DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 2008

WEDNESDAY, MARCH 28, 2007

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

The subcommittee met at 10:28 a.m., in room SD–192, Dirksen Senate Office Building, Hon. Daniel K. Inouye (chairman) presiding.

Present: Senators Inouye, Stevens, and Cochran.

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE NAVY

OFFICE OF THE SECRETARY

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

STATEMENT OF SENATOR DANIEL K. INOUYE

Senator INOUYE. This morning the subcommittee meets to receive testimony on the fiscal year 2008 budget request for the Navy and Marine Corps. And, on behalf of the subcommittee, I welcome today's witnesses, the Secretary of the Navy, the Honorable Donald Winter, the Chief of Naval Operations, Admiral Michael Mullen, and the Commandant of the Marine Corps, General James Conway.

The 2008 budget request for the Navy and Marine Corps includes $139.8 billion in baseline funds, which is an increase of 10 percent over this year's budget, and an additional $19.7 billion in emergency funding for the costs of the wars in Iraq and Afghanistan.

Despite this proposed increase in the baseline budget, the Navy and Marine Corps each face key challenges in fighting the war on terrorism and preparing for the threats that are expected to face our country in the future.

The Navy's well underway on a number of programs to modernize its fleets of ships and aircraft, while programs such as the Joint Strike Fighter (JSF) and the littoral combat ship have key roles in preparing the Navy for new and emerging threats. Critics have raised many questions about whether this complex program is proceeding on track. I'm certain our witnesses today will be able to inform the subcommittee about the status of the efforts on each of these programs.

In the case of the Marine Corps, the President has proposed an increased end strength in the Marine Corps by 27,000 over the

next 5 years in order to relieve some of the strain caused by deployments to Iraq and Afghanistan. The subcommittee's interested to hear what is needed to recruit and to train these additional marines. Equally as important, we must know what other steps are being taken to reduce the strain of sailors and marines, many of whom—having served multiple tours on the front lines in the global war on terrorism (GWOT)—so that we can retain the experienced force that is needed.

While the subcommittee today will examine the difficult issues before the Navy and the Marine Corps, we cannot overlook the extraordinary work performed by sailors and marines who have volunteered to serve our country. I know I speak for every member of this subcommittee when I say that we are committed to looking out for them in every way possible.

And, once again, I thank the witnesses for their testimony this morning. And, their full statements will be included in the record.

And, now if I may, I'd like to turn to the co-chairman of the subcommittee for any opening remarks he may wish to make.

STATEMENT OF SENATOR TED STEVENS

Senator STEVENS. Thank you very much, Mr. Chairman, Secretary Winter, Admiral Mullen, and Commandant Conway. I welcome you back and enjoy the opportunity to visit with you concerning this hearing.

The demand for funding far surpasses the amounts that we have available, so this is going to be a very important hearing. I do hope we can meet the pressing needs of the Navy and the Marine Corps. It's going to be difficult, but we do appreciate your coming, once again, thank you very much.

PREPARED STATEMENT OF SENATOR THAD COCHRAN

Senate Cochran has submitted a statement that he would like placed in the record.

[The statement follows:]

PREPARED STATEMENT OF SENATOR THAD COCHRAN

Mr. Chairman, I am pleased to join you in welcoming Secretary Winter, Admiral Mullen, and General Conway to our subcommittee.

This has been a challenging year for our military forces. We appreciate the role the Navy and Marine Corps play in protecting the United States in the global war on terrorism. The all-volunteer active and reserve forces and their families have performed with a high degree of professional distinction, and our Nation is thankful for their service.

We are aware of the importance of the need for appropriate levels of funding to ensure that the men and women in uniform have the equipment and training they need to succeed and to return home safely. Monday, we began floor consideration of the bill making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes. During your testimony, I would like you to provide this subcommittee with an indication of what you judge to be the latest date those emergency appropriations must be available to the Navy and Marine Corps.

SUMMARY STATEMENT OF DONALD C. WINTER

Senator INOUYE. Mr. Secretary.

Mr. WINTER. Chairman Inouye, Senator Stevens, thank you for the opportunity to appear before this subcommittee. Today I am

joined by Admiral Mullen and General Conway, two outstanding leaders whose dedication to the Navy and Marine Corps is apparent to all who have had the pleasure of working with them. Each of us has prepared a statement for the record, and we appreciate the inclusion of that statement in the record of this hearing.

These documents outline, in detail, this Department's priorities, the strategic thinking behind them, and the funding requests that are necessary to support them. Our priorities presented in the fiscal year 2008 budget and the global war on terror requests, encompass both long-term and short-term requirements.

The short-term imperatives include supporting marines and sailors in the field, funding the urgent requirements, such as the Mine Resistant Ambush Protected Vehicle Program, and making up for the losses of vehicles, equipment, and aircraft that have been incurred in combat operations. At the same time, we must provide for the critical needs of the Navy and Marine Corps of the future. To that end, the Department of the Navy is pursuing an unprecedented modernization program across the full spectrum of our weapons platforms in both the Navy and the Marine Corps. This drive to transform the force is necessary and vital to our national security.

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

Some of the Department's new programs have encountered significant challenges. The Navy's Littoral Combat Ship Program and the Marine Corps' Expeditionary Fighting Vehicle Program are both innovative weapon platforms incorporating new technologies. We are working on solving the problems that have arisen so that we can deliver vitally needed capabilities to our warfighters. Both of these programs represent the kind of capabilities that the future Navy and Marine Corps will need to fight and win the wars of tomorrow. Faced with a dangerous, uncertain world with terrorist enemies, states that actively support or condone them, and rising powers with intentions and capabilities that lack transparency, we have no choice, but to improve our own capabilities.

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

PREPARED STATEMENT

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

Senator INOUYE. Thank you very much, Mr. Secretary.

[The statement follows:]

PREPARED STATEMENT OF HON. DONALD C. WINTER

INTRODUCTION

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

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

Today, I am here to present the Department of the Navy's plan to support our sailors and marines in their mission to fight the global war on terror and to defend our Nation against future challenges. I believe the President's Fiscal Year 2008 Budget request for the Navy and Marine Corps provides them what they need and I ask that you support this request—submitted to Congress on February 5, 2007.

The Department of the Navy's budget signifies a vital investment in our Navy and Marine Corps. In its totality, this budget represents $160 billion in requested funding for fiscal year 2008, including the estimated costs of the global war on terror.[1]

These funds are essential in enabling the Department of the Navy to maintain current readiness, sustain the operational tempo in the global war on terror, support the quality of life of our sailors, marines and their families, while preparing for a future of uncertainty. Our priorities for fiscal year 2008 are simply stated: We will fight the global war on terror by investing in the present needs of our Navy and Marine Corps, while we prepare for future challenges by investing in our people, facilities, and capabilities.

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

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

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

INVESTING IN THE PRESENT

Fighting the Global War on Terror

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

As I speak to you today, there are over 50,000 sailors and marines serving in the Central Command Area of Responsibility (AOR). Of those, over 21,000 marines and

[1] "Highlights of the Department of the Navy's Fiscal Year 2008 Budget", p. 1–15.

12,000 sailors are serving on the ground in Iraq and Afghanistan. It also includes over 8,000 sailors deployed as Individual Augmentees (IA) and 4,500 performing "in-lieu-of" missions often serving in non-traditional capacities but adding to the warfighting capability of our military forces with their expertise. Additionally, over 700 sailors and marines are in the Horn of Africa. Finally, on any given day, approximately 30 percent of our ships and submarines and over 45,000 of our sailors are deployed worldwide serving in, on, or over the world's oceans.

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

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

SAFEGUARDING OUR FORCES IN HARMS WAY

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

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

RESETTING THE FORCE

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

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

INVESTING IN THE FUTURE

As we fight the global war on terrorism, we cannot forget that the security challenges of the 21st century are complex and varied. They range from the irregular, asymmetric threats of terrorists, and rogue states, to the sophisticated military tech-

[2] "Highlights of the Department of the Navy's Fiscal Year 2008 Budget", p. 2–10.

nology of future peer competitors. The Department has also been called upon to conduct disaster relief and humanitarian assistance missions—often being the first to respond to natural disasters around the world as in the case of the 2005 Indian Ocean tsunami, the earthquake in Pakistan and Hurricane Katrina in the Gulf Coast. Naval forces are uniquely balanced to address these diverse strategic challenges with the capability and capacity to rapidly project power anywhere in the world. We must continue to invest in this capability. We cannot allow ourselves to be fixated on one threat alone.

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

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

Investing in our People

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

Recruiting and Retention

We continue to invest in programs to recruit the right people, retain the right people, and achieve targeted attrition. The fiscal year 2008 budget requests a 3-percent raise in military base pay. This investment along with increased enlistment and reenlistment bonuses, is necessary if we are to continue to man our forces with the highest levels of ability and character. These citizens are in high demand everywhere; since we ask so much of them, we owe them proper compensation. The Navy and Marine Corps are currently meeting recruiting and retention goals for most ratings and designators in the active and reserve components. In fiscal year 2006, Navy achieved 100 percent of its overall active component enlisted recruiting goal and the Marine Corps also achieved over 100 percent of its accession goal.

Navy and Marine Corps End-Strength

To avoid an adverse toll on our sailors, marines, and their families, and to prevent a decrease in readiness, the Secretary of Defense established a 1:2 deployment-to-dwell ratio goal for all active component forces. Our goal for the Marine Corps is to achieve that 1:2 deployment-to-dwell ratio for active component units and 1:5 for reserve units. Currently, the deployment length for marine units in Iraq is 7 months.

While our recruiting remains at impressive levels, it is important to focus on sizing the Department to achieve its overall objectives. As we develop and build more efficient and automated ships, aircraft, and combat systems, personnel reductions are inevitable; yet the skill level and specialization requirements increase. The Navy has reduced its end strength by approximately 40,000 over the last 5 years, and as we look ahead to more capable ships entering service in the next few years, we anticipate a stabilization of that trend at an end-strength of about 320,000–325,000.

For the Marine Corps the proposed increase to our active component end strength to 202,000 marines, by 2011, is an investment in reducing the strain on the individual marines and the institution of the Marine Corps while ensuring the Marine Corps can provide trained forces in support of other contingencies. Our first task will be to build three new infantry battalions and their supporting structure—approximately 4,000 marines. We will then systematically build the additional units and individuals on a schedule of approximately 5,000 marines per year.

National Security Personnel System

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

Safety

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

Investing in Our Facilities

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

Military Construction

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

Base Realignment and Closure

The fiscal year 2008 budget continues to fund BRAC initiatives. We are requesting $733.7 million in the fiscal year 2008 budget submission to continue implementation of the 2005 BRAC Commission recommendations. The fiscal year 2008 request invests in construction (including planning and design), operational movements at key closure and realignment locations, and the necessary environmental studies at receiving locations to fulfill National Environmental Policy Act requirements.

Carrier Homeporting

Consistent with the 2006 Quadrennial Defense Review, the Navy plans to adjust its force posture to base at least six "operationally available" carriers in the Pacific while maintaining the flexibility to respond to threats around the world.[3] The Navy will achieve the six Pacific carrier posture in fiscal year 2010 when the U.S.S. *Carl Vinson* (CVN 70) is homeported to the Pacific.

Realignment of our Forces in the Western Pacific

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

Investment in Capabilities

To meet the demands of the global war on terror and the uncertain threats of the future, the Department of the Navy must also invest in new generation capabilities and to transform the force. We must continue an acquisition program which seeks to build a fleet that is both affordable and meets the national security challenges of the 21st century. It must cover all facets of the surface, sub-surface, and aviation requirements. We must also invest in our expeditionary forces providing them with

[3] "2006, Quadrennial Defense Review", p. 47.

the capabilities to remain always ready and always capable of forcible entry. Our fiscal year 2008 baseline budget invests almost $46 billion for procurement programs.

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

Building a Fleet for the Future

We have initiated an aggressive investment strategy to build an affordable 313-ship fleet tailored to support the National Defense Strategy and the 2006 Quadrennial Defense Review. The Department plans to procure seven ships[4] in fiscal year 2008 for the United States Navy, and we are serving as the executive agent for one Joint High-Speed Vessel for the United States Army—an investment of over $14.2 billion toward ship building and conversion.[5] As required by Congress, the Department of the Navy recently submitted its 30-year shipbuilding plan which reinforces the 313-ship fleet introduced last year.[6] The fiscal year 2008 30-year shipbuilding plan, unchanged from the fiscal year 2007 plan, represents the Departments commitment to creating programs of stability and predictability which in turn minimizes disruption in shipbuilding and creates efficiency and effectiveness in our industrial base.

The fiscal year 2008 budget continues investment in the shift to next generation warships. The surface ships and submarines which make up the fleet of the future will be more capable than ever to respond to enhanced threats across the globe. Several critical shipbuilding programs in support of the 30-year shipbuilding plan include:

—The lead ship of the CVN 21 Program—*Gerald R. Ford* (CVN78) with expected delivery in 2015—will replace U.S.S. *Enterprise* (CVN65). Program funding is requested over 2 years with 40 percent, approximately $2.7 billion, in fiscal year 2008 and the remaining 60 percent in fiscal year 2009.

—The DDG1000 program, formerly known as the DDX, is the next generation of multi-mission surface combatants. Under the dual lead ship strategy, a lead ship will be constructed at both Northrop Grumman Ship Systems and General Dynamics Bath Iron Works. Contracts for detail design were awarded to the shipbuilders in August 2006. Construction contracts of the dual lead ships are expected to be awarded in fiscal year 2007. The fiscal year 2008 budget provides the second increment of funding, approximately $2.8 billion, required to complete the 2 fiscal year 2007 lead ships.

—The Littoral Combat Ship (LCS) will be a fast, agile and networked surface combatant with capabilities optimized to assure naval and joint force access into contested littoral regions. The Navy has awarded contracts for construction of the first four LCS sea frames. LCS 1 was launched in September 2006. The Navy intends to continue with a plan to procure a reduced number of ships in fiscal 2008 and 2009 within existing budget resources. LCS is needed now to fill critical, urgent warfighting requirements gaps that exist today. Operational experience and analyses indicate that potential adversaries will employ asymmetric capabilities to deny United States and allied forces access in critical coastal regions to include strategic choke points and vital economic sea lanes.

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

A number of congressional authorities are necessary in order to maintain the stability of the 30-year shipbuilding plan. Key to achieving cost reductions in our *Virginia* Class program is the ability to enter into multiyear ship contracts. We are asking Congress to continue multiyear procurement authority for *Virginia* Class Submarines. As we modernize our carrier force to the new *Gerald R. Ford* Class (CVN78), we will drop below our carrier requirement by one ship during a 2 year

[4] "Highlights of the Department of the Navy's Fiscal Year 2008 Budget", p. 3–5.
[5] "Highlights of the Department of the Navy's Fiscal Year 2008 Budget", p. 1–15.
[6] DON 30-year Shipbuilding Plan, submitted to Congress on February 5, 2007.

period. Through adjustments to refueling availabilities and by carefully managing our *Nimitz* Class service life, we will be able to mitigate the impact of this drop in the short term and long term. We are asking Congress to authorize a temporary waiver of the carrier requirement from 11 to 10 ships.

Enhancing Expeditionary Warfare Capabilities

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

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

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

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

Recapitalizing Aviation Capacity

The Department of the Navy requires a robust aviation capacity including attack, utility, and lift capabilities. The Department is in the midst of an extensive, long-term consolidation and recapitalization of all aircraft in the naval inventory in order to develop the optimum balance between requirements and usage. We are increasing our investment in our aviation programs. In fiscal year 2008 we plan to procure 188 aircraft for the Navy and Marine Corps team.[7] Particularly critical programs include the Joint Strike Fighter (JSF), the F/A–18E/F Super Hornet, the EA–18G Growler, the P–8A Multi-Mission Maritime Aircraft (MMA), the MV–22, and helicopter programs. The Department also serves as the executive agent for the modernization of the fleet of presidential helicopters which will be replaced by the VH–71.

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

—The F/A–18E/F Super Hornet is the Navy's multi-mission strike fighter. Currently in its eighth year of full production, 65 percent of the total procurement objective has been delivered (298/460). The fiscal year 2008 budget requests funding for 24 F/A–18E/F Super Hornets. An additional 12 F/A–18E/F Super Hornets are requested in the fiscal year 2008 GWOT request to bridge the projected shortfalls due to excessive operational use which will shorten ESL.

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

—The P8A MMA replaces the Navy's P–3C Orion and fills Combatant Commander requirements for long endurance naval aircraft in fulfillment of many

[7] "Highlights of the Department of the Navy's Fiscal Year 2008 Budget", p. 3–15.

missions in major combat operations, GWOT and homeland defense. The program, now in detailed design phase, will achieve initial operational capability in fiscal year 2013—initial production buys will begin in fiscal year 2010.

—The MV–22 Osprey Tilt Rotor aircraft will supplement and replace the CH–46 with enhanced mission capabilities. The CH–46E is over 40 years old, with limited lift and mission capabilities to support the Marine Air-Ground Task Force (MAGTF) and the GWOT. MV–22 initial operational capability is scheduled for fall 2007 with a continued transition of two CH–46E squadrons per year thereafter. The fiscal year 2008 budget includes a request for 21 MV–22 aircraft.

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

Research and Development

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

Cultivating a Stable Acquisition Environment

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

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

mass of leaders and personnel who routinely apply LSS methodologies for continuous process improvement.

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

CONCLUSION

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

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

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

Thank you.

Senator INOUYE. May I now recognize Chief of Naval Operations, Admiral Mullen.

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

Admiral MULLEN. Chairman Inouye, Senator Stevens, other distinguished members of the subcommittee. Thank you for your continued support of our men and women in uniform, and for the opportunity to appear before you today.

I'm honored to join Secretary Winter and General Conway, representing the longest lasting inner-service relationship in our Nation's military history, the Navy-Marine Corps team. As the Secretary said, we are a nation at war—a maritime nation I might point out—fighting an elusive and adaptive enemy, bent on using terror and irregular tactics, to spread hatred and fear across the globe.

At the same time, we are confronted by potentially hostile nation-states determined to develop and use sophisticated weapons systems. Your Navy is ready to meet these challenges. Sir, 2006 was a busy year. We met the demands of combatant commanders for well-trained, combat-ready forces around the world, deterring aggression and combating terrorism while providing international disaster relief to Pakistan and to the Philippines. Revisiting the tsunami-ravaged Southeast Asia with humanitarian relief on board hospital ship *Mercy*. Successfully evacuating over 14,000 American citizens safely from Lebanon and demonstrating our surge capability and partner building capacity in exercises Valiant Shield and RIMPAC.

In addition to that, we monitored missile launches on the Korean peninsula with our aegis destroyers, sent a message of hope and resolve by the *George Washington* strike group in partnership of the Americas, and developed closer military-to-military relationships with the navies of China, India, and Russia.

Some of our finest warfare officers command PRTs in Afghanistan, and Navy admirals commanded the joint task forces Horn of

Africa and at Guantanamo Bay. We also strengthened our homeland security through partnership with our Coast Guard. Nearly 100 of your ships and submarines are at sea today and more than 60,000 sailors are forward deployed. Fully one-half of these men and women serve in the CENTCOM AOR and almost one-half of that number are on the ground in combat support roles. They are performing magnificently, each and every one.

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

But, we have work, we have to work hard to sustain this readiness. Though we continue to meet or exceed almost all of our recruiting and retention goals, I remain concerned about certain shortfalls among our expeditionary forces. SEALS, explosive ordinance disposal personnel, our naval construction force, medical corps, and our naval intelligence community. Additionally, I am starting to see, for the first time in years, a drop in our first-term retention and I'm watching this very closely.

As I testified to the House Armed Services Committee last month, the accelerated wear and tear on systems and equipment in a harsh physical environment requires immediate attention, especially on combat construction equipment for our Seabees and older models of our expeditionary aircraft, the P–3, the EP–3, and the EA–6B Prowlers. The sound investments we made to improve fleet capabilities have paid off. We must now continue to reenergize our procurement accounts to maintain those capabilities in the future.

Our fiscal year 2008 budget request helps us do that, calling for the construction of seven new ships as well as the addition of 188 new operational aircraft to the inventory, nearly 40 more than we ordered last year. As you know, we submitted a shipbuilding plan to Congress last year that would produce a fleet of 313 ships by 2020, a fleet sized and balanced to meet the challenges we face at the maximum acceptable risk. That plan, submitted with this budget, has not changed—still centered on 11 and eventually 12 aircraft carriers, 48 submarines, and 88 surface combatants—which include 88 cruisers and destroyers and up to 55 littoral combat ships. It will provide the Nation more options and more flexibility than ever before, particularly in core warfighting areas like mine and undersea warfare and antiballistic missile defense.

I appreciate the support we've received from this subcommittee in developing this plan and building this fleet. We continue to evaluate, as we must, the impact of global developments, global developments that we had on the plan's original risk assumptions. I assure you I remain committed to a stable shipbuilding program and to pursuing, with our partners in industry, OSD and here on the Hill, the efficiencies required to make it affordable.

Three things have definitely not changed, Mr. Chairman. My priorities to sustain combat readiness, build a fleet for the future, and develop 21st century leaders. I know the role our Navy must play in helping win the war on terror, while providing a powerful deterrent and remaining a vital element of this Nation's strategic re-

serve. I know well our requirement to support those we send into harm's way with the very best medical care, top-notch housing, and installations, and a strong commitment to their professional growth.

The 2008 budget we've submitted is not without risk. While other services have seen their top lines increase since 9/11, the Navy has experienced a $7 billion decrease in buying power over the last 4 years. Our 2008 budget represents the maximum risk we believe we can accept in four key areas; manpower, readiness—both ashore and afloat—our procurement accounts, and our reset.

When our ground forces return from Iraq and Afghanistan, our Nation will increasingly depend on the core expeditionary capabilities of our Navy and Marine Corps team. It is what we have done for over 231 years, and what we must continue to deliver to keep our Nation safe and prosperous. I know—and I know you know—that a maritime nation, such as ours, depends in great measure, as it has for more than 230 years, on the flexibility, reach, agility, and lethality of a strong Navy. We are that Navy, Mr. Chairman, and with your continued support we will remain that Navy.

PREPARED STATEMENT

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

Senator INOUYE. I thank you very much, Admiral, for your reassuring remarks.

[The statement follows:]

PREPARED STATEMENT OF ADMIRAL MICHAEL G. MULLEN

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

INTRODUCTION

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

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

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

Much has changed in the world since I testified before this committee last year. Iran has been emboldened by the Israel/Shoebill war and continues the overt pursuit of a nuclear production capability. North Korea has test fired long range ballistic missiles and conducted an underground nuclear detonation. China has demonstrated the ability and willingness to conduct out of area diesel submarine oper-

ations and their advanced military and space technology development continues apace. The stated desire for, and apparent pursuit of, weapons of mass destruction (WMD) and advanced delivery systems has increased among terrorist organizations and their state sponsors. And within our own hemisphere, some leaders have become increasingly vocal in their opposition to policies of the United States.

