will facilitate completion of the waterfront integration in Norfolk, and place all our maintenance activities in a single, flexible, responsive financial system that supports the Navy’s readiness requirements and the FRP.

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

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

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

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

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

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

**SEA SWAP**

Sea Swap is an initiative designed to support FRP through supplying increased forward naval presence. That increase is delivered by keeping a single hull continuously deployed in a given theater of operation, while replacing the entire crews at six-month intervals. The primary objective of Sea Swap is to effectively and efficiently increase forward Naval presence without increasing operating cost. By leaving the ship in theater and rotating crews, the Navy saves on transit times and fuel cost as well as provides the Combatant Commander more in-theater presence.
The initial Pacific Fleet Sea Swap experiment in 2002-2004, involved six ships: three DDs and three DDGs. USS FLETCHER (DD 992) and USS HIGGINS (DDG 76) deployed with their respective Battle Groups and both hulls were to remain deployed with trained relief crews rotating on/off every six months. This plan was extended to include one additional Sea Swap rotation to FLETCHER for a total of four rotating crews assigned to the forward deployed DD, which remained deployed for 22 months.

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

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

In a separate Sea Swap initiative, Patrol Coastal ships, USS CHINOOK (PC 9) and USS FIREBOLT (PC 10) were deployed to the Arabian Gulf in January 2003, to take part in Maritime Interception Operations. USS TYPHOON (PC 5) and USS SIROCCO (PC 6) deployed to the Arabian Gulf in April 2004. Due to an increase in operational
requirements for Patrol Craft presence in the Arabian Gulf, these ships will remain in theater for an indefinite period. Crew Swap is being utilized to maintain an acceptable turn-around ration for the sailors within Navy standards. The operating tempo for the Patrol Coastal ships since deploying to the Gulf has been between 21 and 25 days per month. This operational tempo is approximately 50 percent higher than notional.

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

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

**CONCLUSION**

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

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