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

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

At the International Sea Power Symposium in September 2005, the Chiefs of 49 navies and coast guards, among 72 countries represented, discussed a new vision of sea power in the 21st century. That vision of sea power encourages international partnerships for maritime security and awareness, consisting of vessels and capabilities from partner nations around the world—nations with a shared stake in international commerce, security and freedom of the seas: the "1,000 Ship Navy."

This year the U.S. Navy and Coast Guard have joined maritime forces around the world interested in participating in global maritime partnerships—a proverbial "1,000 Ship Navy." Membership in this "global fleet" is not proscriptive and has no legal or encumbering ties. It is envisioned to be a free form force of maritime partners who see the promise of sea power to unite, rather than to divide: Collective security on the oceans highways through a global maritime network.

UNITED STATES NAVY'S VISION

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

PRIORITIES

In last year's testimony, I identified three priorities addressed by our fiscal year 2007 budget. We have made progress in all three and our fiscal year 2008 budget reaffirms our commitment to these priorities. We seek your assistance as we move forward, placing particular emphasis on strengthening our core warfighting capabilities and increasing our own military capacity as well as that of our partners. Our three priorities remain:

—*Sustain Combat Readiness.*—With the right combat capabilities—speed, agility, persistence, and dominance—for the right cost.

—*Build a Fleet for the Future.*—Balanced, rotational, forward deployed and surge capable—the proper size and mix of capabilities to empower our enduring and emerging partners, deter our adversaries, and defeat our enemies.

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

SUSTAIN COMBAT READINESS

Fiscal Year 2006 in Review

The Navy answered all bells in 2006. We met the demands of Combatant Commanders for well-trained, combat-ready forces—deterring aggression while conducting Operation Enduring Freedom, Operation Iraqi Freedom, international dis-

aster relief, and humanitarian missions. We successfully evacuated over 14,000 American citizens safely from Lebanon and demonstrated our resolve, capability and partner building capacity in Exercises Valiant Shield, RIMPAC, and Partnership of the Americas.

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

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

Current Readiness

I recently returned from a trip to Iraq, Afghanistan, Djibouti, Bahrain, and ships at sea in the Arabian Gulf. I visited with sailors conducting special operations and combat support in Iraq, flying combat sorties in support of OEF and OIF, providing security protection for oil platforms, conducting civil affairs missions in Afghanistan, participating in Theater Security Cooperation activities in Horn of Africa, and standing watches onboard U.S.S. *Dwight D. Eisenhower*, U.S.S. *Anzio*, and U.S.S. *Boxer*—reassuring our allies in the region while providing a formidable deterrent to Iran.

Our Navy's readiness is superb and our sailors are performing at exceptional levels at sea and ashore. The men and women of your Navy are on watch around the world, around the clock.

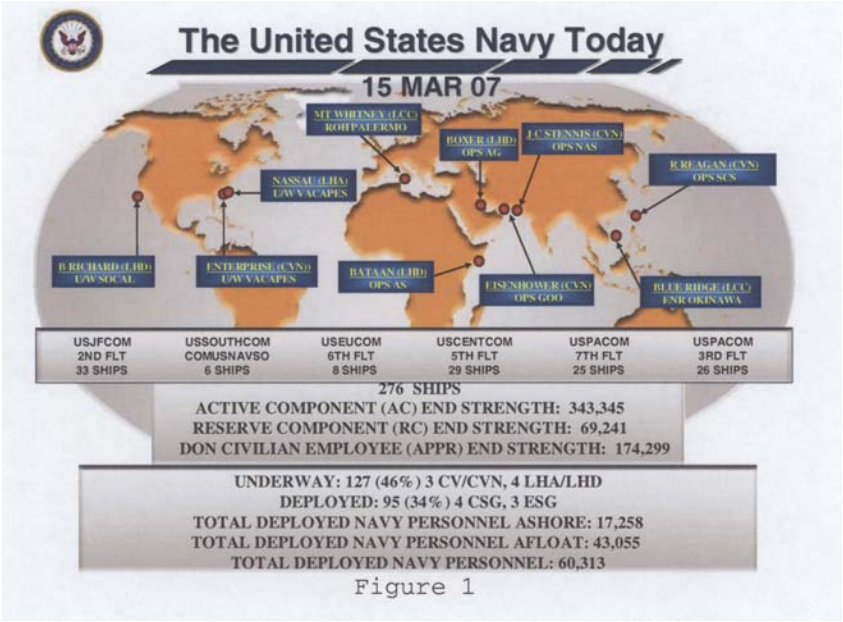


Figure 1

On 15 March 2007 we had 95 ships on deployment (34 percent of the fleet) and 127 ships underway (46 percent of the fleet) in every theater of operation; this included 3 aircraft carriers, and 4 big deck amphibious ships (LHA/LHD), and approximately 25 submarines (Figure 1).

That same day, 2,744 active and reserve Seabees, and 4,896 of our active and reserve medical corps were serving overseas, many in combat support roles. Additionally, 817 members of the Navy Special Warfare community were deployed overseas

(of 3,616 deployable), as were 247 Explosive Ordnance Disposal personnel (with 105 surge-available to deploy), and 744 Naval Coastal Warfare/Expeditionary Security Force personnel (of 2,640 deployable). Earlier this month, 167 sailors from the Navy's first, newly established Riverine Squadron arrived in Iraq to provide area security at the Haditha Dam.

Worldwide, on March 15, 2007, there were 60,313 of our sailors deployed ashore and afloat worldwide, conducting strategic deterrence; intelligence, surveillance and reconnaissance; anti-submarine warfare training, ballistic missile defense, mine counter warfare, counter piracy and counter-drug patrols, theater security cooperation activities, and humanitarian assistance. On that day there were 31,120 sailors serving in the CENTCOM AOR, 13,007 of whom, were on the ground building roads and schools, offering combat care and medical assistance to our fleet marines, providing timely intelligence support to Special Operations, and contributing to the myriad combat support and reconstruction missions ongoing in that region. No less vital are the sailors and civilians—the total Navy—who serve the shore-based infrastructure that underpins our fleet worldwide.

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

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

Without the support of our families—and, without supporting them in return—we cannot hope to sustain combat readiness. We owe our sailors and their families the very best quality of life we can offer. This includes top-notch housing and installations, the best health care we can provide, and a strong commitment to child care.

Requirements to Sustain Combat Readiness

As we adapt to asymmetric threats and the challenges of irregular warfare, we cannot lose sight of Navy's core warfighting competencies. We must continue to improve performance in anti-submarine and mine warfare, anti-surface warfare, anti-air warfare, strike warfare, ballistic missile defense, and other core maritime supremacy missions. We will continue to mature our Fleet Response Plan (FRP) and strengthen Fleet and Family Readiness—to ensure combat ready, surge-capable forces are available to meet any contingency. Natural disasters abroad and hurricanes here at home taught us valuable lessons. We need to extend the FRP philosophy of "continuous readiness" to our shore commands, our people, and to our families.

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

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

—*SONAR Restrictions.*—ASW is a very complex and challenging warfighting competency in which to achieve and sustain the required level of expertise. Therefore every opportunity we have to gain and maintain proficiency at the ship/unit level, and every opportunity we have to integrate units in complex scenarios is crucial to our readiness. Unfortunately, our ability to train in the same manner in which we fight is under attack in public forums, including the courts. Thus far, we have seen little scientific basis for the claims lodged against the Navy. However, these allegations present the potential for severe restrictions on our continued ability to train effectively, as we saw in RIMPAC 2006 wherein we lost 3 days of valuable ASW training with active sonar because of a court restraining order. Navy is currently executing a comprehensive plan of action to cover all our at-sea training areas with environmental compliance documents by

the end of 2009. We are committed to maintaining an open dialogue, continuing to advance our scientific understanding of the impacts of sonar on marine mammals, and complying with the relevant statutes. We have consistently made this clear as an organization in our debate on this issue. Maintaining proficiency in ASW is a daily challenge, and while our long-term compliance documents are being developed, we cannot afford to stop training. We owe it to our sailors to ensure they receive the training they need to fight and win.

The Marine Mammal Protection Act (MMPA) requires permits for activities that may affect marine mammals. This includes military activities, including certain Navy activities at sea. The National Defense Authorization Act of 2004 included a provision that authorizes the Secretary of Defense to grant exemptions to the MMPA for certain military activities critical to our national defense. On January 23, 2007, the Deputy Secretary of Defense granted Navy a National Defense Exemption (NDE) for 2 years covering mid-frequency active (MFA) sonar activities for major exercises and in major operating areas, as well as the use of Improved Explosive Echo Ranging sonobuoys (IEER). The NDE will help Navy continue to conduct the sonar training necessary for our national defense while protecting marine mammals through established mitigation measures.

—*Naval Expeditionary Combat Command.*—NECC is developing into a true force of choice in phase zero (pre-conflict) and phase V (reconstruction) operations, and as a vital part of our Nation's long war against terrorism. Included in the Naval Expeditionary Combat Command today are 30,363 Active and Reserve component sailors including 15,339 in the Naval Construction Force, 6,557 in Naval Coastal Warfare, 3,607 in the Navy Expeditionary Logistics Force, 2,482 in Explosive Ordnance Disposal, 712 in the Riverine Force, 591 in the Navy Expeditionary Guard Battalion, 441 in Visit Board Search and Seizure/Intel, 431 in the Maritime Civil Affairs Group, 85 in Combat Camera, 68 in the Expeditionary Combat Readiness Center, and 50 in the Expeditionary Training Group. All new forces—Riverine, Expeditionary Training Group, Maritime Civil Affairs and Maritime Expeditionary Security Force—will meet full IOC objectives in fiscal year 2007. Riverine will deploy its first squadron to Iraq this month to provide area security at Haditha dam and interdiction operations on the Euphrates River. Your continued support of our Riverine capability and capacity is vital. Our second Riverine squadron was established on February 2, 2007 and our third squadron will be stood up this June.

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

—*Ballistic Missile Defense.*—Missile tests on the Korean Peninsula and by Iran, along with the proliferation of ballistic missile technology underscores the growing need for a robust, sea-borne ballistic missile defense system. Last year, the Navy made further progress on our Aegis Ballistic Missile Defense (BMD), the sea based component of the Missile Defense Agency's (MDA) Ballistic Missile Defense System (BMDS). It enables surface combatants to support ground-based sensors and provides a capability to intercept short and medium range ballistic missiles with ship-based interceptors (SM–3). The Sea-Based Terminal Program will provide the ability to engage Short Range Ballistic Missiles (SRBMs) with modified SM–2 BLk IV missiles from Aegis BMD capable ships.

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

—*U.S.S. George Washington.*—The U.S.S. *George Washington* will relieve U.S.S. *Kitty Hawk* as our forward deployed Naval forces CVN in Japan in fiscal year 2008. This transition, vital to our security interests in the Asian Pacific region, needs to be fully funded.

—*Fleet and Family Readiness.*—The Navy is addressing fleet and family readiness in many critical areas, four of which are: minimizing financial risk and predatory lending; improving crisis management and response procedures; enhancing

child care programs and centers; and, improving ombudsman programs. We also continue to work with those families struggling to recover from the devastation of Hurricanes Katrina and Rita.

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

IBUILD A FLEET FOR THE FUTURE

Fiscal Year 2006 in Review

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

Last year we began to see our future fleet taking shape. We currently have 38 ships under contract for construction, and in fiscal year 2006 ships that had been designed a few short years ago rolled down the ways. We christened the first *Freedom* Class Littoral Combat Ship, amphibious assault ship *Makin Island*, amphibious transport dock ship *Green Bay*, guided missile destroyers *Gridley* and *Sampson*, nuclear fast attack submarine *Hawaii*, auxiliary dry cargo ships *Alan Shepard* and *Sacagawea*, and the aircraft carrier *George HW Bush*. We commissioned the amphibious nuclear attack submarine Texas and the guided missile destroyer *Farragut*. We also rolled out the first EA–18G Growler.

In fiscal year 2006, the increased wartime OPTEMPO of Operations Iraqi Freedom, Enduring Freedom and the global war on terror continued to wear down Navy's aging, "legacy" aircraft. Expeditionary aircraft utilization has dramatically increased, particularly for EA–6B airborne electronic attack aircraft, MH–60 multimission helicopters, P–3 maritime patrol aircraft, EP–3 electronic surveillance aircraft, and F/A–18 C/D attack aircraft, thus shortening the expected service life (ESL) of these aging airframes.

Improving our own capacity was only part of the Navy's focus in fiscal year 2006. We also pursued the broadest possible approach to strengthening maritime security through partnerships. This included closer cooperation with the U.S. Coast Guard and our other interagency partners, international organizations, non-governmental agencies, commercial shippers, and maritime nations great and small.

Perhaps the most tangible application of Navy's global reach and persistent presence in building partner capacity was last year's 5 month deployment of the hospital ship *Mercy* in the summer of 2006 to the tsunami-affected areas in South and Southeast Asia. Working with embarked military medical personnel from Canada, Australia, Singapore, India and Malaysia as well as representatives from 11 non-governmental organizations, *Mercy*'s accomplishments ashore and afloat included: 60,081 patients seen, 131,511 total services provided; 1,083 surgeries; 19,375 immunizations; 20,134 optometry evaluations, 16,141 glasses distributed; 9,373 dental extractions; 236 biomedical equipment repairs, 254 people trained; 59 major and 177 minor medical systems restored to 100 percent operational capacity; and, 6,201 host nation students trained.

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

Current Force

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

Navy is in the process of evaluating the impact global developments have had on our risk assumptions, and ultimately whether or not this will affect the build rate of our future Battle Force. Whatever the outcome of this evaluation, we will work closely with our partners in industry to control requirements costs and provide the industrial base the stability it needs to become more productive.

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

The fiscal year 2008 President's budget submission provides for procuring seven new ships in fiscal year 2008 and 67 new ships over the FYDP (fiscal year 2008–2013). To facilitate the stability required to achieve reduced costs in this constrained industrial sector, no changes in ship acquisitions were made in fiscal year 2008 from PB07 to PB08. The Navy has a long-range vision to reduce types and models of ships, to maximize reuse of ship designs and components, and to employ a business model that encourages the use of open architecture and mission systems modularity.

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

PB08 procures 188 aircraft in fiscal year 2008 and 1,295 aircraft across the FYDP (fiscal year 2008–2013), reduces average aircraft age from 74 percent to 50 percent of expected service life, and concentrates on resourcing critical maritime and joint effects. The plan is structured to support required economic order quantity investments and facilitate Multi-Year Procurement (MYP) contracts.

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

I believe an international "1,000 ship Navy," offers a real opportunity to increase partner nation capabilities while reducing transnational crime, WMD proliferation, terrorism, and human trafficking. Regional maritime security partnerships are already taking shape worldwide that support this ideal, some with and some without direct U.S. Navy involvement. The self-organizing evacuation of non-combatants from Lebanon during the Israeli-Hezbollah war, in which 170 ships from 17 countries came together, accomplished their mission, and dispersed is often cited as a good example of how such partnerships might work.

Critical to increasing partner capacity in the war on terror, as well as building strong global maritime partnerships (the "1,000 ship Navy") that promote maritime security, is the Building Global Partnerships Act of 2007, being submitted to Congress by the Department of Defense as a top legislative priority. The BGP Act will significantly improve our ability to help friendly nations develop capabilities to better govern and defend their territorial waters and the global maritime commons, denying access to terrorists and criminal organizations. We encourage your support for this vital legislation that will further enable support for the "1,000 ship Navy" concept.

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

Requirements to Build a Fleet for the Future

We have worked hard with Congress and industry to start to create stability in our shipbuilding plans and industrial base. We must continue to fund and build a balanced, effective Battle Force of about 313 ships—the minimum force required to guarantee the long-term strength and viability of U.S. naval air and sea power with acceptable risk. We recognize the need to control requirements, maintain program stability, curb costs, and monitor best business practices. We need support for sustained funding of our shipbuilding account—consistent with the 30-year plan—that is critical to provide our partners in industry the stability they need to curb cost growth and sustain our vital shipbuilding industrial base.

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

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

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

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

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

—*Joint Strike Fighter.*—The F–35 Joint Strike Fighter remains the cornerstone of Navy's continuing superiority in air warfare. Although risk associated with the recent 2 year slide in the carrier variant of the F–35 will be mitigated by an increased buy of F/A–18E,F variants, there should be no doubt that JSF is a much more capable aircraft. I encourage your continued strong support of this program to guard against further delays in production.

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

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

—*Public Shipyard Loading.*—As we work with industry on shipbuilding cost reduction, we must ensure legislation and policy support best business practices and efficiencies. Apportioning work based upon funding quotas to drive work-

loading in public naval shipyards potentially diverts efficiency opportunities away from the private sector. Public yards provide vital services for nuclear propulsion and submarine work, and these critical competencies must be maintained. However, our first priorities in shipyard loading should be quality, efficiency, and cost savings. We seek your assistance in removing restrictions on our work-loading flexibility.

—*Shore Installations and BRAC V.*—In addition to our ships and airplanes, another critical piece of force structure is our shore infrastructure, to include installations, piers and support facilities, training ranges, schoolhouses, hospitals, and housing. Supporting a "Surge Navy" demands we create an infrastructure that leverages advanced technology, sound investment and intelligent sustainment for the fleet, for our sailors and their families. The Navy's Ashore Vision 2030 is our roadmap for transforming the Navy shore infrastructure over the next 25 years; it is aligned with the congressionally-mandated Base Realignment and Closure (BRAC) process.

The Continuing Resolution (CR) voted into Public Law in February 2007, decreased Department of Defense BRAC V funding from $5.6 billion request to $2.5 billion. Without supplemental funding to remedy the $3.1 billion reduction this law made in the DOD BRAC request, Navy's BRAC V funding will essentially be cut from $675 million to $291 million—a 57 percent reduction. This would devastate a program entering the critical stages of execution. This reduction would also delay, or in some cases negate, our ability to harvest savings and reap funds from land sales and transfers. Should this shortfall be remedied through fiscal year 2007 Emergency Supplemental Appropriations funding, Navy would do its best to minimize the impact of this delay through prompt execution of funds.

—*MHC Transfers.*—Legislative authority for planned ship transfers are an important aspect of inter-operability with the navies of our allies. These transfers also contribute to the 1,000 ship Navy vision by building partner nation capacity, while reducing the taxpayer costs of maintaining or disposing of decommissioned ships. Navy seeks authority to transfer coastal mine hunting ships (MHCs) to Lithuania and Turkey. Limited in speed and endurance, the MHCs were designed as non-deploying assets. With no sweep capability and without redundant engineering and combat systems equipment, they are constrained in their ability to conduct mine clearance operations. For the MHCs to provide utility in a homeland defense role, they would have to be strategically distributed across the United States which would drain limited fiscal and manpower resources and hamper the Navy's ability to field a responsive and capable MCM force. These ships are scheduled for decommissioning in fiscal year 2008 and if authority is timely, they can be "hot transferred" which is less expensive for both the United States and the recipient.

—*United Nations Law of the Sea Convention.*—To interact more effectively with our maritime partners, it is time to ratify the Law of the Sea Convention. Robust operational and navigational rights codified in the Law of the Sea Convention must be preserved for the Navy to continue to maximize its ability to execute the National Strategy for Maritime Security. Accession to the convention is of critical importance to global naval maritime and over flight mobility.

DEVELOP 21ST CENTURY LEADERS

Fiscal Year 2006 in Review

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

Fiscal year 2006 was the fifth year of support for the global war on terror. Continued wartime OPTEMPO for Operations OIF and OEF has raised concern for the health and welfare of some parts of our expeditionary force. Medical ratings and designators, Explosive Ordnance Disposal (EOD) personnel, divers, Special Warfare Combat Crewmen (SWCC), and Seals remained recruiting challenges.

Last year, Navy put a great deal of effort into analyzing and addressing the root causes of these recruiting shortfalls. New authorities provided in the Fiscal Year 2007 National Defense Authorization Act, such as increased accession bonuses and college stipends, are expected to help mitigate medical officer recruiting challenges. Increased accession bonuses for Seal/Navy Special Warfare ratings and improved

training techniques to reduce attrition will help us meet future requirements in our global war on terror intensive ratings.

The Expeditionary Combat Readiness Center (ECRC), a command within the NECC, was established in fiscal year 2006 as the single process owner for the deployment of Navy Individual Augmentees (IA) and In-lieu of (ILO) forces, of which the Navy is currently fielding over 10,000 sailors. The ECRC helps organize, process, train, equip, and deploy IAs, providing reach-back support and eventually helping them re-integrate with their parent command. Additionally, all active duty sailors now process through one of four Navy Mobilization Processing Sites (NMPS) which has greatly enhanced consistency in processing between our Active and Reserve components. The ECRC NMPS are helping Navy process IAs while meeting a goal of 60 day advanced notification of deployment.

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

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

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

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

Current Status of Our Sailors and Civilians

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

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

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

Unfortunately, the old model of recruiting and detailing in which we focused on simply filling specific requirements, is no longer sufficient. Today, and in the future,

as we reduce the size of our force to align it with increasingly sophisticated systems in a complex security environment, we must strive to fit the right person to match the requirements. And as we eliminate excess infrastructure ashore and increase our global outreach and persistent presence forward, the ratio of sea to shore billets will become more balanced. In order to make the right fit for each individual sailor, we must be mindful of providing geographic stability, satisfying work, personal and professional development, and, to the degree possible, predictability in their future assignments.

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

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

As we develop and build more efficient and automated ships, planes, and combat systems, personnel reductions are inevitable, and as crew sizes decrease, the skill level and specialization requirements increase. The Navy has reduced its active end strength by some 35,000 sailors over the last 4 years. In 2003 our active component consisted of 375,700 sailors; at the end of fiscal year 2007 we will have 340,700; and, by the end of fiscal year 2008 we will have 328,400. As we look ahead to the smaller, more capable ships entering service in the FYDP, we anticipate a stabilization of that trend at an active end-strength between 320,000 and 325,000. We are also trimming our Reserve component which will have gone from a total of 87,800 in 2003 to a total of 71,300 at the end of fiscal year 2007 and 67,800 by the end of fiscal year 2008. But these reductions are more about shaping the right force, than simply trimming its size. Our priority, then, is to recruit some 45,000 active sailors with the right mix of diversity, education, and skill sets necessary to serve our fleet in 2009 and beyond.

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

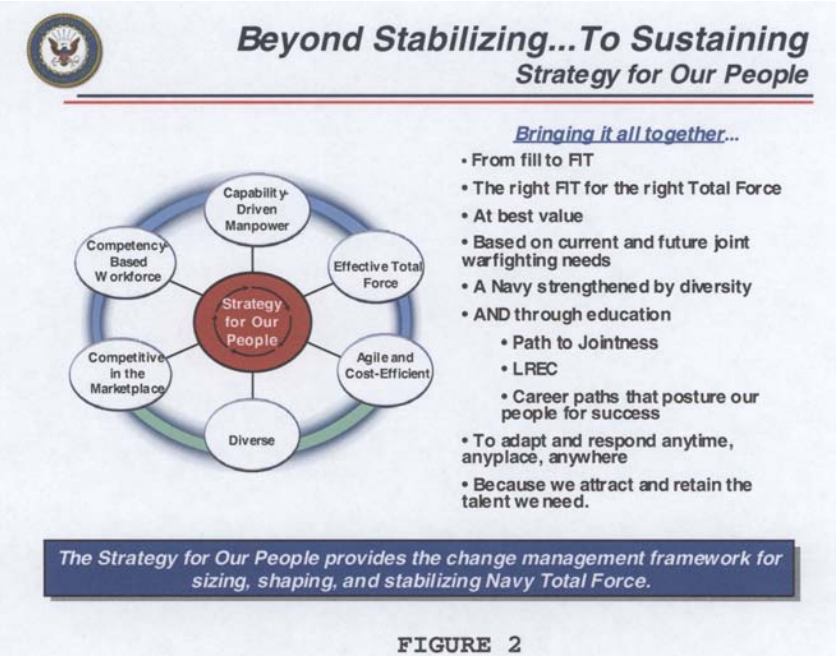


FIGURE 2

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

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

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

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

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

Being Agile and Cost Efficient.—Expanding capability-driven workforce requirements and fiscal constraints require the Navy to deliver a more capable, versatile force. Agility means swiftly developing and implementing strategies, policies and

processes to proactively meet evolving needs and challenges while focusing on the skills and abilities most in demand right now. Cost-efficient means we do this economically and without fiscal waste.

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

Requirements to Develop 21st Century Leaders

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

To develop 21st century leaders, we seek congressional support in the following areas:

—*Combat Casualty Care.*—The objective of Navy's combat casualty care is to maximize the continuum of quality care with lifesaving interventions as close to the battle space as possible and with no decrease in quality of service during rehabilitation and recuperation. On the battlefield this includes forward surgical access and capabilities that have resulted in dramatically improved survival rates; diagnosis of mild/moderate traumatic brain injury/closed-head injury; improved patient care during transport; and, careful monitoring of mental health surveys administered during and after deployment to combat areas. After leaving the combat area, there is a 99.2 percent survival rate once an injured sailor reaches a Navy medical treatment facility. Navy supports the Secretary's ongoing review of Walter Reed Army Medical Center and the National Naval Medical Center at Bethesda and is currently and separately evaluating, through our Inspector General, the material condition and quality of service at each of our Navy medical treatment facilities.

Our highest priority is to win the global war on terror. Second only to this is our determination to take care of those wounded in this fight and their families.

—*Health Care Cost Control.*—The Navy is committed to ensuring our sailors and their families receive top quality health care throughout the continuum of service. By 2009 our Navy will not only be smaller, it will be leaner. Health care costs continue to rise at a rate disproportionate to inflation. DOD TRICARE costs have more than doubled in 5 years from $19 billion in fiscal year 2001 to $38 billion in fiscal year 2006, and analysts project these costs could reach $64 billion by 2015—more than 12 percent of DOD's anticipated budget (versus 8 percent today). Yet this problem extends beyond our active duty, or even our reserve, health care costs. One of the significant drivers of this increased cost is the TRICARE for Life program developed for the 2001 National Defense Authorization Act.

We could not have anticipated the growing number of retirees and their dependents, not yet Medicare eligible, who have chosen or have been driven to switch from private/commercial health care plans to TRICARE in order to better cope with rising health care costs. Despite greatly increased utilization rates, TRICARE premiums have not changed with inflation since the program began in 1995, so that total beneficiary cost shares have declined substantially—27 percent of total benefit cost in 1995 while 12 percent in 2005. In fact, from fiscal year 2008 to fiscal year 2013, Navy's accrual costs for future retirees alone are expected to increase by $4 billion (a 16 percent increase) despite a flattened and stabilized end strength over that same period of time.

There is no longer any tolerance for inefficiencies in our manpower system and very little flexibility in our MPN account. This has a carry-over effect by further pressurizing our procurement accounts. We again urge Congress to implement the initiatives and administrative actions that will restore appropriate cost sharing relationships between beneficiaries and the Department of Defense.

—*DOPMA Relief.*—While Navy end strength is reduced and stabilizes across the FYDP, the demand continues to increase for experienced officers to fill joint requirements, core mission areas and jobs related to the war on terror. Navy is already operating at or near control grade limits imposed by title 10, resulting in billet-grade suppression. Navy currently suppresses 106 captain, 279 commander, and 199 lieutenant commander billets at a lower pay grade (a total of 584 control grade billets). If title 10 limits were increased by 5 percent, Navy would be authorized to grow 131 captains, 304 commanders, and 478 lieutenant

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

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

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

—*Path to Jointness.*—The Navy is committed to pursuing a path to jointness—developing joint leaders both in the officer and senior enlisted communities. We are pursuing initiatives that will: establish the professional military education (PME) requirements for the ranks of E–1 through 0–8 across our active and reserve components; ensure that PME graduates are closely tracked and assigned to billets that exploit their education and accelerate their development as joint leaders; assess policy effectiveness by tracking the number and percentages of PME graduates assigned to career enhancing billets, and require 100 percent fill of Navy resident student billets at all Joint, Service and foreign war colleges.

—*Tuition Assistance.*—The Navy is committed to supporting its sailors who choose education as a path to personal and professional development. The Navy provides 100 percent reimbursement up to $250 and $50 per semester hour for up to 16 credit hours. This is an increase from previous policy which only allowed reimbursement up to 12 credit hours. Tuition assistance is capped by DOD at $4,500 per person per fiscal year.

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

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

CONCLUSION

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

Our Nation depends upon a strong Navy with the global reach and persistent presence needed to provide deterrence, access, and assurance, while delivering lethal warfighting capacity whenever and wherever it is needed. Our Navy is fighting the global war on terror while at the same time providing a strategic reserve worldwide for the President and our Unified and Combatant Commanders. As we assess the risks associated with the dynamic security challenges that face us, we must ensure we have the Battle Force, the people, and the combat readiness we need to win our Nation's wars.

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

ANNEX I.—PROGRAMS AND INITIATIVES TO ACHIEVE CNO PRIORITIES

SUSTAIN COMBAT READINESS

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

Mobile User Objective System (MUOS)

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

NIMITZ-Class Refueling Complex Overhaul (RCOH)

RCOH subjects *Nimitz*-class aircraft carriers to comprehensive modernization upgrades, maintenance work, and nuclear refueling to extend the service life of a *Nimitz*-class carrier out to approximately 50 years, about 20 years longer than its originally planned service life. Execution of RCOH is required to maintain an 11 aircraft carrier force and provide naval tactical air with an overmatch capability against any potential adversary. A notional RCOH consists of 3.2 million man-days and a 36-month execution period conducted at Northrop Grumman Newport News, Virginia facilities. While U.S.S. *Carl Vinson* (CVN 70) completes RCOH in fiscal year 2008–2009, the fiscal year 2008 Ship Construction-Navy (SCN) funding of $297 million primarily supports the advance funding and sequencing of follow-on overhauls for CVNs 71–73.

COBRA JUDY Replacement (CJR)

$133 million in CJR funds the acquisition of a single ship-based radar suite for world-wide technical data collection against ballistic missiles in flight. This unit will replace the current *Cobra Judy*/USNS *Observation Island*, which is due to leave service in 2012. Upon achieving initial operating capability, Navy will transfer the CJR to the U.S. Air Force for operation and maintenance. The CJR program has entered production stage.

Cooperative Engagement Capability (CEC)

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

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

Distributed Common Ground/Surface Systems (DCGS)

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

Deployable Joint Command and Control (DJC2)

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

Navy Special Warfare (NSW) Support

NSW programs provide critical service common support to eight Seal teams, two Seal delivery vehicle teams, three special boat teams and five NSW groups.

During fiscal years 2007 and 2008, six pre-positioned operational stocks will be procured and staged, hundreds of common small arms, weapons mounts and visual augmentation systems will be provided to NSW combat elements, up to 20 standard boats will continue to replace an aging fleet of 61 NSW training support craft and 4 Navy-mandated management support systems will be funded. A total of $21 million in various procurement and operations support accounts is dedicated in fiscal year 2008.

Navy Computer Network Attack (CNA)

Navy Computer Network Attack (CNA) develops force structure for operations in the cyberspace environment. This is the programmatic continuation of Navy Cyber Attack Team (NCAT) initiative which is endorsed by several Combatant Commanders. Program focus is on unique capabilities to address Navy warfighting gaps. Our $11 million fiscal year 2008 investment is required to develop the capability to access adversary networks and enable Information Operations (IO) in asymmetric warfare.

Marine Mammal Research/Sound in Water Effects

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

Forward Deployed Naval Forces (Japan)

U.S.S. *George Washington* (CVN 73) will replace U.S.S. *Kitty Hawk* (CV 63) as the forward deployed aircraft carrier in Yokosuka, Japan in 2008. The move represents a strong and continuing commitment to the security of the Asian Pacific region and our alliance.

George Washington will be the first nuclear aircraft carrier to join the Navy's permanently forward deployed naval forces (FDNF), replacing the conventionally powered *Kitty Hawk* that will retire after 47 years of superb service. Funding of $9 million in fiscal year 2008 supports the final of several years investments for *George Washington*'s anticipated 2008 FDNF arrival.

TRIDENT

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

Undersea Warfare Training Range (USWTR)

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

Pending signature of the environmental Record of Decision (ROD) for the East Coast USWTR in April 2008, the Navy will commence hardware procurement and installation in fiscal year 2008. Supporting this, Navy has requested $7 million in fiscal year 2008. The West Coast ROD is scheduled for signature in September 2008.

The shallow water ranges planned for both coasts will be completed in fiscal year 2013.

Tactical Aircraft (TACAIR) Integration (TAI)

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

BUILD A FLEET FOR THE FUTURE

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

RDT&E Development and Demonstration Funds

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

DDG 1000

This multi-mission surface combatant, tailored for land attack and littoral dominance, will provide independent forward presence and deterrence and operate as an integral part of joint and combined expeditionary forces. DDG 1000 will capitalize on reduced signatures and enhanced survivability to maintain persistent presence in the littoral. The program provides the baseline for spiral development to support future surface ships. Our fiscal year 2008 request is for $3.3 billion in shipbuilding and research funds.

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

Facilities Recapitalization and Sustainment

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

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

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

CVN 21

The CVN 21 program is designing the next generation aircraft carrier to replace U.S.S. *Enterprise* (CVN 65) and *Nimitz*-class aircraft carriers. CVN 78-class ships will provide improved warfighting capability and increased quality of life for our sailors at reduced acquisition and life cycle costs. $2.8 billion in shipbuilding funds for fiscal year 2008 supports acquisition of U.S.S. *Gerald R. Ford* (CVN 78), the lead ship of the class, scheduled for delivery in late fiscal year 2015. Additionally, the program has $232 million in research and development supporting work on the Electromagnetic Aircraft Launch System and other warfighting capability improvements.

F–35 Joint Strike Fighter (JSF)

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

Virginia Class Fast Attack Nuclear Submarine (SSN)

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

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

—U.S.S. *Texas* (SSN 775) INSURV trial was best performance by the second SSN of any class.

—Third ship (*Hawaii*, SSN 776) was the most complete submarine ever at launch (greater than 90 percent complete), had the best INSURV trial of the class, and was delivered on the original contract delivery date.

$2.6 billion in fiscal year 2008 procures one submarine. Additionally, the budget requests $137 million for technical insertions and cost reduction developments. Navy is working closely with industry to bring the cost per hull down to $2 billion (in fiscal year 2005 dollars) and increase the build rate to two ships/year starting in fiscal year 2012. Authorization of MYP will help facilitate this. This will help mitigate future force level deficiencies and achieve cost reduction goals through Economic Order Quantity (EOQ) savings and better distributed overhead costs.

F/A–18E/F Super Hornet

The Navy's next generation, multi-mission Strike Fighter replaces aging F–14s, older model F/A–18s, and assumes the S–3 aircraft carrier-based aerial refueling role. F/A–18E/F provides a 40 percent increase in combat radius, 50 percent increase in endurance, 25 percent greater weapons payload, three times more ordnance bring-back, and is five times more survivable than F/A–18C models. Approximately 55 percent of the total procurement objective has been delivered (254 of 460). F/A–18E/F is in full rate production under a second 5-year multi-year contract (fiscal years 2005–2009). $2.3 billion in fiscal year 2008 procures 24 aircraft as part of this contract.

MV–22B Osprey

MV–22 Osprey is the Marine Corps medium-lift assault support aircraft being procured to replace legacy CH–46Es and CH–53Ds. Current operational projections hold CH–46Es in service through fiscal year 2018, and CH–53Ds through fiscal year 2013. The CH–46Es are playing a critical role in the war on terror, flying more than four times their peacetime utilization rate making delivery of the MV–22 even more critical. The MV–22's improved readiness, survivability and transformational capability (twice the speed, three times the payload and six times range of the airframes it is replacing) will vastly improve operational reach and capability of deployed forces. The aircraft is approved for full rate production and enters a congressionally approved joint 5-year, multi-year procurement in fiscal year 2008 with $2.0 billion procuring 21 aircraft. The total Marine requirement is 360 MV–22s; Navy 48 MV–22s; SOCOM 50 CV–22s.

DON Science & Technology (S&T)

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

EA–18G Growler

The Growler is the Navy's replacement for the EA–6B. Inventory objective is 84 aircraft for test, fleet replacement squadron, attrition, pipeline and 10 operational carrier airwing squadrons to provide the Navy's carrier-based Airborne Electronic Attack (AEA) capability. The program is on schedule and budget. All Key Performance Parameter (KPP) and Technical Performance Measure (TPM) thresholds are being met or exceeded. Program achieved first flight in August 2006; one month

ahead of schedule. $1.6 billion supports development and procurement of 18 aircraft in fiscal year 2008.

MH–60R/S Multi-Mission Helicopter

The MH–60R is a cornerstone of the Navy's Helicopter Concept of Operations (CONOPS), which reduces from six to two the helicopter variants in use today. The MH–60R Multi-Mission Helicopter program will replace the surface combatant-based SH–60B, carrier-based SH–60F, and anti-surface capabilities of the S–3 with a newly manufactured airframe and enhanced mission systems. Sea control missions include undersea and surface warfare. The MH–60R provides forward-deployed capabilities to defeat area-denial strategies, allowing joint forces to project and sustain power. Full rate production was approved in March 2006. $998 million in fiscal year 2008 procures 27 aircraft.

The MH–60S is designed to support carrier and expeditionary strike groups in combat logistics, search and rescue, vertical replenishment, anti-surface warfare, airborne mine countermeasures, combat search and rescue, and naval special warfare mission areas. This program is in production. This fiscal year, block 2 of the program will see the IOC of the first of five Organic Airborne Mine Countermeasures (OAMCM) systems (AQS–20). The remaining four airborne mine countermeasure systems will IOC between fiscal years 2008–2010. An armed helicopter capability is also expected to enter IOC this year. $504 million in fiscal year 2008 procures 18 aircraft.

LPD 17

LPD 17 functionally replaces LPD 4, LSD 36, LKA 113, and LST 1179 classes of amphibious ships for embarking, transporting and landing elements of a Marine landing force in an assault by helicopters, landing craft, amphibious vehicles, or by a combination of these methods. $1.5 billion in this budget's shipbuilding request procures LPD 25.

LHA(R)

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

Littoral Combat Ship (LCS)

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

The Navy has recently identified significant cost increases for the lead ship in the LCS Class (Lockheed Martin variant). A series of increases in the contractor estimated cost of completion, the most recent in December, highlighted the problem and initiated a thorough analysis by both Navy and industry. After nearly 2 months of in-depth study, the Navy has revalidated the warfighting requirement and developed a restructured program plan for the LCS that improves management oversight, implements more strict cost controls, incorporates selective contract restructuring, and ensures delivery within a realistic schedule.

Construction of LCS Hull #3 (Lockheed Martin) will be resumed under revised contract terms that rebalance cost growth risk between government and industry. Construction on LCS Hull #4 (General Dynamics) will continue as long as costs remain defined and manageable. This plan will provide for best value to the Navy for the completion of the first four LCS ships, procurement of existing designs in fiscal years 2008–2009 to fill critical warfighting gaps, and establishment of a sound framework for transition to a single design in fiscal year 2010. The Navy will work closely with Congress on reprogramming actions necessary to bring this program forward.

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

The P–8A replaces the P–3C Orion on a less than 1:1 basis. This aircraft provides lethality against submarine threats, broad area maritime and littoral armed anti-

submarine warfare patrol, anti-surface warfare, and intelligence surveillance reconnaissance. The P–8A is the only platform with this operationally agile capability set. It fills Combatant Commander requirements in major combat and shaping operations, as well as the war on terror and homeland defense. The program has been executed on time and on budget. Preliminary design review has successfully completed and is now in the detailed design phase. $880 million in research and development funds is included in the fiscal year 2008 budget. Initial Operational Capability (IOC) is planned in fiscal year 2013.

E–2D Advanced Hawkeye

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

ASW Programs

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

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

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

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

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

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

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

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

—*Common Very Lightweight Torpedo (CVLWT).*—The Navy is developing a 6.75 inch torpedo suitable for use in the surface ship and submarine anti-torpedo torpedo defense, and the offensive Compact Rapid Attack Weapon (CRAW) intended for the developing manned and unmanned aerial vehicles.

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

—*Surface Ship Torpedo Defense (SSTD).*—Program delivers near term and far term torpedo defense. The planned fiscal year 2008 $16 million R&D investment supports ongoing development of the 6¾ inch Common Very Lightweight Torpedo (CVLWT) which supports both the Anti-Torpedo Torpedo (ATT) and the Compact Rapid Attack Weapon (CRAW). Also, several capability upgrades to the AN/SLQ–25A (NIXIE) are being incorporated to improve both acoustic and non-acoustic system performance to counter current threat torpedoes. These enhancements also support their use in the littorals and are scheduled to complete in fiscal year 2009. The AN/WSQ–11 System uses active and passive acoustic

sensors for an improved torpedo Detection Classification and Localization (DCL) capability, and a hard kill Anti-Torpedo Torpedo (ATT) to produce an effective, automated and layered system to counter future torpedo threats. DCL improvements include lower false alarm rates and better range determination.

—*Aircraft Carrier Periscope Detection Radar (CVN PDR).*—An automated periscope detection and discrimination system aboard aircraft carriers. System moves from a laboratory model, currently installed on U.S.S. *Kitty Hawk*, to 12 units (1 per carrier, 1 ashore) by fiscal year 2012. Fiscal year 2008 funds of $7 million support this effort.

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

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

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

Modernization

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

Cruiser (Mod)

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

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

Destroyer (Mod)

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

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

Lewis & Clark Dry Cargo/Ammunition Ship (T–AKE)

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

CH–53K

The CH–53K Heavy Lift Replacement (HLR) is the follow on to the Marine Corps CH–53E Heavy Lift Helicopter. The CH–53K will more than double the current CH–53E lift capability under the same environmental conditions. The CH–53K's increased capabilities are essential to meeting the Marine Expeditionary Brigade of 2015 Ship-to-Objective Maneuver vision. Fiscal year 2008 research and development funds of $417 million supports major systems improvements of the new helicopter including: larger and more capable engines, expanded gross weight airframe, better

drive train, advanced composite rotor blades, modern interoperable cockpit, external and internal cargo handling systems, and survivability enhancements.

Tomahawk/Tactical Tomahawk (TACTOM)

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

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

F/A–18A/B/C/D Hornet

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

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

CG(X)

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

Standard Missile–6 (SM–6)

The Navy's next-generation extended range, anti-air warfare interceptor is the SM–6. Supporting both legacy and future ships, SM–6 with its active-seeker technology will defeat anticipated theater air and missile defense warfare threats well into the next decade. The combined SM–6 Design Readiness Review /Critical Design Review was completed 3 months ahead of schedule with SM–6 successfully meeting all entrance and exit criteria. Ahead of schedule and on cost targets, our fiscal year 2008 budget plan of $207 million will keep this development effort on track for initial operational capability in fiscal year 2010.

Conventional TRIDENT Modification (CTM)

CTM transforms the submarine launched, nuclear armed TRIDENT II (D5) missile system into a conventional offensive precision strike weapon with global range. This new capability is required to defeat a diverse set of unpredictable threats, such as Weapons of Mass Destruction (WMD), at short notice, without the requirement for a forward-deployed or visible presence, without risk to U.S. forces, and with little or no warning prior to strike. $175 million is included in the fiscal year 2008 request. The program and related policy issues are currently under review by the Office of the Secretary of Defense as part of the New Strategic Triad capability package.

Navy Unmanned Combat Air System (UCAS)

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

Joint Standoff Weapon (JSOW)

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

Ohio-Class SSGN

Ohio-Class SSGN is a key transformational capability that can covertly employ both strike and Special Operations Forces (SOF) capabilities. *Ohio* (SSGN 726) and *Florida* (SSGN 728) were delivered from conversion in December 2005 and April 2006 respectively and are conducting modernization, certification, and acceptance evaluation testing prior to deployment. *Georgia* (SSGN 729) is in conversion at Norfolk Naval Shipyard with delivery scheduled for September 2007. The $134 million in the fiscal year 2008 budget request is primarily for testing, minor engineering changes, and to procure the final replacement reactor core.

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

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

Long Range Land Attack Projectile (LRLAP)

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

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

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

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

Maritime Prepositioning Force (MPF) (Future)

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

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

Inventories of direct attack munitions include Laser Guided Bombs (LGB) and Joint Direct Attack Munitions (JDAM) weapons; both are guidance kits for general purpose bombs and strike fixed targets only. The LGB guides on a laser spot which provides precise accuracy in clear weather. JDAM provides Global Positioning/Inertial Guidance Systems (GPS/INS) giving accurate adverse weather capability ($34 million in fiscal year 2008). The Dual Mode LGB retrofit to LGB kits, procured in fiscal years 2006–2007, increases flexibility by combining laser and GPS/INS capabilities in a single weapon. The next evolutionary upgrade, Moving Target Weapon (MTW), will combine laser and GPS/INS guidance with moving target capability. Procurement is planned via a capability-based competition, with MTW upgrading existing JDAM and/or LGB kit inventories. $29 million supports this on-going MTW effort in fiscal year 2008.

Harpoon Block III Missile

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

Pioneer Tactical Unmanned Aircraft Sensor (UAS)

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

Language, Regional Expertise & Culture (LREC)

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

Incentivization through higher foreign language proficiency pay rates began June 6. $33 million requested in fiscal year 2008 continues existing efforts and begins new initiatives of enhanced non-resident (on-line) and resident (for officers) language training.

Extended Range Munition (ERM)

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

Automatic Identification System (AIS)

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

Global Hawk Maritime Demonstration (GHMD)

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

Remote Minehunting System (RMS)

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

Joint High Speed Vessel (JHSV)

Navy, along with the Army, SOCOM and Marine Corps, is working to acquire a Joint High Speed Vessel (JHSV) that provides the required intra-theater lift capability necessary to meet each service's requirements. The acquisition of JHSV will address high-speed, intra-theater surface lift capability gaps identified to implement Sea Power 21, the Army Future Force operational concepts and SOCOM future operational plans. Additionally, it will improve intra-theater lift currently provided by Westpac Express and other leased vessels. JHSV is currently in the technology development phase with Joint Requirements Oversight Council (JROC) approval of the Capabilities Development Document (CDD) anticipated soon. Navy's research and development contribution in fiscal year 2008 is $19 million. Ultimate delivery of the first vessel is anticipated in 2010.

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

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

Aegis Ballistic Missile Defense (BMD)

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

In May, 2006, U.S.S. *Lake Erie* (CG 70) successfully engaged and intercepted a LANCE short range test target with a modified SM–2 Block IV missile in a Navy-sponsored BMD demonstration. As a result, the Navy is modifying the remaining inventory of 100 SM–2 Block IV missiles, and MDA is modifying the Aegis BMD program to support sea-based terminal engagements.

In June, 2006, Navy successfully achieved a second engagement of a separating SRBM target with the AEGIS BMD system. This successful engagement brings the tally to seven successful intercepts in nine flight tests as of December 2006. Aegis BMD has been installed on 3 cruisers and 13 destroyers. All the cruisers and three destroyers are engagement capable. The balance of the destroyers are Long Range Surveillance and Track (LRS&T) capable. Additional installations are planned for 2007.

In actual operations last July, the United States and Japanese Aegis radar-equipped destroyers successfully monitored North Korea's ballistic missile tests.

21 Inch Mission Reconfigurable Unmanned Underwater Vehicle System (MRUUVS)

21 inch MRUUVS is a submarine launched and recovered, reconfigurable UUV system that will improve current capabilities in enabling assured access. It will provide a robust capability to conduct clandestine minefield reconnaissance and general Intelligence, Surveillance, and Reconnaissance (ISR) in denied or inaccessible areas. The MRUUVS program has been restructured, moving Initial Operational Capability (IOC) from fiscal year 2013 to 2016 when clandestine mine countermeasure capability from *Los Angeles* Class submarines will be delivered. Accordingly, the fiscal year 2008 funding request has been adjusted to $13 million. ISR capability and *Virginia* Class host compatibility will arrive in follow-on increments approximately 2 years after IOC.

Tactical Control System (TCS)

Research and development funding of $9 million in fiscal year 2008 continues work on the Tactical Control System. The program provides interoperability and commonality for mission planning, command and control, and interfaces for tactical and medium altitude UAV systems. TCS software provides a full range of scaleable capabilities from passive receipt of air vehicle and payload data to full air vehicle and payload command and control from ground control stations both ashore and afloat. TCS will be fielded with the Vertical Takeoff Unmanned Air Vehicle (VTUAV) system and key to supporting the LCS.

Utilities Privatization (UP)

The Navy and Marine Corps have 645 utilities systems eligible for privatization on 135 activities/installations worldwide. Of these, 394 have been determined to be exempt, 22 have been awarded for privatization, and 95 have received a Source Selection Authority (SSA) decision and are being processed for exemption or award. 122 systems are still being reviewed for an SSA decision. $3 million requested in our fiscal year 2008 budget supports these ongoing initiatives.

DEVELOP 21ST CENTURY LEADERS

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

Health Care:

Combat Casualty Care

Combat casualty care is provided by Navy medical personnel assigned to and serving with Marine Corps units, in expeditionary medical facilities, aboard casualty receiving/treatment ships and hospital ships, and in military and VA hospitals. Recent advances in force protection, battlefield medicine, combat/operational stress control, and medical evacuation have led to improved survival rates and enhanced combat effectiveness.

Since the start of OEF/OIF the Marine Corps has fielded new combat casualty care capabilities, including: updated individual first aid kits with QuikClot and advanced tourniquets, robust vehicle first-aid kits for convoy use, combat lifesaver training, and new systems to provide forward resuscitative surgery and en route care. Navy fleet hospital transformation is redesigning expeditionary medical facilities to become lighter, modular, more mobile, and interoperable with other Services' facilities.

Naval S&T funds of $18 million in fiscal year 2008 in advanced technology and applied research for combat casualty care sustain our overall level of effort and focus on this mission. Additionally, mental health services have been expanded through post-deployment screenings, expanded briefings, and proactive interactions between providers and sailors and marines.

Safe Harbor Program

Our care for combat wounded does not end at the Military Treatment Facility (MTF). The Navy has established the Safe Harbor Program to ensure seamless transition for the seriously wounded from arrival at a Conus MTF to subsequent rehabilitation and recovery, whether through DOD or the VA. Since its inception, 114 sailors including 103 Active and 11 Reserve members have joined the program. Currently, 92 are being actively tracked and monitored including 34 severely injured last year in OIF/OEF. Senior medical staff personally visit and assist our seriously injured sailors and their families to ensure their needs are being met.

Post Traumatic Stress Disorder (PTSD) and Traumatic Brain Injury (TBI)

The Navy has focused much attention on these complex conditions that have resulted from combat operations. With PTSD, early identification and intervention are critical elements of successful treatment and prevention. Closely aligned with warfighters while in garrison, health-care providers instruct self-aid and buddy-aid training. When intervention is necessary, treatment occurs via embedded mental health personnel in deployed units (e.g. via USMC Oscar teams and carrier group clinical psychologists). All sailors receive in-theater assessment through a Behavioral Health Assessment Tool (BHAT) and receive a Post Deployment Health Assessment (PDHA) immediately following deployment, and again 90–180 days later. This treatment coverage is comprehensive for both Active and Reserve members.

Navy is partnering with the other Services to establish a Center for Deployment Psychology to provide further education and training on PTSD treatment and other combat stress disorders. Our continuum of care in this area before, during, and after deployment, coupled with a review of policies and practices to ensure treatment for PTSD is "destigmatized," are critical steps in addressing the health needs of our deployed sailors.

The science associated with the diagnosis and treatment of traumatic brain injuries (TBI) is evolving and the military is at the leading edge in research and treatment. Military Acute Concussion Evaluation (MACE) has been developed as part of field assessments and all casualties transitioned to Bethesda receive neuro-psychological evaluations with database tracking and follow-up as required.

When members with TBI transition from military service, they may be transferred to one of the four Veterans Administration (VA) poly-trauma centers in Palo Alto, California, Richmond, Virginia, Minneapolis, Minnesota and Tampa, Florida—whichever facility is closest to the member's home of record. The four VA poly-trauma centers are among the premier treatment facilities for TBI in the country. In addition to VA tracking, when service members are transferred to the VA, they are also tracked by case managers from the referring Navy MTF at least bimonthly by the MTF case manager to maintain a coordinated care effort. Occasionally, the medical case management team determines in consultation with an individual patient and their family that the patient's specific condition and/or family needs dictate that the best location for their continued care is at a civilian hospital rather than a VA or an MTF.

Quality Medical Care

While continuing to support OIF/OEF with medical personnel, Navy medicine remains committed to providing quality care for all beneficiaries, both in deployed settings and at home. One of the main challenges has been ensuring sufficient numbers of providers in critical specialties. We continue to focus on refining and shaping our force to recruit, train, and retain the right mix of uniformed and civilian health providers thus sustaining the benefits of our healthcare system and meeting our obligations during this time of war. Despite high demands, Navy medicine meets 100 percent of its operational commitments, and maintains quality care to our beneficiaries, without any sacrifice in quality.

Post-Deployment Health Care

Navy medicine has developed new delivery models for deployment-related concerns and is working with the Office of Seamless Transition to improve coordination with the Veterans Administration. These include 13 Deployment Health Clinics in areas of fleet and marine concentration to support operational commands in ensuring medical care for those returning from deployment.

Navy Education

Professional Military Education (PME)

Our professional military education continuum provides career-long educational opportunities for professional and personal development that supports mission capabilities. It supports development of 21st century leaders who have the capacity to think through uncertainty; develop innovative concepts, capabilities, and strategies; fully exploit advanced technologies, systems, and platforms; understand cultural/regional issues; and conduct operations as a coherently joint force. Navy PME provides a common core of knowledge for all sailors. A primary level program was implemented via distance learning in June 2006. The initial targeted audience is junior unrestricted line officers and senior enlisted members. Additional content is in development for all junior officers. Introductory and basic levels for more junior sailors is also under development.

Joint Professional Military Education (JPME)

Joint professional military education provides an understanding of the principles of joint warfare. Our path is designed to create a change in Navy culture so that it values jointness and therefore systematically develops a group of Navy leaders who are strategically minded, capable of critical thinking, and skilled in naval and joint warfare. JPME Phase I is a requirement for screening unrestricted line officers for commander command beginning in fiscal year 2009. In August 2006, Naval War College began in-residence instruction of JPME Phase II. The Naval War College has implemented a Joint Maritime Component Commander's Course to prepare future Flag Officers to serve as Maritime Component Commanders. $150 million requested in fiscal year 2008 sustains our expanded commitment to this vital professional development.

The Naval Reserve Officers Training Corps (NROTC)

The NROTC Program comprises 59 active units at 71 host institutions of higher learning across the Nation. With $173 million requested in fiscal year 2008, the program is adequately funded to provide 4 and 2 year scholarships to qualified young men and women to prepare them for leadership and management positions in an increasingly technical Navy and Marine Corps with service as commissioned officers. The program continues to be a key source of nuclear power candidates, nurses, and increased officer corps diversity. Focus is now on increasing strategic foreign language skills and expanding cultural awareness among midshipmen.

The United States Naval Academy (USNA)

USNA gives young men and women the up-to-date academic and professional training needed to be effective Navy and Marine officers in their assignments after graduation. Renowned for producing officers with solid technical and analytical foundations, the Naval Academy is expanding its capabilities in strategic languages and regional studies.

The Naval Postgraduate School (NPS)

NPS is the Navy's principal source for graduate education. It provides Navy and DOD relevant degree and non-degree programs in residence and at a distance to enhance combat effectiveness. NPS provides essential flexibility in meeting Navy and Department of Defense emergent research needs, and the development of warfighters with otherwise demanding career paths and deployment cycles making graduate education opportunities difficult to achieve. NPS also supports operations through naval and maritime research, and maintains expert faculty capable of working in, or serving as advisors to operational commands, labs, systems commands, and headquarters activities. The $84 million requested in fiscal year 2008 sustains this unique national asset and provides increases for lab upgrades, distance learning, and IT maintenance and support.

The Naval War College (NWC)

The Naval War College provides professional maritime and joint military education, advanced research, analysis, and gaming to educate future leaders. Its mission is to enhance the professional capabilities of its students to make sound decisions in command, staff and management positions in naval, joint, and multinational environments. The $56 million requested in fiscal year 2008 is a significant increase to support Joint Forces Maritime Component Command/Coalition Forces Maritime Component Command analysis and gaming capability, the China Maritime Studies Institute, initial investment for Maritime Headquarters (MHQ)/Maritime Operations Center (MOC), support for JPME II accreditation, funding for JPME I at Naval Postgraduate School, and for NWC Maritime Operations curriculum development.

Enlisted Retention (Selective Reenlistment Bonus)

Retaining the best and brightest sailors has always been a Navy core objective and key to success. Navy retains the right people by offering rewarding opportunities for professional growth, development, and leadership directly tied to mission readiness. Navy has experienced significant reenlistment improvement since a 20-year low in fiscal year 1999, reaching a peak at the end of fiscal year 2003. This improved retention is part of a long-term trend, allowing us to be more selective in ensuring the right number of strong performers reenlist in the right ratings. Selective Reenlistment Bonuses (SRBs) are a key tool enabling us to offer attractive incentives to selected sailors we want to retain. $359 million requested in fiscal year 2008 will provide for nearly 79,000 new and anniversary payments helping ensure the Navy will be able to remain selective in fiscal year 2008.

Sexual Assault Victim Intervention (SAVI)

SAVI has three major components: (1) awareness and prevention education, (2) victim advocacy and intervention services, and (3) collection of reliable data on sexual assault. Per the Fiscal Year 2005 National Defense Authorization Act requirements, the Navy SAVI Program was transitioned from a program management to case management focus. Existing installation program coordinator positions were increased and became Sexual Assault Response Coordinators (SARCs), which is a standard title and position across the Department of Defense. SARCs are accountable for coordinating victim care/support and for tracking each unrestricted sexual assault incident from initial report to final disposition. Navy also provides 24/7 response capability for sexual assaults, on or off the installation, and during deployment through the use of victim advocates who report to installation SARCs. The $3 million requested in the fiscal year 2008 budget enables us to maintain this expanded SAVI program fleet-wide.

Family Advocacy (FAP)

The Family Advocacy Program addresses prevention, identification, reporting, evaluation, intervention and follow-up with respect to allegations of child abuse/neglect and domestic abuse involving active duty and their family members or intimate partners. Maintaining abuse-free and adaptive family relationships is critical to Navy mission readiness, maintenance of good order and discipline, and quality of service for our active duty members and their families.

Sea Warrior Spiral 1

Sea Warrior comprises the Navy's training, education and career management systems that provide for the growth and development of our people. The first increment, or "Spiral 1", of Sea Warrior is interactive detailing. This system allows sailors to have greater insight and engagement in identifying and applying for Navy positions of interest to them professionally and personally. Spiral 1 Sea Warrior is a funded Navy program and its develop follows the standard, rigorous acquisition engineering and program management processes. Additional Sea Warrior spirals will be developed in accordance with future capability needs and as clear requirements are defined.

Because of Sea Warrior's complexity, many issues related to sea and shore connectivity are still being worked out. Further, before fielding a usable model, the Navy plans to conduct extensive beta testing of selected ratings. Sea Warrior is funded through the fiscal year DP and is not expected to reach FOC until 2016.

Senator INOUYE. May I now recognize the Commandant of the Marine Corps, General Conway.

STATEMENT OF GENERAL JAMES T. CONWAY, COMMANDANT, UNITED STATES MARINE CORPS

General CONWAY. Mr. Chairman, Senator Stevens, and distinguished members of the subcommittee, thank you for the opportunity to report to you today on the status of our Marine Corps.

In our recent meetings, as well as previous testimony before the Congress, I pledged throughout to give you frank and honest assessments, and I come here today again with that as my watch word.

Over the past 5 years, your Marine Corps has been immersed in the first battles of a long war, a generational struggle against Islamic extremists. Our freedom is threatened, not by Nazis or Communists as it was in the past, but by terrorists who are now determined to destroy us and our way of life.

Further, the full array of our security threats is daunting. But rest assured, this generation's young Americans are answering the call. Over two-thirds of our Corps enlisted or reenlisted since 9/11, knowing full well what the Nation expects of marines in a time of war.

Our marines are being pushed hard by the high operational tempo and frequency of combat deployments. They've been operating at full-bore for, roughly, the last 5 years. Despite this, and,

in fact, maybe because of it, I can report first-hand that the morale has never been higher. I attribute that to the fact that they believe they're making a difference. They see the evidence of your support everywhere, tangible support in feeling of new material, the latest equipment to protect them while in harm's way, and your support of the proposal to grow our end strength.

Increasing the 202,000 marines will reduce the strain, both on the individual marine, and on our institution as a whole. It will require additional infrastructure, but more importantly, will gradually improve the deployment-to-dwell ratio in some of our most critical units. Currently, many of these units are deployed for 7 months and then home for 7, in some cases even less than that, before they return to combat.

This end strength addresses much more that the current battles in Iraq and Afghanistan. It ensures your Corps will be able to deal with the uncertainties of a long war. Our Corps is, by law, to be the most ready when the Nation is least ready, the Nation's shock troops. Additional marines allow the dwell-time needed to train and sharpen the skills that will be required of us in the next contingency, reducing our operational and strategic risks.

As over 70 percent of our proposed end strength increase is composed of first-term marines, we're making the necessary increases in recruiting and retention. This is a challenge, but our standards will remain high. We need your continued support for recruiting programs, such as advertising, which are essential for us to continue to bring aboard the best in America.

Our Nation has an enduring commitment to her marines long after they've returned from the battle, particularly if they're physically or mentally scarred. Our moral imperative is to ensure that this support is seamless, even as marines leave our uniform ranks. To this end, we have formed a Wounded Warrior Regiment with battalions on each coast, that will hold true to the maxim that we never leave a marine behind.

Ladies and gentlemen, your marines are honored to be serving this Nation during such an important time in our history. They are truly a special breed of patriots and it's on their behalf that I come before you today to answer your questions, and to help all understand how we can best support these tremendous young Americans.

PREPARED STATEMENT

I look forward to your questions, sir.

Senator INOUYE. I thank you very much, General.

[The statement follows:]

PREPARED STATEMENT OF GENERAL JAMES T. CONWAY

Chairman Inouye, Senator Stevens, and distinguished Members of the Subcommittee, thank you for the opportunity to report to you the state of your Marine Corps.

Your Marine Corps is currently engaged in what we believe to be the opening battles in a generational struggle against Islamic extremists. Our commitment is characterized by diverse and sustained employment around the globe, particularly the central campaigns in Iraq and Afghanistan. Your Marines are fully engaged in this fight, and it is through their tremendous sacrifices—serving shoulder-to-shoulder with their fellow service men and women—that we will ultimately prevail. It is our moral imperative to support them to the hilt—always mindful that our forward-deployed Marines and Sailors in combat must be our number one priority.

Though Marines in the operating forces have been pushed hard by the tempo and frequency of operational deployments, their morale has never been higher—because they believe they are making a difference. Thanks to you, Ladies and Gentlemen, your Marines know that the people of the United States and their Government are behind them. Support has been exceptional—from the rapid fielding of life-saving equipment to the proposed increase in end strength, and with your continued support, mission accomplishment will remain completely viable and achievable.

The Long War is taking a considerable toll on our equipment and we have tough choices ahead of us—we must support our Marines and their families, while deciding whether to replace our rapidly aging equipment with similar platforms or to modernize with next generation equipment.

We know these next few years will be challenging—not only in the immediate conflict in Iraq, but in subsequent campaigns of the Long War. Therefore, the Corps will balance our skill sets in order to remain prepared for crisis outside of Iraq and Afghanistan—to be where our country needs us, when she needs us, and to prevail over whatever challenges we face. I am confident that with your steadfast support, our Corps will continue to remain the Nation's force in readiness and fulfill its Congressionally mandated mission of being the most ready when the Nation is least ready.

MARINE CORPS COMMITMENTS IN THE LONG WAR

Over the past year, your Marines deployed to all corners of the globe in support of our Nation. With more than 24,000 Marines ashore throughout the U.S. Central Command's Area of Responsibility, Operations IRAQI FREEDOM and ENDURING FREEDOM remain our largest commitment. In addition to those operations, the Marine Corps also deployed forces to: support humanitarian and disaster relief efforts in Pakistan and the Republic of the Philippines; participate in over fifty Theater Security Cooperation events ranging from small Mobile Training Teams in Central America to the first deployment of the Marine Forces Special Operations Command's Foreign Military Training Unit supporting our African partner nations; protect our Embassies by providing Fleet Anti-Terrorism Security Teams to East Timor and Lebanon; and respond to a Non-Combatant Evacuation from Lebanon—the largest since Vietnam.

Achieve Victory in the Long War.—The Defense Department's 2006 Quadrennial Defense Review (QDR) directed that we enhance our counterinsurgency capabilities. Our enhanced Marine Air Ground Task Forces and the Marine Corps component to Special Operations Command are part of this commitment. Other types of forces, unique to counterinsurgency operations, may also need to be formed. However, we will maintain robust contingency response forces satisfying the Congress' intent to be "the Nation's shock troops"—always ready and always capable of forcible entry.

I view the inherent power of the Marine Air Ground Task Force (MAGTF) as an irreplaceable component of this Nation's plan for success in the Long War. This war demands flexible organizations that apply a mix of combat and non-lethal actions; interagency capabilities and joint warfare applications; innovative use of airpower; and synchronization of intelligence activities. For rapid integration of these capabilities—as well as providing the critical boots on the ground—the MAGTF is better prepared than any other military formation to execute the full range of operations required by the current conflict. This is the Corps' fundamental fighting organization, providing the joint force a unique, additive capability—one that is much greater than the sum of its parts.

To further expand the MAGTF's contribution to our Nation's security, I have directed my staff to develop a series of exercises that will further enhance the MAGTF's ability to integrate interagency and coalition operations throughout the spectrum of conflict. Our goal will be to provide a forum to develop diverse yet cohesive teams that can best overcome the challenges we are most likely to face in pre- and post-war phases of operations. These exercises will serve our Nation well in the Long War, in future conflicts, and in our ongoing security cooperation efforts.

In February of 2006, we established Marine Corps Forces, Special Operations Command (MARSOC) within the U.S. Special Operations Command. MARSOC is already employing its five major subordinate elements: the Foreign Military Training Unit, two Marine Special Operations Battalions, the Marine Special Operations Support Group, and the Marine Special Operations School, and is on track to achieve full-operational capability by the end of fiscal year 2008. Its personnel and equipment assignment plan is designed to best support our Combatant Commanders in their prosecution of the Long War. The Foreign Military Training Unit was activated in 2005 and has been incorporated into MARSOC, the 2d Marine Special Op-

erations Battalion was activated in May of 2006, followed by the 1st Marine Special Operations Battalion in October of 2006.

MARSOC deployed Foreign Military Training Unit teams to the European and Southern Command areas of responsibility last summer and fall. Through the end of fiscal year 2007, the Foreign Military Training Unit is scheduled to make twenty-seven deployments to twelve countries to conduct foreign internal defense and counter narcotics training to improve the indigenous military forces of those countries. Additionally, MARSOC began deploying Marine Special Operations Companies, associated with Marine Expeditionary Units and assigned to Expeditionary Strike Groups in January of this year. MARSOC provides a unique combination of land component and maritime expeditionary capabilities across a wide range of missions. As special operations forces continue to prosecute the Long War, MARSOC will be a significant partner in Special Operations Command.

To aid in both the current execution of the campaign in Iraq as well as the long-term irregular warfare capability of the Marine Corps, we are establishing a Center for Irregular Warfare. This organization will serve as the focal point for integration of concepts, doctrine, training, education, and equipment capability development. This Center will also maintain close coordination with our sister Services and external agencies. Our goal is to enhance the Marine Air Ground Task Force's capabilities by training and equipping small-unit leaders to handle the demanding complexities and possess the adaptive mindset necessary to operate across the spectrum of conflict—empowering our "strategic corporals" as well as all of our junior leaders to fight, operate, and win in this challenging security environment.

Supporting the Plus-up for Operation IRAQI FREEDOM.—Currently, the Marine Corps has approximately 4,000 Marines affected by the pending plus-up operation in Iraq. The units affected will be extended for approximately 45–60 days. This change will impact our Marines and their families, but we believe that the support systems that we have in place within the units and family support systems back home will help our Marines and their families meet the challenges associated with this extension on deployment. Furthermore, between their return and next deployment, the addition of new infantry battalions will allow these units to lengthen the time at their home station.

Battalions moved forward in the rotation cycle will complete all required pre-deployment training that fully qualifies them for employment. These battalions will be subject to the same pre-deployment training standards as their fellow Marines. We have accelerated the normal cycle through our main mission rehearsal exercise, Mojave Viper, to accommodate consistent training for all units rotating into theater.

The accelerated battalions will deploy with equipment from their home stations, and the additional equipment required will be provided by cross-leveling assets in theater as well as leveraging equipment already positioned forward. This has resulted in some home station shortfalls and has hindered some stateside units' ability to train for other missions and contingencies. While the readiness of deployed units remains high, we have experienced a decrease in the readiness of some non-deployed units.

There are no Marine Corps Reserve units involved in the plus-up operations.

RIGHT-SIZE OUR MARINE CORPS

To meet the demands of the Long War as well as the inevitable crises that arise, our Corps must be sufficiently manned in addition to being well trained and properly equipped. Like the Cold War, the Long War is a continuing struggle that will not be measured by the number of near-term deployments or rotations, and while we seek to capitalize on advances in technology, we know it is our magnificent Marines who invariably decide the outcome.

In order to protect our most precious asset, the individual Marine, we must ensure that our personnel policies, organizational construct, and training are able to operate at the "sustained rate of fire." Operating at the "sustained rate of fire" means that the Corps will be able to maintain operations indefinitely without drastic changes to procedures, policies, organization, or operations. The proposed Active Component end strength increase will significantly enhance our ability to operate at the "sustained rate of fire."

Strain on the Individual.—Despite an unparalleled Personnel Tempo, the morale of our Marines and their families remains high. To avoid an adverse toll on our Marines and their families, and to prevent a decrease in readiness, the former Secretary of Defense established a 1:2 deployment-to-dwell ratio goal for all active component forces. This ratio relates to how long our forces are deployed versus how long they are at home—the goal being for every seven months a Marine is deployed, they

will be back at their home station for fourteen months. We need to relieve the strain on those superb Americans who have volunteered to fight the Nation's battles.

Strain on the Institution.—The current deployment cycle requires commanders to focus solely on those skill sets required to accomplish the mission in Iraq and Afghanistan. This deterioration of capabilities is exacerbated by individual augments and training team requirements and by many units being deployed for missions outside of their normal duties. The result of this strain is evident in the Marine Corps' limited ability to provide trained forces to project power in support of other contingencies. Reduced training time and a necessarily singular focus on current contingency requirements prevents significant opportunities for units to train to the full range of military operations in varied operating environments, such as jungle or mountain terrain. To fulfill our mandate to be "most ready when the Nation is least ready," our deployment cycles must not only support training for irregular warfare, they must also provide sufficient time for recovery, maintenance, and training for other contingency missions. By increasing the dwell time for our units and allowing them additional time at home stations, we can accomplish the more comprehensive training needed for the sophisticated skill sets that have enabled Marine Air Ground Task Forces to consistently achieve success in all types of military operations and operating environments. Our goal is to increase dwell time and achieve a 1:2 deployment-to-dwell ratio for our active forces—our Operating Forces are routinely falling short of this target.

Reducing the Stress.—I would emphasize, the underlying requirement for an end strength increase is separate from, indeed it pre-dates, the plus-up operation in Iraq. The proposed increase to our Active Component end strength to 202,000 Marines will go a long way to reducing the strain on the individual Marines and the Institution. Our first task will be to build three new infantry battalions and their supporting structure—approximately 4,000 Marines. The resources for this force have been included in our fiscal year 2007 supplemental. These funds will pay for initial costs associated with the stand up of these infantry battalions as well as critical enablers, which are vital not only for the current fight, but are also critically needed to support long-term Marine Corps capabilities to accomplish other missions. These enablers include combat support and combat service support such as intelligence, military police, and civil affairs capabilities. We will systematically build the additional individuals and units on a schedule of approximately 5,000 per year. This plan will gradually increase the deployment-to-dwell ratio of some of our habitually high operational tempo units—enabling us to recover our ability to respond in accordance with timelines outlined in war plans for our Combatant Commanders; thereby, reducing future operational risks. We are initially funding this initiative with supplemental and baseline funding in fiscal year 2008, but have included all future costs in our baseline budget as of fiscal year 2009.

Reserve Component End Strength.—Our efforts in the Long War have been a Total Force effort, with our Reserves once again performing with grit and determination. Recent policy changes within the Department of Defense match up very well with our existing policies and will allow us to use the Reserve forces as they were structured to be employed—to augment and reinforce our Active Component forces. To this end, my goal is to obtain a 1:5 deployment-to-dwell ratio within our Reserve Component. We currently believe our authorized Reserve Component end strength of 39,600 Selected Reserve Marines is adequate. As with every organization within the Marine Corps, we continue to review the make-up and structure of the Marine Corps Reserve in order to ensure the right capabilities reside within the Marine Forces Reserve units and our Individual Mobilization Augmentee program across the force. Finally, as our active force increases in size, our reliance on the Reserve forces should decrease—helping us achieve the desired deployment-to-dwell ratio.

Manning the Force.—An equally important factor in sustaining a viable force is continuing to recruit and retain qualified young men and women with the right character, commitment, and drive to become Marines. With over 70 percent of the end strength increase comprised of first-term Marines, both recruiting and retention efforts will be challenged. A major part of this effort will involve programming increased funding for both the Enlistment Bonus and the Selective Reenlistment Bonus Programs. We will need the continued strong support of Congress to achieve ongoing success.

Our recruiting standards will remain high. While exceeding DOD quality standards, we continue to recruit the best of America into our ranks—in fiscal year 2006, the Marine Corps achieved over 100 percent of our active component accession goal. The Marine Corps Reserve also achieved 100 percent of its recruiting goals, but reserve officer numbers remain challenging because our primary accession source is from officers who leave active duty. We appreciate the continued authorization for

Selected Reserve Officer Affiliation Bonuses in the Fiscal Year 2007 National Defense Authorization Act—they continue to contribute in this crucial area.

We forecast that both active and reserve recruiting will remain challenging in fiscal year 2007, particularly when viewed through the lens of accession missions to meet the increased end strength of the Marine Corps. We will need the continued support of Congress for programmed enlistment bonuses and other recruiting efforts, such as advertising, which will be essential to us continuing to meet these challenges.

Retention is the other important part of manning the force. In fiscal year 2006, the Marine Corps exceeded its retention goals for both the First Term and Career Forces. For fiscal year 2007, we expect to exceed our goals again. This success can be attributed to the Marine Corps' judicious use of the Selective Reenlistment Bonus, and we now offer qualified first term and career enlisted Marines $10,000 in Assignment Incentive Pay to reenlist. To keep the very best of our Marines, we must increase the size of our reenlistment bonus program in order to ensure that we have the right grade and MOS mix to support the growing force. Not only will we have to retain more first-term Marines, but we will also have to increase the number of Marines reenlisting at the eight and 12-year mark. This will require a shift toward more programmed funding in targeted key areas in the career force.

Military to Civilian Conversions.—Military-to-civilian conversions continue to provide a valuable source to send additional Marines back to the operating force in support of our warfighting initiatives and help reduce stress. We will continue to pursue sensible conversions and transfer Marines from non-essential billets.

National Security Personnel System.—The Marine Corps is committed to successful implementation of the National Security Personnel System. The Marine Corps is actively participating with the Department of Defense in the development and implementation of this new personnel system and is cooperating with the sister Services so that our civilian employees receive the training opportunities and support necessary for a successful transition. The National Security Personnel System will enable the Marine Corps to better support the warfighter by providing a civilian workforce that is flexible, accountable, and aligned to the Marine Corps mission.

RESETTING THE FORCE AND PREPARING FOR THE NEXT CONTINGENCY

To meet the demands of the Long War, we must reset the force in order to simultaneously fight, train, and sustain our Corps. To support our Marines in combat, we have routinely drawn additional equipment from strategic stocks, which need to be replenished to remain responsive to emerging threats. The Congress has responded rapidly and generously to our requests for equipment and increased protection for our Marines and Sailors. It is our responsibility to manage these resources prudently as we transition to the modernization of our force.

Equipment Readiness.—Extended combat operations have severely tested our materiel. While the vast majority of our equipment has passed the test of sustained combat operations, it has been subjected to more than a lifetime's worth of wear stemming from vehicle mileage, operating hours, and harsh environmental conditions. This increased maintenance requirement is a consequence of not only operational tempo and operating environments, but also the sheer amount of equipment employed in operations. Approximately thirty percent of all Marine Corps ground equipment and nearly twenty-five percent of our active duty aviation squadrons are currently engaged overseas. Most of this equipment is not rotating out of theater at the conclusion of each force rotation; it remains in combat, used on a near-continuous basis at an operating tempo that far exceeds normal peacetime usage.

As our priority for equipment is to support Marines serving in harm's way, we have drawn additional equipment from the Maritime Prepositioning Ships and prepositioned stores from the caves in Norway; we have also retained equipment in theater from units that are rotating back to the United States. The operational results of these efforts have been outstanding—the average mission capable rates of our deployed forces' ground equipment remain above ninety-three percent—but there is a price.

The cost of this success is a decrease in non-deployed unit readiness as well as an increase in the maintenance required per hour of operating time. Equipment across the Marine Corps is continuously cross-leveled and redistributed to ensure that units preparing to deploy have sufficient equipment to conduct our rigorous pre-deployment training programs. Because the stateside priority of equipment distribution and readiness is to units preparing to deploy, there has been a trade-off in unit training for other types of contingencies. The timely delivery of replacement equipment is crucial to sustaining the high readiness rates for the Marines in the-

ater, as well as improving the rates for the forces here at home. Although funded, much of this equipment is still many months from delivery.

Ground Equipment.—Operations in Iraq and Afghanistan are placing demands on ground equipment far beyond what is typically experienced during training or home station operations. Some of these demands rise from higher usage rates, others from the rigors of extended operations in harsh environments. These higher demands increase the maintenance requirements for equipment employed in theater and continue when this equipment is redeployed to home stations.

TABLE 1.—ABSOLUTE INCREASES IN UTILIZATION FOR SELECTED MARINE CORPS SYSTEMS EMPLOYED IN OIF

Category	Usage		Optempo Ratio
	Pre OIF	OIF	
HMMWV	183	550	3.0
MTVR	500	2,000	4.0
LVS	375	1,500	4.0
AAV	83	417	5.0
Rotary-Wing Aircraft	18	41	2.2
KC–130	43	83	1.9

NOTE: Usage rates for ground vehicles are in miles per month; aircraft in flight hours per month.

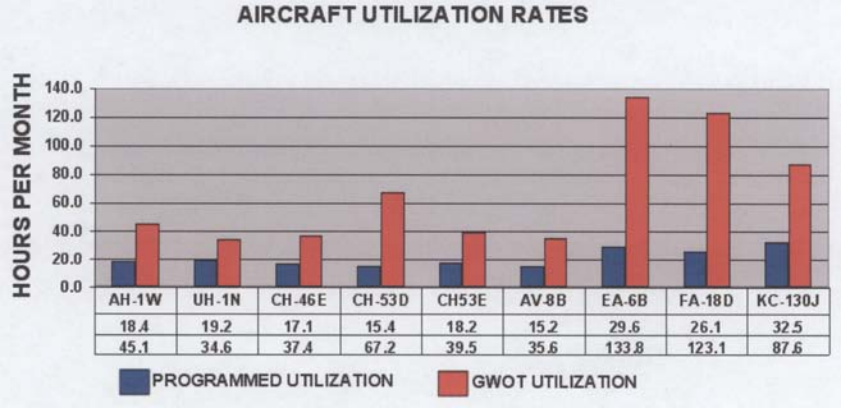
For example, in Operation Iraqi Freedom (OIF) crews are driving Light Armored Vehicles (LAVs) in excess of 8,700 miles per year—3.5 times more than programmed annual usage rates of 2,480 miles per year. Our tactical vehicle fleet is experiencing some of the most dramatic effects of excessive wear, operating at five to six times the programmed rates.

Aviation Equipment.—The operationally demanding and harsh environments of Iraq, Afghanistan, and Djibouti have highlighted the limitations of our aging fleet of aircraft. In order to support our Marines, sister Services, and coalition partners successfully, our aircraft have been flying at two to three times their designed utilization rates. Despite this unprecedented utilization, the yeoman efforts of our maintenance and support personnel have sustained an aviation mission capable rate for deployed Marine aircraft at 79 percent over the past twelve months. The corresponding aviation mission capable rates for our units in garrison, who have either recently returned from deployment or are preparing to deploy again, have averaged 75 percent over the past twelve months. To maintain sufficient numbers of aircraft in deployed squadrons, our home squadrons have taken significant cuts in available aircraft and parts as they prepare for deployment. Reset funding has partially alleviated this strain, but continued funding is needed as we continue to recapitalize our aircraft fleets due to age, attrition, and wartime losses. Maintaining the readiness of our aviation assets while preparing our aircrew for their next deployment is and will continue to be a monumental effort and constant challenge for our Marines.

We have mitigated aircraft degradation through specific aircraft modifications, proactive inspections, and additional maintenance actions enabled by reset programs. Sustaining aircraft material condition drives aircraft readiness and is the determining factor in combat aviation support provided to our Marines in harm's way. While these efforts have successfully bolstered aircraft reliability, sustainability, and survivability, additional requirements for depot level maintenance on airframes, engines, weapons, and support equipment will continue well beyond the conclusion of hostilities.

Resetting Marine Aviation means not merely repairing and replacing damaged or destroyed aircraft, but getting more capable and reliable aircraft into the operational deployment cycle sooner. Your Marines rely on these aircraft on a daily basis to provide a wide array of missions including casualty evacuation for our wounded and timely close air support for troops in contact with the enemy. Production lines to replace legacy aircraft lost in support of the Long War are no longer active; therefore, it is urgent and imperative for the Marine Aviation Plan to remain fully funded and on schedule. Additionally, to ensure Marine aviation is postured to support the current needs of our country, the Marine Corps is working to restore war reserve aircraft and accelerate the upgrades of pre-production aircraft to help maintain aircraft inventories at minimal acceptable operating levels. For example, the Marine Corps is modifying pre-production MV–22s to ensure the transition schedule meets operational demands and deployment timelines. Resetting our full aviation capability will require a significant increase in programmed funding for repair, res-

toration, and upgrades of destroyed or damaged airframes, recovery of Pioneer unmanned aerial vehicle components, refurbishment of air traffic control equipment, replacement of targeting pods, and numerous other efforts to restore capability degraded in support of the Long War.



Reset of Prepositioning Programs.—Eleven Maritime Prepositioning Force (MPF) vessels from all three Maritime Prepositioning Force Squadrons (MPSRON) were downloaded and used in theater during initial Operation IRAQI FREEDOM operations. As these operations concluded, the Marine Corps reconstituted two of three MPSRONs to meet potential contingencies in other areas of the world. This reconstitution was conducted both in theater and at the USMC facilities in Jacksonville, Florida. In February 2004, MPSRON–2 was downloaded in support of Operation IRAQI FREEDOM II and has been partially reconstituted.

Since the MPF offloads in support of Operations IRAQI FREEDOM I and II, MPSRON–1 and MPSRON–2 have gone through a complete maintenance cycle for attainment and supply rotation. Attainment for major end items is 91 percent and 48 percent respectively. Some of our major end item shortfalls are a result of ongoing Operation IRAQI FREEDOM/Operation ENDURING FREEDOM equipment requirements and availability from the manufacturer. Our end item shortfalls in the MPF program will be reset during the ship's maintenance cycle as equipment becomes available. Readiness for all equipment loaded aboard the MPS is historically 98 percent or better. MPSRON–3 is currently undergoing its maintenance cycle and we project an attainment above 98 percent for equipment when completed in June 2007. MPSRON–2's maintenance cycle should begin in April 2008 and be completed by June 2009.

Equipment from Marine Corps Prepositioning Program—Norway (MCPP–N) was used in support of Long War operations and to reset other Marine Corps shortfalls with a higher operational priority. The USMC will reset MCPP–N as soon as practical in line with USMC operational priorities.

Costs of Resetting the Force.—Last year, our cumulative reset cost estimate was $11.7 billion, of which the Congress appropriated $5.1 billion toward that amount. To date, Congress has appropriated a total of $10.2 billion for GWOT reset costs. The $11.7 figure is based on a point in time (October 1, 2005) snapshot of the funding necessary to refit the Marine Corps to a pre-Long War level of equipment readiness. During the summer of 2006, the Secretary of Defense standardized the definition of reset costs across the Services. As a result, the Marine Corps stopped identifying two major expenses—depot maintenance and attrition losses—as "Cost of War" and moved them into our reset the force estimate. This definitional change and some additional requirements have changed our estimate as noted in Table 2.

The first expense to be re-categorized is the estimated cost of residual depot maintenance after the termination of hostilities. Our analysis shows that we will require at least four to six years of post-conflict depot maintenance to bring our force to a fully reset state. Given the status of our equipment at this time, we estimate additional programmed funding will be required for post-conflict ground and aviation depot maintenance costs.

The second item re-categorized because of definition changes is attrition losses. Prior to the re-definition, the Marine Corps had considered replacement and repair

of attrition losses to be a cost of war, and had not included them in our reset estimate. We have increased our reset estimate to include forecasted attrition losses.

The net effect is that the Marine Corps reset estimate, once a fixed point in time estimate, has now become a rolling estimate that includes future attrition losses and future depot maintenance estimates. The following table (Table 2) depicts the definitional changes:

TABLE 2.—CHANGES TO RESET DEFINITION

Category	Traditional Marine Corps	New OSD Definition
Depot Maintenance	Reset	Reset
Additional 4–6 yrs after OIF I	Not Included	Reset
Field Level Maintenance	Cost of War	Cost of War
Consumables	Cost of War	Cost of War
Combat Losses	Cost of War	Reset
Annually Expended Munitions	Cost of War	Cost of War
T/E Recapitalization	Reset	Reset
Prepositioning Assets	Reset	Reset

Not all of the reset the force requirement can be executed in a single fiscal year. Some items such as attack and utility helicopters cannot be replaced until acquisition production decisions are made. Other requirements such as light armored vehicles cannot be fulfilled in a single year due to production capacity issues. Resourcing costs must be phased over several years. The table (Table 3) below highlights specific examples of this challenge.

TABLE 3.—EQUIPMENT DELIVERY LAG TIME

Capability	First Loss		Funding Appropriated	Replacement		Delay Months [1]
	Equip	Date		Equip	Date	
Utility Helo	UH–1N	Dec 2001	Oct 2006	UH–1Y	Apr 2009	88
Transport	KC–130R	Jan 2002	Oct 2006	KC–130J	Apr 2010	99
Attack Helo	AH–1W	Jan 2003	Oct 2006	AH–1Z	Apr 2009	75
Medium Lift Helo	CH–46E	Mar 2003	Jul 2006	MV–22	Sep 2009	78
Wheeled Recon	LAV–25	Apr 2003	May 2005	LAV–25	Dec 2007	56
Medium Wheeled Transport	MTVR	May 2003	May 2005	MTVR	Apr 2006	35

MODERNIZE FOR TOMORROW, TO BE "THE MOST READY WHEN THE NATION IS LEAST READY"

As prudent stewards of our Nation's resources, we must decide the most effective way to modernize the Total Force. We are actively working through the tough decisions of whether to replace aging equipment with similar platforms or to procure next generation capabilities—such as cutting edge platforms like the STOVL Joint Strike Fighter, the MV–22 Osprey, and the Expeditionary Fighting Vehicle (EFV). Foremost and throughout our modernization efforts, we will maintain our Congressionally mandated contingency response forces to be always ready and always capable of forcible entry.

Marine Aviation Plan.—The Marine Aviation Plan is designed to posture Marine Corps Aviation for future warfighting requirements in the near term (2007–2009), the mid-term (2010–2012) and the long term (2013–2015). The Marine Aviation Plan addresses these challenges by restructuring the force and managing current aircraft procurement Programs of Record.

We will rebalance our existing Assault Support and Tactical Aircraft (TACAIR) structure in the reserve and active components in order to boost future HMH (heavy lift CH–53), HMLA (light attack UH–1 and AH–1), and VMU (unmanned aerial vehicle) capacity. Increases to aviation manpower structure at the squadron, group, and wing levels will enhance operational readiness and better posture these units for combat operations and their transitions to the new H–1s, MV–22, F–35, KC–130J, and CH–53K. We will incorporate a fully functional and resourced Aircrew Training System that will align a new Training Transformation Plan to each Assault Support and TACAIR community as they transition to new aircraft in the coming years. Marine aviation command and control modernization will leverage our new aircraft capabilities by streamlining command and control functions and radar inventory to ensure aviation command and control remains agile, efficient, and responsive to the needs of the Marine Air Ground Task Force (MAGTF) across the spectrum of conflict. Marine aviation logistics process modernization applies an overarching approach to understanding readiness, related costs, and the removal of performance barriers with the goal of enhancing our warfighting capabilities while husbanding resources.

The Marine Aviation Plan shapes the future of Marine Aviation to meet the diverse missions of today's and tomorrow's battlefields, and provides the Marine Air Ground Task Force with improved capabilities, unit manning, and a thorough safety training system to better overcome known and foreseeable challenges. This plan sets in place tomorrow's Marine Aviation as a viable and efficient force in support of the MAGTF on the battlefield.

Joint Strike Fighter.—F–35 development is on track, and will act as an integrated flying combat system in support of our ground forces and will be the centerpiece of Marine Aviation. The manufacture of the first test aircraft (Conventional Take-off and Landing [CTOL] variant) is well underway, assembly times are much better than planned, and exceptional quality has been demonstrated in fabrication and assembly. The first CTOL aircraft flew in December of 2006. Five STOVL and six CTOL aircraft are currently in production. The JSF acquisition strategy, including software development, reflects a block approach. The F–35B Short Take-Off/Vertical Landing (STOVL) variant is a fifth generation aircraft that will provide a quantum leap in capability, basing flexibility, and mission execution across the full spectrum of warfare. The Marine Corps remains committed to its vision of an all STOVL tactical aircraft force. Fulfilling this vision will best posture the Marine Corps to support our Nation and the combatant commanders, by enabling the future Marine Air Ground Task Force (MAGTF) to accomplish its expeditionary warfighting responsibilities.

MV–22.—The MV–22 is replacing the CH–46E and CH–53D aircraft. The CH–46E is over forty years old, with limited lift and mission capabilities to support the MAGTF and the Long War. In September 2005, the V–22 Defense Acquisition Board approved Full Rate Production. To date, twenty-nine Block A and fifteen Block B aircraft have been delivered. Much like the F–35, the MV–22 program uses a three-block strategy in its procurement. Block A aircraft are training aircraft. Block B are operational aircraft. Block C aircraft are operational aircraft with mission enhancements. To date, the one V–22 Fleet Replacement Training Squadron, one test squadron, VMX–22, and two tactical VMM squadrons have stood up with the third tactical MV–22 squadron scheduled for March 2007. MV–22 Initial Operational Capability is scheduled for the summer of 2007 with a continued transition of two CH–46E squadrons per year thereafter. The MV–22's revolutionary assault support capability allows the MAGTF to maximize our capstone concept of Expeditionary Ma-

neuver Warfare. Our forces in harm's way deserve the best assault support aircraft in the world—without question, the MV–22 is that aircraft.

KC–130J.—The KC–130J has continuously deployed in support of OIF since February 2005 and has provided the warfighter a state-of-the-art, multi-mission, tactical aerial refueling, and fixed wing assault support asset. The introduction of the aerial refuelable MV–22, combined with the forced retirement of the legacy KC–130F/R aircraft due to corrosion, fatigue life, and parts obsolescence, significantly increases the requirement for accelerated procurement of the KC–130J. Twenty-five new aircraft have been delivered, and the Marine Corps is contracted to procure a total of forty-five aircraft by the end of fiscal year 2013, with four KC–130J aircraft requested in the fiscal year 2008 budget. This is six aircraft less than the inventory objective of the fifty-one aircraft needed to support the operational requirements of MAGTF, joint, and combined forces. As the aviation workhorse of the MAGTF, the KC–130J's theater logistical support reduces the requirement for resupply via ground, limiting the exposure of our convoys to IEDs and other attacks.

CH–53K.—The CH–53K program has reached "Milestone B" status-initiation of system development and demonstration. The current fleet of CH–53E Super Stallion aircraft will reach its fatigue life during this decade. The CH–53K will deliver increased range and payload, reduced operations and support costs, increased commonality with other assault support platforms, and digital interoperability for the next twenty-five years. The CH–53K is one of the elements that will enable the MAGTF and joint force to project and sustain forces ashore from the sea. A post Milestone B System Development and Demonstration contract was awarded in April 2006 and IOC is planned for fiscal year 2015.

H–1 Upgrade.—The H–1 Upgrade Program (UH–1Y/AH–1Z) is a comprehensive program to resolve existing operational power margin issues, while significantly enhancing the tactical capability, operational effectiveness, and sustainability of the attack and utility helicopter fleet. The Corps' fleet of UH–1N Hueys is reaching the end of their useful life. Due to airframe and engine fatigue, the Vietnam-era Huey routinely takes off at maximum gross weight with no margin for error. This aircraft is long overdue for replacement; degrading our ability to support our Marines in harm's way. Due to significant GWOT operational demands on the existing squadrons and aircraft attrition, the Marine Corps has adapted the "build new" strategy for the UH–1Y in fiscal year 2006 and our first two production aircraft have now been delivered. We are also examining a "build new" strategy for the AH–1Z to preclude significant inventory shortfalls. The H–1 Upgrade Program will be restructured pending a Defense Acquisition Board in March 2007.

Command and Control (C2) Harmonization.—The C2 harmonization strategy incorporates joint integrating concepts and C2 mandates, and is a holistic approach that integrates warfighter requirements into a common capability to deliver an end-to-end, fully integrated, cross-functional set of capabilities including forward-deployed and reach-back functions. The strategy's end state is a seamless capability that crosses warfighting functions and supports Marines from the supporting establishment to our Marines in contact with the enemy, taking the best of emerging capabilities and joint requirements to build a single solution.

The first step in this direction is the ongoing development of the Common Aviation Command and Control System (CAC2S). CAC2S fuses data from sensors, weapon systems, and C2 systems into an integrated display. It allows rapid, flexible operations in a common, modular, and scalable design by reducing the current five stovepipe systems into one hardware solution with streamlined equipment training. CAC2S will enable MAGTF commanders to control timing of organic, joint, or coalition effects, assault support, and ISR in their battlespace while operating within a joint task force. With CAC2S and C2 harmonization, a joint task force commander will discover that his MAGTF's battlespace offers maximum flexibility due to its seamless integration with joint and coalition partners.

Persistent Intelligence, Surveillance, Reconnaissance.—The Persistent Intelligence, Surveillance, Reconnaissance (ISR) strategy is a component of the Marine Corps ISR-enterprise supporting Marines across the spectrum of military operations. Its focus is the capability to integrate the network of air, ground, and space sensors with sufficient fidelity to detect, locate, identify, track, and target threats. This capability also reduces the effectiveness of improvised explosive devices (IEDs) through the identification of personnel, activities, and facilities associated with the manufacture and emplacement of IEDs. The network is enabled through unmanned aerial and ground systems, human intelligence exploitation teams, ground signals intelligence/electronic warfare, tactical fusion centers, and pre-deployment training programs. We continue to develop capabilities in coordination with the Joint IED Defeat Organization's point, route, and area targeting concepts. Some capabilities under development include unmanned aerial systems, unmanned ground sensors,

wide field of view persistent surveillance (ANGEL FIRE), and the Ground Based Operational Surveillance System (GBOSS). ANGEL FIRE provides enhanced situational awareness and support to urban warfare, disaster relief, and other operations. The initial deployment of this capability is scheduled for late spring/summer 2007. G–BOSS is a force protection camera system that provides a twenty-four hour day/night persistent surveillance capability. The G–BOSS System of Systems concept is to integrate command and control; commercial off the shelf and government off the shelf sensors to ground, airborne, and space-based platforms. The military objective of G–BOSS is to detect, identify, and track insurgent activities, specifically associated with the emplacement of IEDs. The initial employment of autonomous camera tower systems has performed admirably in theater. The integration of a fully networked G–BOSS system of systems is anticipated to begin in spring/summer 2007.

Ground Mobility.—The Army and Marine Corps are leading the Services in developing tactical wheeled vehicle requirements for the joint force. The defined capabilities reflect an appropriate balance in survivability, mobility, payload, network enabling, transportability, and sustainability for the light tactical wheeled vehicle supporting the future joint force. The Army/Marine Corps Board has proven a valuable forum for coordination of tactical wheeled vehicle development and fielding, the production of Central Command armoring kits and up-armored HMMWVs, and rapid response to Combatant Commander's requests for Mine Resistant Ambush Protected vehicles. Additionally, the Army/Marine Corps Board has been the focal point for development of the joint requirements for a Joint Light Tactical Vehicle focused on providing protected, sustained, networked, and expeditionary mobility to the joint force in the light tactical vehicle weight class.

Mine Resistant Ambush-protected (MRAP) vehicles.—MRAP vehicles are designed with a "V" shaped hull and are employed to protect against the three primary kill mechanisms of mines and improvised explosive devices—fragmentation, blast overpressure, and acceleration. These vehicles provide the best available protection against improvised explosive devices and experiences in theater have shown that a Marine is four to five times safer in a MRAP than in an up-armored HMMWV. There will be three categories of new near-term MRAP vehicles. Category I, a Mine Resistant Utility Vehicle, will accommodate up to six personnel and will be employed in urban operations. Category II vehicles are similar to Cougar/Joint Explosive Ordnance Disposal Rapid Response Vehicles, and will accommodate up to ten personnel, and will be multi-mission capable. Category III, Buffalo vehicles, will be used for route clearance and explosive ordnance disposal missions.

The MRAP is an example of our adaptation to evolving threats. It is an attempt to acquire the very best technology available in the shortest amount of time in order to protect our Marines. The USMC requirement is 3,700 MRAP vehicles and we are aggressively pursuing the acquisition of this rapidly emerging requirement.

Joint Light Tactical Vehicle (JLTV).—In November 2006, the Army's Training and Doctrine Command and Marine Corps Combat Development Command, in collaboration with Navy, Air Force, and Special Operations Command representatives, received Joint Staff approval of the Ground Combat Forces Light Tactical Mobility Initial Capability Document, documenting joint forces' capability needs for the light tactical wheeled vehicle fleet. During December 2006, Army and Marine Corps combat developers staffed the JLTV Capability Development Document, defining requirements for the long-term HMMWV replacement.

Marine Personnel Carrier (MPC).—MPC development is on schedule. In January 2007, the Marine Corps staffed the Initial Capabilities Document, framed the Capabilities Development Document and initiated planning for the Analysis of Alternatives leading to a Marine Personnel Carrier material solution, moving toward an Initial Operational Capability in the 2012 timeframe. The MPC will possess a balance between performance, protection, and payload and will increase infantry battalion protected mobility and light armored reconnaissance battalion striking power. It will serve as a balanced expeditionary armored personnel carrier easily optimized for irregular warfare, but effective across the range of military operations.

M1114 HMMWV—Upgrade via Fragmentation Kit 2 and Fragmentation Kit 5.—The Corps' already fielded M1114 fleet is undergoing an upgrade with Fragmentation Kits 2 and 5. Fragmentation Kit 2 enhances ballistic protection in the front driver and assistant driver wheel-well. Fragmentation Kit 5 degrades improvised explosive device effects and reduces armor debris that results from overmatch. Installation of both Fragmentation Kits is underway, with anticipated completion in March 2007. We will continue to evaluate the U.S. Army's objective kit development and share information and lessons learned. All new Marine Corps deliveries of M1114, M1151, M1152, and M1165 HMMWV's will have Fragmentation Kits 2 and 5 level capability integrated.

MAGTF Fires.—Several innovative systems related to fire support significantly enhance the warfighting efficiency and effectiveness of the Marine Air Ground Task Force (MAGTF). Such systems include the M777 Lightweight Howitzer, High Mobility Artillery Rocket System, Expeditionary Fire Support System, Advanced Field Artillery Tactical Data System, and the Target Location, Designation, and Handoff system.

M777 Lightweight Howitzer.—The new M777 lightweight howitzer replaces the M198 howitzers. It can be lifted by the MV–22 Osprey and the CH–53E helicopter and is paired with the Medium Tactical Vehicle Replacement truck for improved cross-country mobility. The M777, through design innovation, navigation, positioning aides, and digital fire control, offers significant improvements in lethality, survivability, mobility, and durability over the M198 howitzer. The Marine Corps began fielding the first of 356 new howitzers to the operating forces in April 2005 and expects to complete fielding in calendar year 2009.

High Mobility Artillery Rocket System (HIMARS).—The HIMARS fills a critical range and volume gap in Marine Corps fire support assets by providing 24-hour, all weather, ground-based, indirect precision and volume fires throughout all phases of combat operations ashore. We will field forty HIMARS (eighteen to the active component, eighteen to the reserve component, and four to the Supporting Establishment). When paired with the acquisition of Guided Multiple Launch Rocket System rockets, HIMARS will provide a highly responsive, precision fire capability to our forces in conventional as well as unconventional operations.

Expeditionary Fire Support System (EFSS).—The EFSS will be the principal indirect fire support system for the vertical assault element of MAGTFs executing Ship-to-Objective Maneuver. It is a towed 120 mm mortar and when paired with an internally transportable vehicle, will be transported aboard MV–22 and CH–53E aircraft. EFSS-equipped units will provide the ground component of a vertical assault element with immediately responsive, organic indirect fires at ranges beyond current infantry battalion mortars. Initial operational capability is planned during calendar year 2007, and full operational capability is planned for fiscal year 2010.

Target Location, Designation, and Handoff System (TLDHS).—TLDHS is a modular, man-portable equipment suite that will provide the ability to quickly acquire targets and digitally transmit data to supporting arms elements for attack, as well as designate targets for laser-seeking precision guided munitions and laser spot trackers. The system will be capable of providing target location within fifty meters and designating targets at 5,000 meters. TLDHS will be fielded to forward observer teams, naval gunfire spot teams, tactical air control parties, and reconnaissance teams. Block II, scheduled for fielding in late fiscal year 2007, will communicate with all Naval Strike aircraft, the AFATDS, and the Naval Fire Control System.

Counter-Sniper technology.—The Marine Corps Warfighting Laboratory is leading a four-pronged approach to counter the sniper threat. Focused on increasing our ability to sense and warn, deny, protect, and respond, we are leveraging the cooperative efforts of Defense Advanced Research Projects Agency, our sister Services, the Marine Corps Intelligence Activity, and the National Ground Intelligence Center.

Future sense and warn capabilities may include optical, acoustic, and infrared detection and location. We are examining different obscurant technologies, while our protection effort focuses on improving individual armor and new tactics, techniques, and procedures. Detection of threat optics will provide indications and warning of impending sniper or IED attacks, and a predictive capability to avoid or engage prior to sustaining friendly casualties. One potential denial method is through use of glare aversion devices which apply a non-injurious, but discomforting, bright light. Assessment of the response can help determine hostile intent, and the glare aversion effect may be effective in prohibiting a sniper from visually targeting friendly forces. Our response capability efforts include examination of counter-sniper vehicles and the Defense Advanced Research Projects Agency's sniper rifle program. Finally, we are using experimentation to combat the sniper threat through advanced equipment and improved tactics, techniques, and procedures. Ongoing joint and interagency cooperation, coupled with industry collaboration, will shape our future experiments.

Secure Internet Routing Protocol Network.—The continuing evolution and maturation of network threats, along with the asynchronous nature of network intrusions and vulnerabilities, requires the Marine Corps to seek improvements in network defense. The Secure Internet Routing Protocol Network, SIPRNET, is a highly secure network, physically and logically separate from unclassified networks and the Internet. In the near future, we foresee greater reliance on the SIPRNET to enhance the security of Marine Corps war fighting and business operations. This effort will require additional resources, which will prove well worth the investment as we secure our networks and provide for better operational and force protection.

NAVAL OPERATING FORCES AND CONCEPTS

As the "Arc of Instability" is substantially a maritime domain, a naval force is uniquely suited to respond and provide forward-deployed expeditionary combat forces in response to crises. It is the Marine Corps' obligation to provide our Nation a naval force that is fully prepared for employment as a Marine Air Ground Task Force operating across the spectrum of conflict. The Nation invests tremendous resources knowing that the ability to project power from the sea is a prerequisite for defending our sovereignty. To maneuver from the freedom of the seas provides timely and reliable response solutions to our Nation. In concert with the U.S. Navy, we support the law of the sea convention, which preserves our ability to maneuver from the sea.

As demonstrated by the Navy-Marine Corps responses to hurricanes Katrina and Rita, tsunami relief in southern Asia, and noncombatant evacuation operations in Lebanon, maneuvering from the sea is a relevant capability possessing the flexibility to meet our country's needs both around the world and at home. Marines and Sailors embarked from amphibious platforms provide asymmetric, sustainable, and rapidly responsive solutions to our Combatant Commanders.

Working closely with our Navy and Coast Guard partners, we will advance the amphibious and expeditionary capabilities the Combatant Commanders rely on to meet their emerging challenges, strengthen concepts and training that enhance naval contributions to the Long War, and provide a naval force that is fully prepared for employment across the full spectrum of conflict.

Concepts to Capabilities.—In September 2006, the Navy and Marine Corps published a new Naval Operations Concept (NOC), which provides our unified vision for the future and broadly describes how naval power and influence can be applied at and from the sea, across the littorals, and ashore. In tandem, we revised our Marine Corps Operating Concepts (MOC) for a Changing Security Environment, incorporating our lessons learned and the unified vision provided in the NOC. Building on the conceptual foundation for littoral power projection provided in Operational Maneuver from the Sea, the Naval and Marine Corps Operating Concepts call for more widely distributed forces to provide increased forward presence, security cooperation with an expanding set of international partners, preemption of non-traditional threats, and a global response to crisis in spite of challenges to access. Collectively, these concepts provide the foundation for selectively conducting either distributed or aggregated operations.

Due to changes to the security environment and the effects of globalization, the Navy, Coast Guard, and Marine Corps have all concurred with the need to reexamine our maritime strategy. Early this summer, we intend to produce a new maritime strategy in order to articulate the ways and means by which maritime forces will support the Nation's strategic ends in the new security era.

Amphibious Warfare Ships.—Amphibious warfare ships are the centerpiece of the Navy-Marine Corps' forcible entry and Seabasing capability, and have played an essential role in the Long War. These ships are equipped with aviation and surface assault capabilities, which coupled with their inherent survival and self-defense systems, makes them ideally suited to support a broad range of mission requirements. This survivability is critical to ensure the Nation has the widest range of response options. Not only must our naval forces maintain the ability to rapidly close, decisively employ, and effectively sustain Marines from the sea, they must also respond to emerging Long War requirements, crisis response, and humanitarian assistance missions on short notice around the world.

For forcible entry, the Marine Corps' requirement is a single, simultaneously-employed two Marine Expeditionary Brigade (MEB) assault capability. One MEB requires seventeen amphibious warfare ships; however, given the fiscally constrained environment, the Navy and Marine Corps have agreed to assume risk by only using fifteen. Historical amphibious ship availability rates dictate a minimum of eleven ships of each of the current types of amphibious ship—a minimum of thirty-three total ships—resulting in a Battle Force that provides thirty operationally available amphibious warfare ships. In that Battle Force, ten aviation-capable big deck ships (LHA/LHD/LHA(R)) and ten LPD 17 class ships are required to accommodate the MEB's aviation combat element.

Amphibious Transport Dock (LPD).—The LPD 17 *San Antonio* class of amphibious warfare ships represents the Department of the Navy's commitment to a modern expeditionary power projection fleet that will enable our naval force to operate across the spectrum of warfare. The Navy took delivery of the first LPD 17 in the summer of 2005 and operational evaluation is scheduled to begin in the summer of 2007. The LPD 17 class replaces four classes of older ships—the LKA, LST, LSD 36, and the LPD 4—and will have a forty-year expected service life. LPD 17 class ships will play

a key role in supporting the ongoing Long War by forward deploying Marines and their equipment to respond to crises abroad. Its unique design will facilitate expanded force coverage and decreased reaction times of forward deployed Marine Expeditionary Units. In forcible entry operations, the LPD 17 will help maintain a robust surface assault and rapid off-load capability for the Marine Air Ground Task Force far into the future.

Amphibious Assault Ship (Replacement) (LHA(R)).—The *Tarawa* class amphibious assault ships reach the end of their service life during the next decade (2011–2015). An eighth *Wasp* class LHD (multi-purpose amphibious assault ship) is under construction and will replace one *Tarawa* class ship during fiscal year 2008. In order to meet future warfighting requirements and fully capitalize on our investment in the MV–22 and Joint Strike Fighter, ships with enhanced aviation capabilities will replace the remaining LHA ships. These ships will provide enhanced hangar and maintenance spaces to support aviation maintenance and increased jet fuel storage and aviation ordnance magazines. The lead ship, LHA 6, is on track for detailed design and construction contract award during fiscal year 2007, with advanced procurement funds already provided in the fiscal year 2005 and 2006 budgets.

The Maritime Prepositioning Force.—Our proven Maritime Prepositioning Force—capable of supporting the rapid deployment of three Marine Expeditionary Brigades—is an important complement to our amphibious warfare capability. Combined, these capabilities provide the Marine Corps the ability to rapidly react to a crisis in a number of potential theaters and the flexibility to employ forces across the battlespace. The natural progression of this capability set, the Maritime Prepositioning Force (Future) (MPF(F)), is a key enabler of Seabasing and will build on the success of the legacy Maritime Prepositioning Force program. MPF(F) will provide support to a wide range of military operations with capabilities such as at-sea arrival and assembly, selective offload of specific mission sets, and long-term, sea-based sustainment. The squadron will be capable of prepositioning the Marine Expeditionary Brigade's critical equipment and sustainment; but this capability does not constitute a forcible entry capability. The MPF(F) squadron composition decision was made by the Acting Secretary of the Navy in May 2005; the program is currently in the technology development phase of acquisition, with a Milestone B decision planned in fiscal year 2008.

High Speed Connectors.—High-speed connectors will facilitate the conduct of sustained sea-based operations by expediting force closure and allowing the persistence necessary for success in the littorals. Connectors are grouped into three categories: inter-theater, the Joint High Speed Sealift (JHSS), which provides strategic force closure for CONUS-based forces; intra-theater, the Joint High Speed Vessel (JHSV) that enables rapid closure of Marine forces and sustainment; and the Joint Maritime Assault Connector, to move troops and resources from the sea base to shore. These platforms will link bases and stations around the world to the sea base and other advanced bases, as well as provide linkages between the sea base and forces operating ashore.

Ship-to-Shore Mobility.—For decades, Marine power projection has included a deliberate buildup of combat power ashore. Only after naval forces fought ashore and established a beachhead would the MAGTF begin to focus its combat power on the joint force's operational objective. Advances in mobility, fires, and sustainment capabilities will enable greater penetration and exploitation operations from over the horizon, by both air and surface means, with forces moving rapidly to operational objectives without stopping to seize, defend, and build up beachheads or landing zones. The Expeditionary Fighting Vehicle, MV–22 Osprey, and CH–53K heavy lift helicopter are critical to achieving the necessary forcible entry capabilities of the future.

Expeditionary Fighting Vehicle.—The Marine Corps provides the Nation's joint warfighting forces with a unique, flexible, and effective capability to conduct forcible entry operations from the sea. The Expeditionary Fighting Vehicle (EFV), the Corps' largest ground combat system acquisition program, is the sole ground combat vehicle that enables projection of combat power from a sea base. It will replace the aging Assault Amphibious Vehicle that has been in service since 1972 and will become a complementary component of our modernized fleet of tactical vehicles that include the Joint Light Tactical Vehicle, the Marine Personnel Carrier, and the Internally Transportable Vehicle. The EFV's amphibious mobility, day and night lethality, enhanced force protection capabilities, and robust communications will help the joint force meet security challenges across the spectrum of conflict. The over-the-horizon capability of the EFV will also enable amphibious ships to increase their standoff distance, no longer requiring them to close within the striking distance of many coastal defense systems in order to launch their amphibious assault platforms. The EFV will be specifically well suited to maneuver operations conducted from the sea and sustained operations in the world's littoral regions.

The Marine Corps recently conducted a demanding operational assessment of the EFV. It successfully demonstrated most critical performance requirements, but the design complexities are still providing challenges to system reliability. To that end, we conducted a comprehensive requirements review to ensure delivery of the required capability while reducing complexity of the system where possible. For example, the human stresses encountered during operations in some high sea states required us to reevaluate the operational necessity of exposing Marines to those conditions. Based upon this review, and a subsequent engineering design review, we will tailor final requirements and system design to support forcible entry concepts while ensuring the EFV is a safe, reliable, and effective combat vehicle.

Supporting Capabilities.—Logistics Modernization is the largest coordinated and cross-organizational effort ever undertaken to transform Marine Corps logistics. A three-pronged improvement and integration initiative focusing on Marine Corps personnel, processes, and technology, Logistics Modernization is integrating and streamlining supply, maintenance, and distribution. As our roadmap for more effective and efficient expeditionary logistics, Logistics Modernization is multiplying our ability to support the Marine Air Ground Task Force across the spectrum of conflict, in all environments and across all levels of theater maturity.

BEYOND THE HORIZON—POSTURING THE MARINE CORPS FOR THE FUTURE

History has proven that we cannot narrowly define the conditions for which our military must be ready. With little warning, our Nation has repeatedly called its Corps front and center—in the southern Pacific after Pearl Harbor, in Korea after the communist invasion in 1950, in the mountains of Afghanistan after 9/11, and in southern Asia in the wake of the catastrophic tsunami of 2004. Each of these strategic surprises demonstrates the broad range of possibilities for which the Marine Corps must be prepared.

The Long War requires a multi-dimensional force that is well trained and educated for employment in all forms of warfare. Historically, our Corps has produced respected leaders who have demonstrated intellectual agility in warfighting. Our current deployment tempo increasingly places our Professional Military Education (PME) programs at risk. No level of risk is acceptable if it threatens the steady flow of thinkers, planners, and aggressive commanders who can execute effectively across the entire spectrum of operations.

The Future of Training and Education.—Looking ahead to the challenges of the Long War, we have enhanced our counterinsurgency capabilities while remaining vigilant that our Marine Air Ground Task Forces must remain ready to launch robust forcible entry operations and succeed across the spectrum of conflict with our naval partner. With Marine forces so closely engaged in an irregular fight, we will have to take extraordinary steps to retain this ability to serve as the Nation's shock troops during major conventional combat operations. Your support of our training and education needs will allow us to remain faithful to our enduring mission: to be where the country needs us, when she needs us, and to prevail over whatever challenges we face.

The Training Continuum.—Some things remain constant—we continue to ensure that all Marines, regardless of occupational specialty, gain the self-confidence and skills derived from our warrior ethos "Every Marine a Rifleman." The experience at boot camp remains legendary; this transformation of young Americans is a national treasure—one that we must preserve and guard carefully. The core values of Honor, Courage, and Commitment—imprinted on their souls during recruit training and strengthened thereafter—mark a Marine's character for a lifetime. To reinforce this transformation, we have focused the emphasis of our officer and enlisted professional military education on combat leadership.

Marine training is built along a continuum that is well defined, well structured, and of which we are extremely proud. Marines are forged in the furnace of recruit training and tempered by shared hardship and tough training. This transformation process begins the day they meet their recruiter, who introduces them to the concept of total fitness: body, mind, and spirit. It continues through their common experiences at Recruit Training and its Crucible, and Marine Combat Training. It moves on to skill training at one of our schools or at a sister Service school. It culminates with assignment to an operational unit with its own demanding training, where a powerful bond of trust develops between fellow warriors as they experience the rigors of combat against a diverse and adaptive foe.

The Infantry Battalion Enhancement Period Program (IBEPP).—Long War operations have significantly increased our training requirements. Marines must now train to a broader range of skills; however, due to high operational tempo, we face ever-decreasing timetables for Marines to achieve mastery of these skills. Our first

major initiative to maximize effective use of available time was the establishment of a standardized and well-defined Pre-deployment Training Program. To bolster home station training, we took an additional step by establishing the Infantry Battalion Enhancement Period Program (IBEPP). The primary goal of the IBEPP is to facilitate better small unit leader training within the infantry battalion. Highlights of the IBEPP include expanded quotas for rifle squad leader courses (sergeants) and a new tactical small unit leader course focused on fire team leaders (corporals). Additionally, we have updated our School of Infantry curriculum to incorporate the additional equipment added to our new infantry battalion table of equipment and increased the instructor base at our Schools of Infantry to support the new IBEPP.

Expansion of our Weapons and Tactics Training Program.—We find ourselves in a cycle of rapid innovation of weapons and tactics with our enemies. This cycle challenges the creativity and knowledge of staff officers in our ground and combat logistics battalions who must direct training programs or staff combat operations. Our aviation squadrons experienced this during the Vietnam conflict. To address those challenges, we created the Weapons and Tactics Training Program to develop and field a cadre of aviators with advanced understanding of weapon and tactical innovations as well as the concepts and requirements to train other aviators to adapt to these trends. This program placed prestige on training expertise and now provides an effective means by which Marine Aviation stays current on battlefield innovations. We will soon apply the fundamentals of that program to our ground staffs. The ground and logistics Weapons and Tactics Training Program will produce ground Marines expert in training and warfighting functions who will improve their units' ability to fight. Though we are assessing detailed requirements, we anticipate this effort could require up to 150 instructors, and increased demands on combined arms ranges, artillery and aviation units, simulation centers, and suites of operations center equipment.

Marine Corps Lessons Learned Management System.—This adaptive enemy requires us to have a responsive and collaborative dialogue across the Corps. Our interactive and effective lessons management system promptly captures and disseminates the lessons being learned by our Marines and Sailors in complex combat actions around the globe. Our web-based lesson input support tool—selected by the Joint Staff last year to serve as the Department standard—guides this learning process. Capitalizing on the institutional agility that has been a hallmark of our success, last year we implemented changes in such areas as crew-served weapons use, tactical questioning, evidence gathering procedures, command and control equipment training and procedures, civil-military operations, and detainee handling.

Center for Advanced Operational Culture Learning.—An example of adaptation for the Long War includes our Center for Advanced Operational Culture Learning, which we established during May 2005 and recently reached its full operational capability. Both officer and enlisted Marines now receive education in the operational aspects of culture at nearly every phase of their career development. This year, the Center is establishing Language Learning Resource Centers at our eight largest bases and stations. These centers provide language instruction using mobile language training shelters and contracted professional language trainers. These efforts support the Defense Language Transformation Roadmap increasing our interoperability with partner nations around the globe. We are also expanding our Foreign Area Officer program, creating language and culture experts from all occupational specialties who can be integrated into Marine units deployed worldwide. We thank the Congress for its support in this venture, as recent supplemental funding has proved instrumental to this effort.

Advisor Training.—During 2006, we institutionalized the structure, resources, and equipment to advance the individual skills and education of Marines selected to serve as advisors to partner military units. Our Security Cooperation and Education Training Center had already trained over fifty deploying advisor teams during 2004 and 2005. This formal establishment allowed us to increase our efforts, as we trained seventy-seven advisor teams during 2006. Additionally, we expanded advisor skills with upgrades to training in such areas as foreign weapon handling, medical procedures and survival, evasion, resistance, and escape. This year we are establishing a Civil Military Operations Center of Excellence within this Center, as the Marine Corps' focal agency for civil-military operations training and education.

Training Marine Air Ground Task Forces.—Our continuing adaptations and investments in Core Values are checked once more prior to deployment with a series of unit mission rehearsals. These exercises occur during the culminating block of our formal Pre-deployment Training Program, which we expanded during 2004 to serve all deploying Marine Air Ground Task Forces. These mission rehearsals present all deploying personnel with increasingly complex situations designed to replicate the confusing swirl of combat on a complex battlefield. Role players, many of whom are

Iraqi-Americans, portray battlefield civilians and insurgents alike, presenting exercise-worn Marines with sudden "shoot-don't shoot" decisions and forging within our Marines a sense of common cause with the civilians they will soon protect. The culmination of our pre-deployment training consists of three distinct exercises: Mojave Viper, Desert Talon, and Mountain Warrior—each specifically tailored to the deploying unit's destination combat environment.

During 2006, we continued to modify this program with expanded training in force escalation and with increased integration of logistics combat units. To better prepare Marines to counter the threat of improvised explosive devices, we added more training devices, built new ranges, and employed electronic warfare specialists at our rehearsal sites. This year we are focusing our enhancements on the training of advisor teams and of Marine Air Ground Task Force staffs by increasing the use of simulation. Our planned improvements promise to deliver Marine forces ready to more effectively meet the emerging challenges faced by the Combatant Commanders as a naval force in readiness in joint, combined, and interagency operations.

Modernization of Training Ranges.—With the support of the Congress, we also recently began the most ambitious modernization of our training ranges since World War II. From larger and more realistic urban training facilities to increased opportunities to evaluate advanced air-ground coordination, we have significantly improved the realism, safety, and capacity of our ranges and training areas. While our immediate focus has been to acquire infrastructure and modern technology, our long-term investment is in people, largely civilian, to both operate and maintain these facilities and to form the critical training cadres capable of maintaining the realism our Marine Air Ground Task Forces require. Your continued support of our range modernization efforts, as well as the support for the Department's programs to ensure future access to adequate sea, air, and land space for our training ranges, remains vital to our ability to prepare for the challenges of the future with our joint, coalition, and interagency partners.

Marine Aviation Training Systems Program.—The Aviation Training Systems Program (ATSP) plans, executes, and manages Marine Aviation Training to achieve individual and unit combat readiness through standardized training across all aviation core competencies. Through the ATSP, Marine Aviation develops aircraft systems that enhance operational readiness, improve safety through greater standardization, and significantly reduce the life cycle cost of maintaining and sustaining aircraft.

Core Values and Ethics Training.—During this past year, we also reviewed our efforts to instill in Marines those core values necessary to guide them correctly through the complex ethical demands of armed conflict. We have ensured that every Marine, at every phase of the training continuum, studies ethical leadership, the Law of War, escalation of force, and Rules of Engagement. Our entry-level training first presents these concepts in the classroom, and then tests for proper application of these principles under stressful field exercises. We further reinforce confident, ethical decision-making through the Marine Corps Martial Arts Program that teaches our Core Values and presents ethical scenarios pertaining to restraint and proper escalation of force as the foundation of its curriculum. We imbue our Marines with the mindset that "wherever we go, everyone is safer because a U.S. Marine is there."

Building Esprit and Warrior Pride.—The Marine Corps dress blue uniform is as legendary as the Marines who wear it. However, while this well-known uniform is one of the most admired uniforms in the world, owning one is out of the reach of most enlisted Marines—it simply costs too much for them to buy on their own.

No Marine should be denied the honor of wearing this symbol of more than two centuries of bravery and sacrifice. Therefore, I have ordered that every Marine recruit now be issued a dress blue uniform before they graduate from Boot Camp, and all enlisted Marines are to receive an appropriate clothing allowance so that they are able to purchase and maintain a dress blue uniform. They have earned this privilege.

IMPROVE THE QUALITY OF LIFE FOR OUR MARINES AND OUR FAMILIES

Enhancing Individual Survivability—Personal Protective Equipment.—The Corps will continue to pursue technological advancements in personal protective equipment—our Marines deserve nothing less. Fully recognizing the trade-off between weight, protection, fatigue, and movement restriction, we are providing Marines the latest in personal protective equipment—such as the Modular Tactical Vest, Quad Guard, Lightweight Helmet, and Flame Resistant Organizational Gear.

Body Armor.—Combat operations in Iraq and Afghanistan have highlighted a need to evolve our personal protective vest system. Therefore, in February, we start-

ed transitioning to a newly designed Modular Tactical Vest or MTV. This vest is virtually the same weight as its predecessor, the Outer Tactical Vest, but it more easily integrates our other personal protection systems. It provides greater comfort through the incorporation of state-of-the-art load carriage techniques that better distributes the combat load over the torso and onto the hips of the Marine. The acquisition objective for the Modular Tactical Vest is 60,000 systems, with anticipated completion of deliveries in December 2007. The MTV also incorporates our existing Enhanced Small Arms Protective Inserts, or E–SAPI, and Side SAPI plates. These plates are currently provided to every Marine in theater. The E–SAPI provides the best protection available against a wide variety of small arms threats, to include protection against 7.62 mm ammunition threats.

QuadGard.—The QuadGard system is designed to provide ballistic protection for a Marine's arms and legs when serving as a gunner on convoy duty. This system, which integrates with other personal ballistic protection equipment such as the Modular Tactical Vest, Enhanced SAPI, and Lightweight Helmet, reduces minimum standoff distances from the Marine to ballistic threats, particularly improvised explosive device fragmentation.

Lightweight Helmet.—We are committed to providing the best head protection available to our warfighters. The Lightweight Helmet weighs less than its predecessor, and provides a high level of protection against fragmentation threats and 9 mm bullets. We now require use of the pad system as study results demonstrated it provides greater protection against non-ballistic blunt trauma than the sling suspension system. We are retrofitting more than 150,000 helmets with the pad system and have already fielded enough helmet pads for every deployed Marine. Beginning in January, all Lightweight Helmets produced by the manufacturer are now delivered with the approved pad system installed.

Flame Resistant Organizational Gear (FROG).—In February, we began fielding FROG to all deployed and deploying Marines. This life saving ensemble of clothing items—gloves, balaclava, long-sleeved fire resistant shirt, combat shirt, and combat trouser—is designed to mitigate potential injuries to our Marines from flame exposure. These clothing items provide protection that is comparable to that of the NOMEX combat vehicle crewman suit/flight suit.

With this mix of body armor, undergarments, and outerwear, operational commanders can determine what equipment their Marines will employ based upon mission requirements and environmental conditions.

Taking Care of our Marines and Their Families.—Just as every Marine makes a commitment to the Corps and the Nation when they earn the title Marine, we make an enduring commitment to every Marine and Marine family. Marines are renowned for "taking care of our own." Part of taking care of our own means we will provide for Marines and their families through appropriate pay and compensation, housing, health care, infrastructure, and community services. Strong Congressional support for many Administration initiatives has made possible the significant investments required to improve each of the components of quality of life. This support requires continuous assessment to ensure that it is both sufficient and relevant, particularly during war. These programs must be on a wartime footing to seamlessly sustain our Marines and their families for the duration—long past the redeployment of our Marines and Sailors.

We are scrutinizing the support for our Marines and their families to ensure our family support programs remain on a wartime footing—particularly those that assist in integrating civilian, military, charitable, and Veterans Affairs programs. This support targets both Marines who suffer from the physical costs of this war, and those who carry unseen scars—those suffering from Traumatic Brain Injury (TBI) and Post-Traumatic Stress Disorder (PTSD). As I testified in my confirmation hearing, I feel strongly that these wounds of war should be characterized as any other wound—and our commitment to those Marines who suffer from these ailments will not falter.

We continue to aggressively monitor post-deployment mental health screenings, suicides, domestic violence, and divorce rates. Marine commanders and noncommissioned officers at every level are charged to monitor these indications closely and to stay engaged on these issues. Our Casualty Assistance, Marine For Life, and Combat/Operational Stress Control Program continue to be the frontline of support to our wartime efforts.

Casualty Assistance.—Each fallen Marine is a tragic loss to the survivors, the Corps, and our Nation. We endeavor to honor their sacrifices with sincerity and commitment. Our Casualty Assistance Calls Officers are trained to treat next of kin and other family members as they would their own family. Rendering casualty assistance begins with the basic tenet that there is no standard casualty call; each case is distinct, as families grieve in different ways. Assistance to surviving families

is individually tailored to facilitate their transition through the stages of grief and the completion of the casualty assistance process.

Wounded Warrior Regiment.—While the support to our Marine Corps and families has been exceptional, I intend to increase this support through the creation of a Wounded Warrior Regiment. This new regimental headquarters will provide centralized oversight of the care for our wounded Marines and assist in the integration of their support with military, Department of Veterans Affairs, charitable, and civilian systems. The regiment will have a battalion headquarters on each coast, commanded by officers personally selected by me. My criteria for this leadership will be rigorous, as I will seek to select only those officers with previous command experience. My staff is reviewing the fiscal program requirements for this unit now—to include facilities, manning, and support requirements. I view this initiative as a personal priority to fulfill our commitment to these valiant Americans.

Traumatic Brain Injury (TBI).—As the quality of individual combat armor has increased, so have the number of blast survivors and Marines with Traumatic Brain Injury. Mild to moderate traumatic brain injuries can be difficult to diagnose and yet can cause changes in personality, cognition, and memory that significantly impair a service member's ability to make the life and death decisions required of them while in a combat environment. TBI and Post-Traumatic Stress Disorder (PTSD) have many symptoms in common, and TBI can co-occur with PTSD. Recent measures to mitigate the impact of traumatic brain injuries to individual Marines and their units include the release of a medical guidance letter from the Medical Officer of the Marine Corps outlining proper diagnosis and treatment strategies.

Post-Traumatic Stress Disorder (PTSD).—The science of diagnosing and treating Post-Traumatic Stress Disorder continues to evolve. The Marine Corps Combat Development Command, Training and Education Command, Naval Health Research Center, and others are studying ways to identify risk and protective factors for Post-Traumatic Stress Disorder and to increase our resilience to stress. By improving the awareness of both individuals and our leaders, we can provide early identification and psychological first aid to those who are stress-injured. Better screening and referral of at-risk Marines is underway via pre- and post-deployment standard health assessments that specifically screen for mental health problems. Navy Medicine has established new Deployment Health Centers with additional mental health providers readily available to treat Post-Traumatic Stress Disorder and other combat stress injuries. The Department of Veterans Affairs and the Department of Defense have established comprehensive guidelines for managing Post-Traumatic Stress, which are available to all services. The Marine Corps, Navy Medicine, and Veterans Affairs have coordinated a Seamless Transition program to help our Marine veterans move smoothly into the Veterans Affairs treatment system to get the help they need and deserve. In addition, Veterans Affairs Readjustment Centers at 209 communities around the country now provide mental health services for eligible active and discharged veterans and their families.

Combat/Operational Stress Control (COSC).—Battlefields are familiar territory for Marines—we train Marines to excel in chaotic and unpredictable surroundings. Yet all Marines will experience combat/operational stress to some extent, as transient symptoms for most, but as persistent stress injuries for others. Managing combat stress is vital to the operation of the Marine Corps as a fighting force and the long-term health and well-being of Marines and their families. All deploying Marines receive warrior preparation, transition briefs, and health assessments. In addition, mental health professionals or specially trained medical officers brief Marine leaders on the prevention and management of adverse stress reactions. We have also implemented the innovative Operational Stress Control and Readiness (OSCAR) program, which embeds mental health providers with ground forces. Operational Stress Control and Readiness provides early identification and treatment of combat/operational stress problems, attempts to defeat the stigma of combat stress, and overcomes the barriers to care.

The Combat/Operational Stress Control deployment cycle resources for families include the Family Deployment Support Program. The program's components consist of Family Readiness Days, family crisis support services, Return and Reunion Briefs for spouses, and building a sense of community among our military families.

Marine For Life.—The Marine For Life Injured Support program assists seriously and very seriously injured Marines, Sailors who served with Marines, and their families. This program bridges the gap between military medical care and the Department of Veterans Affairs by providing individualized support through the transition period.

Individual case tracking and enduring support for our injured Marines and Sailors complements the Office of the Secretary of Defense's Military Severely Injured Center, which enables the program to provide around-the-clock injured support serv-

ice. Marine For Life provides support tailored to an individual's needs, including pre- and post-service separation case tracking, assistance with the physical evaluation board process, and an interactive website that acts as a clearinghouse for all disability and benefit information. The program also provides employment assistance through a preexisting Marine For Life network that establishes local coordination with veterans, public, private, and charitable organizations that provide support to our injured warriors.

In April 2005, Marine For Life integrated Marine Corps and Department of Veterans Affairs' handling of Marine cases by assigning a Marine field grade officer to the Department of Veterans Affairs Headquarters' Seamless Transition Office. This integrates Marines into the Department of Veterans Affairs system and provides service oversight of Veterans Health Administration care and Veterans Benefits Administration benefits delivery. The Marine For Life program provides the direct point of contact for problem resolution for Marines within the Veterans Administration system.

Military Construction—Bachelor Enlisted Quarters Initiative.—Bachelor housing is my top military construction priority for Program Objective Memorandum 2008. Barracks are a linchpin in the quality of life for our single Marines. With the help of Congress, we have tripled the funding for bachelor housing from fiscal year 2006 to 2007, and if the President's request is funded, we will double the 2007 funding in fiscal year 2008. We are funding barracks' furnishings on a seven-year replacement cycle and prioritizing barracks repair projects to preempt a backlog of repairs. Our $1.7 billion barracks investment plan in support of a 175,000 Marine end strength provides adequate billeting for our unmarried junior enlisted and non-commissioned officer Marines by 2012.

Public Private Venture Family Housing.—Our efforts to improve housing for Marines and their families continue. Thanks to continuing Congressional support, the Marine Corps will have contracts in place by the end of fiscal year 2007 to eliminate all inadequate family housing.

CONCLUSION

This Nation has high expectations of her Corps—as she should. Your Marines are answering the call around the globe, performing with distinction in the face of great hardships. As they continue to serve in harm's way, our moral imperative is to fully support them—we owe them the full resources required to complete the tasks we have given them. Now more than ever they need the sustained support of the American people and the Congress to simultaneously maintain our readiness, reset the force during an extended war, modernize to face the challenges of the future, and fulfill our commitment to Marine families. On behalf of your Marines, I extend great appreciation for your support to date and thank you in advance for your ongoing efforts to support our brave countrymen and women in harm's way. I promise you that the Corps understands the value of each dollar provided and will continue to provide maximum return for every dollar spent.

DEPLOYMENTS

Senator INOUYE. I note that, Admiral, in the deployment of sailors, the rotation lasts for 6 months, in the case of marines, for 7 months. What are the factors that are used to determine the appropriate length of rotation?

Admiral MULLEN. The planning factors that drive us the most, Mr. Chairman, are the requests or the requirements from the combatant commanders. And in fact, while Navy deployments are notionally 6 months, we have started to move away from that. We've actually had ships which are extended well beyond 6 months to 7 and sometimes as long as 8. We also are conducting deployments which are shorter than that now.

It's really driven, more often, it's driven very strongly by the requirements to have a certain capability in the theater. And, it's also designed to, at least our scheme is designed, to also provide for, in the time that, through a cycle that a sailor is in their home port at least 50 percent of their time. So, it is that balance.

We also have invested heavily in readiness in the last several years and we are trying to make sure we maximize the return on that investment, to achieve that balance.

General CONWAY. Sir, our rigor goes back to late 2003, early 2004 when we first started to realize we were going to be sending marines back into Iraq after OIF. And, initially our comparison was with that of the United States Army, who had judged that they would be doing 12 month tours. Our component commander in the Pacific—General Grayson at the time—applied a great deal of rigor to the issue with his staff. And, based upon how long we have young marines for, tours of duty, based upon our culture of traditionally 6-month deployments and so forth, we arrived at 7 months as being the sweet spot for us in terms of retaining our culture, not being in theater too long with units, and at the same time being able to maintain a very effective rotation.

Senator INOUYE. I would assume that the length of the tour has some impact upon families and on the effectiveness of the troops. Is that under consideration, too?

General CONWAY. Sir, it's absolutely the case, at least in the case of the Marine Corps. And, I can tell you my predecessor, General Hagee, was initially of the mind that perhaps 12 months would be good for us. We convinced him through the rigor and through discussion that 7 months was right. He told me afterwards, that he went both to Camp Lejeune and to Camp Pendleton to speak to the families and if there was ever any doubt in his mind, it was completely removed by his discussions with the families. They were very supportive of 7-month deployments.

Senator INOUYE. Navy?

Admiral MULLEN. I would echo that, as well, Mr. Chairman. I, and this goes back to when I was very young as an officer and we were doing 9, 10, 11, 12 month deployments to Vietnam. And, so, certainly willing to support deployment lengths, as I discussed earlier, out to seven, and sometimes beyond that. Anything beyond that, I have to personally approve.

And, there is a great concern for making sure we support the needs of our families in that regard. They have been incredibly supportive my whole career, but I have seen a level of support since 9/11 that truly has been extraordinary, and we've worked very hard to meet their needs in this very challenging time, as well.

SHIPBUILDING

Senator INOUYE. Admiral, in the fiscal 2008 budget request, you're asking for the procurement of seven new ships. There have been press reports coming out from the House suggesting that they want to add five more. Considering the cost of additional submarines and additional littoral combat ships, what number is prudent?

Admiral MULLEN. I think it would be, in responding to this, we look at the possibilities of being able to actually build ships. One of the—and it's on my unfunded priority list—the number one ship is an LPD, LPD–17, which would be the 10th one and it's a required LPD, but it's not been affordable. But, the ability to actually do that, I think—and, in fact, because of the challenges we've had

as a result of Katrina with the shipyard in that area—it would be very challenging. And, it could well just, if it were added, result in essentially booking a ship, not really being able to build it.

That said, it clearly would relieve some financial pressure that I've got in the SCN, on the, in the program in later years.

To add a submarine now would be equally challenging. It certainly could be done, but a submarine, basically you fund in 3 years. You fund about $200 or $400 million, $450 million in the first year, $250 million in the second, and then the remaining amount gets funded in the year that you actually count it. So, the earliest, theoretically, we could get two submarines in would be fiscal year 2010.

That is just one submarine, and that would leave a hole of somewhere between $5 or $6 billion to fill out the two per year in 2011 and 2012, or in 2011, and right now it's scheduled for 2012. So, it could be done.

Another area we could add ships would be littoral combat ships, that said, I think you're very much aware that that's a program that's undergone a great deal of scrutiny. We know where we stand with it, and so there would certainly be some risk associated with that.

DDG–1000, you could add that, however, we're at an early stage in the program and there's certainly risk associated with that. I've been very clear about not wanting to go back and build DDG–51s. Some have talked about that as well. It took me a number of years to really move away from that program.

And so, we've built our industrial base down to such a level that it's a challenge, it's a significant challenge to try to do this. I believe it could be done, but it's a challenge.

Then one other ship that probably is less riskier than any other would be the T–AKE, to be able to add that would be something that we could do, relatively easily in fiscal year 2008.

INDUSTRIAL BASE

Senator INOUYE. Mr. Secretary, as the Admiral pointed out, the many challenges faced by the shipyards. What plans do you have to reinvigorate the industry?

Mr. WINTER. Well, sir, Mr. Chairman, we've put forward a plan here that really has three major components associated with that. One of which, is to try to maintain the stability of a plan, so that the individual shipyards are able to plan appropriately for the future in terms of their workforce and in terms of the capital investments that they make. The stability gives them that possibility of being able to build an appropriate business case.

We've also worked very hard to be able to stabilize the requirements. And, I think stabilizing the requirements is very critical to us in terms of being able to ensure that the construction of ships is maintained in a cost-effective manner. Requirements changes have had a terrible impact in a number of cases, in terms of the overall cost of ship development.

And the last thing is to be able to develop a partnership with the industrial base to be able to motivate the contractors through cost-sharing mechanisms and appropriate contract incentives, to be able to make the type of investments that we both believe is necessary

in terms of technology, in terms of the workforce, and in terms of the capital investments that will serve us well in the future.

Senator INOUYE. Does your process show promise?

Mr. WINTER. I think it shows promise. I have to say I'm very concerned about the extent to which we have found that the industrial base has been impacted, as CNO just commented, by Katrina. And, also when I compare what I see in our industrial base, to what has transpired overseas in foreign shipyards and take a look at technology infusions that have been made there, it is very apparent that we lag in a considerable amount, the capabilities of many shipyards around the world.

And, I think we're going to have to take another look at it. One of my objectives for this year is to take another look at our plan for the shipyards, and in particular, to take a look at other opportunities to appropriately motivate appropriate investments in these yards, and in the personnel that work there.

Senator INOUYE. I'd like to turn the questioning to the co-chairman. I have a few more questions, but——

LITTORAL COMBAT SHIP

Senator STEVENS. Picking up on that, Mr. Secretary, you did tell us about the cancellation of the fourth, the fifth, and sixth littoral ships, and we're really proceeding with the construction of four. It's my understanding that the Admiral would be happy to settle for 10 and the commandant settle for 12. How are we going to get to that if we continue to have these cost overruns?

Mr. WINTER. Well, sir, I think that managing the programs to avoid the cost overruns is a critical objective. I think that we need to be able to ensure that the requirements process is properly mature before we initiate the actual construction activities. I believe that we also have to take a good hard look at the contract type that we use in the actual contracting for the ships, and make sure that we have the opportunity to transfer those contracts to move from cost-reimbursable contracts into fixed price incentive contracts at an appropriate time where we can, in fact, stabilize the requirements and motivate the contractors appropriately to control their costs.

Senator STEVENS. What's the total cost overrun now?

Mr. WINTER. On the littoral combat ships, sir? Depending upon the reference point, it's in the 50 to 75 percent range. And, that's on the first two vessels.

Senator STEVENS. I hope we can find some way to get that straightened out, because it doesn't sound to me like you're going to get 10 or 12 the way it's going right now.

Mr. WINTER. We're working very hard at that, sir. We've got a very significant effort ongoing, to both understand how we got where we are right now, and what we need to do to proceed forward to be able to prosecute this program in a cost-effective manner.

One of the opportunities that we have here is that, given the large number of ships that we're looking at for the long term, a total fleet size of 55 littoral combat ships. If we're able to get the ship down into a cost-effective production rate and also a cost-effec-

tive design, we should have the ability to affect some significant cost savings as we get into that large production run.

Senator STEVENS. Tell us, we're all aware of what went on with Iran seizing those British, that British crew. I understand that we've moved a task force into that area. Is that right?

PERSIAN GULF

Admiral MULLEN. Sir, we've had, we deployed the second, at the direction of the President, the second carrier strike group earlier this year, the *John C. Stennis*. And, she's been in the area for several weeks right now, and so——

Senator STEVENS. That's not a new deployment?

Admiral MULLEN. That's not a new deployment, no, sir. We did it, very important to provide, to support our friends and allies in that area, to provide for the kind of stability that that area clearly needs. It's been reported in the press today, and I think accurately, that—both yesterday and today—there's an exercise, a training exercise that's ongoing in the middle of the gulf, which is pretty natural in terms of these kinds of strike groups, in terms of their operations in order to fine tune being able to work together.

So, it is specifically directed at training, and it's very important to send a signal of both strength, while at the same time, no intent to escalate things in any way, shape, or form at this point in time.

WALTER REED ARMY MEDICAL CENTER

Senator STEVENS. Let me turn, then, to the Walter Reed situation. We have had the disagreement in Congress concerning the base realignment and closure (BRAC) proposal to close Walter Reed and to combine it with the naval facility at Bethesda. As I understand it, the House has added money to continue the use of Walter Reed. What's the position of you, Mr. Secretary, concerning the Walter Reed proposal to keep it open longer?

Mr. WINTER. Well, sir, our role in this activity is very limited. We are currently engaged in the environmental impact analysis that is associated with the additional construction activities and also in terms of the planning for the new facility. I think the, I would prefer to defer the questions on Walter Reed's operation and how that would be used for the Army, to the Department of the Army.

One note I would try to make here is, that I recognize that one of the options under consideration is the possible acceleration of the construction of the new facility, and to that end, I would just request that as we go through that type of consideration that we ensure that we don't give short shrift, if you will, to the requirements development process. I want to make sure that as we go through this, what is perhaps a once in a lifetime opportunity to set up a new national medical facility here, that we do it right, and consider all the potential requirements in the future.

Senator STEVENS. Then turning to another, you're not supporting the action of the House and increase funding for Walter Reed, and delay the modernization of the naval facility?

Mr. WINTER. Sir, I have no specific position on that matter. I view that as really a Department of the Army consideration, not a Department of the Navy consideration.

Senator STEVENS. Well, it is delaying the facilities at Bethesda, as I understand it.

Mr. WINTER. Sir, I'm familiar with several different options there, including just deferring the consolidation and also accelerating that. Depending upon which option is chosen, it could delay it. I will note that we do believe that the concept of consolidation is a good one, being able to provide the critical mass, if you will, particularly as it relates to some of the unique specialties that are required for casualty care, has significant advantages. So, that said, I would prefer not to delay the process, but to engage in it in an appropriate and timely manner.

MARINE CORPS END STRENGTH INCREASE

Senator STEVENS. Another subject, General, you mentioned the increase in the number of marines. I'm told that's 27,000 additional marines. Is that what you're seeking?

General CONWAY. That's correct, sir, 27,000 over a 5-year period.

Senator STEVENS. Have you defined the additional equipment and facilities that are needed in that same timeframe for those people?

General CONWAY. Yes, sir. Our command at Quantico is specifically tasked with that requirement and we're looking to determine what should be the development and the creation of those units. We would like, in the early going, to try to create additional units for those that are stressed most by the deployment tempo, and we think we can do that.

We see some narrow neck in the hourglass, if you will, at our entry-level training, the ability of our boot camps at Parris Island and San Diego and in our marine combat training to be able to facilitate those additional numbers, so we're looking at that requirement, in addition to the billeting requirements based on where these people would be assigned.

UNMANNED AERIAL VEHICLE

Senator STEVENS. Admiral, we—staff and I—have taken two trips to view the facilities for the Air Force operation of the unmanned aerial vehicles (UAV). It's my understanding that now that the Air Force Chief of Staff wishes that the Air Force be deemed the executive exclusive agent for the medium and high altitude UAVs. Has that been discussed with you?

Admiral MULLEN. I've seen the memorandum. I've discussed it briefly with General Mosley. It's not an issue that I, that memorandum as I think you know, sir, was sent to Deputy Secretary of Defense England. And, we, the two services have not had a robust discussion about this.

The way we operate now, however, is one that I'm very supportive of, which is essentially, the, you know, the Air Force writes, owns the airspace and writes the instructions on where we fly, but we all fly our own airplanes. Right now they're manned, I'm not sure that should change in the future. So, I've talked to General Mosley about this—we really do need to sit down and discuss the whys and the wherefore here. As I read it, I'm not supportive.

Senator STEVENS. General, what about the marines, are you involved in that discussion?

General CONWAY. Sir, we will be involved in it, I trust, when it goes to the tank for discussion amongst the Joint Chiefs. There has been no outward discussion of it to date. As a former J–3, I'm aware of the fact that the Air Force sees some need for efficiency in theater, where there are large numbers of UAVs employed, and I think that's—at least a part of—the motivation to accomplish that.

Our actual systems would be less involved than, probably, the Navy and the Air Force. We would only have one, I think, that probably qualifies against what the letter has stated. But, I'm anxious to join the discussion, as well.

Senator STEVENS. Well, as a pilot, I was really very interested and amazed at the large staff that's involved in the operation of those vehicles, particularly when they're doing, going into a 24-hour concept with three different ships dealing with one aircraft, and the basic backup staff being so large. I do think that, if we replicate that in all three services, or four services, we're going to have an enormous duplication of effort.

I don't know where it should end up, but I do hope we find some way to eliminate the redundancy that might come from multiple ownership of those vehicles.

MINE RESISTANT AMBUSH PROTECTED VEHICLE

My last question, Mr. Chairman, is about the mine resistant ambush protected (MRAP) vehicles. We understand, General, that you have expressed some great interest in these vehicles, and you have an almost immediate need for this. Can you tell us more about that?

General CONWAY. Sir, I can. The vehicle—first of all, to describe it—it has a higher center of gravity, a higher chassis than the vehicles that we use right now in theater. It also has a V-shaped hull, or a boat-shaped hull. We've had significant experience now out West with underbody explosions. The enemy has gone significantly to mines and pressure plate devices that cause explosion from underneath. What we have found, is that the gold standard there right now, the up-armored Hummer vehicle, is susceptible to that.

We had a few of these initially sent to the theater to work with our EOD types—it's basically a South African design—but what we discovered is that the same blast under these MRAP vehicles were having much less impact on marines and sailors that were riding in the vehicles. About 400 percent more likely to survive a blast that would, literally, take out an up-armored Humvee.

Our initial request was for something over 1,000 vehicles. Our component commander, with further review of the statistics, looking at the increasing potential for those types of weapons, has decreed that he would like to see every marine and sailor that goes outside the wire in the Al Anbar Province riding in these vehicles. We think it will significantly cut our casualties, to this particular form of attacks, and so we've gone after some 3,700 of the vehicles, sir. And the Secretary of the Navy, his procurement people have very much facilitated that effort, through opening up to other industrial capability and the testing that would go with rapid procurement.

Senator STEVENS. Have you determined whether it's possible the terrorists could just modify their improvished explosive devices (IED) and find a way to damage these, just like they've damaged the Humvees? Up-armored Humvees—that's what you're using now is up-armored Humvees, aren't you?

General CONWAY. Yes, sir. We are following those tests, as well. Probably we don't need to talk too much about the susceptibility of the vehicle in open session, except to say there is some technology out there that looks like it may defeat the most advanced enemy capability, and we certainly want to make sure that the vehicle will include those kinds of technologies, as well.

Senator STEVENS. And what's the timeframe for your need on this?

General CONWAY. Well, sir, we would say sooner is better. We see that we have a moral imperative to get these things to the field as soon as we can. Now, understanding their enhanced protection capability, part of it is commensurate on the ability of industry to come through with promises made that they think they can develop a vehicle that will sustain our examination, our tests—both with regard to durability, miles that they'll provide over time, but also, again—the force protection facets. Those experiments, if you will, are ongoing right now, as we speak, at Aberdeen.

But, if they can do what they promise they can do at this point, we would like to very much expedite the procurement of these vehicles, and get them to the field as soon as we can.

Senator STEVENS. Thank you very much.

Thank you, Mr. Chairman.

Senator INOUYE. Thank you.

VH–71

Mr. Secretary, I was surprised to learn that the Navy is considering building their entire fleet of Presidential helicopters overseas? I would assume that you must be having some problems with the production, and why this decision?

Mr. WINTER. Sir, we are not considering producing these vehicles overseas—one of the activities that we typically engage in, in terms of all-acquisition programs, especially those in which we are having some issues, in this case schedule for the delivery of the increment to aircraft—is to take a look at alternatives. Some alternatives were looked at, at a low level within the program office, associated with overseas production, do not believe that those alternatives are appropriate, and we will not be pursuing them.

ROLE OF MARINES

Senator INOUYE. General, in chatting with some of the old timers in the Marine Corps—retired officers—they've expressed some concern that never occurred to me. That, in this global war on terrorism, the role of the marines have changed from the traditional role of amphibious landing and jungle-fighting and all of that, and I gather that your focus is primarily on the Iraqi-type war. Is that good or bad?

General CONWAY. Sir, it causes us significant concern. And, as I alluded to in my opening statement, we have the responsibility to be the Nation's first to fight. We take that very seriously, and I

would agree with you, at this point, when you're back for 7 months, and getting ready to go again, most of our combat formations are simply preparing for the counter-insurgency environment.

We used to do 10 combined arms, live-fire maneuver exercises a year at Twentynine Palms—we don't do any of those now. We do very little mountain warfare training, very little jungle or amphibious training—which again, is our true forte. So, it does cause me concern. We are endeavoring to expand the amount of dwell-time that we have at home, so that we can accomplish some measure of this training, so as not to lose the expertise, or potentially a generation of officers and marines who just aren't experienced in those types of operations.

So, we're focused on it. We're looking toward the day when we can get back to our more traditional form of training, but right now, we're simply stressed to the point where that's not feasible.

RECRUITING AND RETENTION

Senator INOUYE. Admiral and General, although the morale among the troops may be high, I note signs of your having problems with retention and recruiting. What can this subcommittee do to help you in this area?

Admiral MULLEN. Mr. Chairman, you've been very supportive of resourcing the incentivized bonuses, if you will, as has the Department of Defense with you—in creating authorizing opportunities for these, so that's been critical. And of all of the things that we do, we clearly are able to focus the kinds of re-enlistment incentives we need.

For instance, we're struggling right now with some of our doctors, specialties in the medical field—and you've authorized us to be able to create a fairly significant bonus, up to—in one case that I'm aware of—up to $400,000—to attract a specialist—radiologist, in this particular case—who is clearly, you know, that's the market. So, you've allowed us to compete in the market, which I think is very important in these particular skills.

You've been very supportive of our recruiting efforts, and resourcing that, as well. I'm adding recruiters right now, I actually have been for the past year, to hedge against the general concern that these things are cyclical, and that our good recruiting may go down in the future, and have also supported recruiting bonuses in specific areas that we're hurting in right now, particularly for our explosive ordinance personnel, our SOF forces, some of our Reserve, and Seabee ratings, for example—so, continuing that support is really critical. Both for the near term, and really for the long term. As you know, Mr. Chairman, once we create a hole, it lasts sometimes, a couple of decades, and that's what we really want to avoid.

General CONWAY. Sir, our recruiting and retention is still pretty good. In fact, in order to be able to grow the force in those increments of about 5,000 a year, we've expanded our retention—from what is, traditionally about 25 percent—to about 33 percent of our requirement. And, we think we're going to be able to keep those great young marines aboard.

We prefer, as a service, to incentivize on the end of a tour, as opposed to up-front. We want to incentivize established performance. And your support, thus far, has enabled us to do that.

Recruiting is good right now, but I'm also pragmatic enough to realize that there are some danger signs out there. And as the Army grows, as the Navy puts more recruiters in the field—we're essentially still going after the same set of young individuals.

We, too, are going to add to our numbers of recruiters. We will need, I think, to enhance our advertising, and I can predict it will be difficult to bring in the numbers that we need, maintaining our standards as we feel we must. Our standards are even higher than DOD standards, and we are not willing to sacrifice those, even as we grow.

RECRUTING STANDARDS

Senator INOUYE. Mr. Secretary, at the hearing with the Army, it was noted that they've lowered their standards of recruiting. Up until recently, 90 percent of the recruits had to have a high school diploma—10 percent did not. Now, that number has increased to, I think, 20 percent. Are you having that problem with the Navy and Marine Corps?

Mr. WINTER. Sir, right now, we've been able to maintain our standards. The only specific category of reconsideration, if you will, that would be in the educational domain that's come to me, of late, is consideration of home schooling—whether or not we would treat individuals with a home-schooled experience and the high school equivalency exam in the same way that we would treat current high school graduates. That's under consideration right now, and relative to the principle of requirements, that is the only one that we're looking at, at this time.

Commandant, if you want to?

General CONWAY. No, that's right, sir.

Sir, the DOD standard for high school graduates, as you enunciated, is 90 percent. The Marine Corps standard is 95, we're recruiting 96, and we want to keep it there.

On the other end of the scale, DOD allows for what they call 4 percent CAT–4 Alpha Mentality Group—these, fortunately or unfortunately—are some young Americans who have graduated high school, but then can't pass our entry examinations, the ASVAB, if you will. We recruit 1 percent of those individuals, but in some cases it breaks my recruiter's heart, because they look at these kids and say, "That would be a great young marine in 3 years, he just can't pass the test." Some have English as a second language. So, in some cases I think we're testing language skills, not intelligence.

So, that's where we are. If we were to ever consider coming to the Secretary for an adjustment of our standards, it would probably be some of those young Americans, not those who fail to graduate high school.

JOINT STRIKE FIGHTER

Senator INOUYE. Mr. Secretary, all of us have been discussing the Joint Strike Fighter. What's the latest status?

Mr. WINTER. Well, the latest status, sir, is that we've had the initial flights of the conventional takeoff and landing version of that.

The next major milestone, and one of particular concern to me in tracking is the STOVaL version, the short takeoff and landing capability. That is currently scheduled for June of next year, about 15 months off. We're tracking that very carefully. Last several months—I would say, the last quarter—that date has held. So, I'm starting to get a little bit encouraged that that date is going to wind up being a good date.

The carrier version of the JSF—the first flight there—is scheduled for roughly 2 years from now, and we're also tracking that very carefully, as well.

Senator INOUYE. Next question?

Senator STEVENS. Yeah, thank you, Mr. Chairman.

HOME SCHOOLING

Going back to this home schooling—we have a tremendous number of our young people that are home-schooled in Alaska. One of my junior partners when I had a law firm back in the last century—let's put it that way—I was amazed to find one of my finest young lawyers, first time he ever entered a school was when he went to Harvard Law School and became number one in his class. I think you should look at these home-schoolers—there's a tremendous number of them now, particularly in rural America.

JOINT STRIKE FIGHTER SECOND ENGINE

The problem I'd like to talk to you about, though, is the problem of the engines on the Joint Strike Fighter. I note we're still appropriating money for a second version of that engine. I'm personally, very much against having two engines for the same single-engine plane. You're going to end up by getting one in some remote part of the world, and find out that the only parts they have are the parts for the one that's a major version of the Joint Strike Fighter. I hope that you will really reconsider this concept of having two engines for the same plane. It's one thing to have competition for the engine, it's another thing to award the loser a percentage of the engines. I just don't see that at all.

Mr. WINTER. Well, sir, I tend to agree with you, one of my personal concerns here is the difficulty of providing a full-up logistical support capability at sea—on our amphibs and on our carriers. And, quite frankly, the difficulty of providing all of the parts and the spares, the documentation and the full-up proves that we'd have to maintain both versions of the engine, would be rather problematic. So, I do agree with you, sir.

Senator STEVENS. Good. Thank you.

DETENTION FACILITIES AT GUANTANAMO BAY

Senator INOUYE. Mr. Secretary, we've been receiving reports of an internal debate in the administration on the future detention facilities at Guantanamo. What is the present status?

Mr. WINTER. Sir, from the Navy point of view, our responsibility is limited to providing the facilities down there, I will say that I have been down to inspect those facilities, and I think that the Navy has done a good job of providing the necessary facilities, both for the detainees themselves, as well as the support facilities, in-

cluding, in particular the medical support facilities. Outside of that, I would defer questions to those that are responsible for the actual detention activities, in particular, Southern Command.

MISSILE DEFENSE

Senator INOUYE. Admiral, congratulations on the successes you have experienced with the aegis missile defense system. What's the next step?

Admiral MULLEN. Thank you, sir. We have enjoyed—and it has not come without considerable work, as I know you are aware—successes in seven of the last nine tests. And there's another test that's on the horizon this summer.

I've been a very strong proponent of sea-based missile defense for some time. My immediate concern is at the operational level, the theater level, and that I'm able to provide some capabilities to protect those ships, and other capabilities who would be in the sea base. We continue to have a strong relationship with the Japanese in terms of missile development in particular, and that—I think—will get stronger over time. We are fielding a tracking capability in upwards of 15 of our aegis destroyers, we've got that capability in three of our cruisers. We are going to expand the number of ships that can shoot, that can essentially launch the SM–3. I'm concerned about the expansion of the threat, we have a tendency to focus a great deal—and rightfully so—on the western Pacific, because of what the North Koreans did this year, clearly the developments in China. But I am also concerned about the developments in the Middle East. And you look at what Iran is routinely testing—not just tests going ashore, but also at sea.

And so, because of the strength of what a naval capability brings, in terms of maneuverability, I think we need to continue to invest in that. We've got a terrific cadre of Navy people in the Missile Defense Agency, I would look to—over time—be able to expand that to ensure that we are well supported there in its development. And, obviously its focus has been heavily on the national missile defense side, and that's an important capability.

We believe we have an awful lot to offer—very involved in the Korean, the most recent shots out last year that North Korea generated, and continued investment here, I think, is very, very important.

BUDGET PROCESS

Senator INOUYE. Gentlemen, Senator Stevens and I are well aware of the budgetary process that you have to go through to come up with your budget requests. And we know that the initial requests that may have come from a battalion or squadron, by the time it reaches the Office of Management and Budget (OMB) is a vastly different document. There are a lot of areas that are cut off. And I was listening to your statement, Admiral, and you said that some of the holes that we develop may take decades to fill up. I would like to know what your request would be like if you didn't have funding problems?

Admiral MULLEN. In my statement, Mr. Chairman, I alluded to, or spoke to where we were in fiscal year 2004. And as I looked at the 2008 column in that FYDP, and we thought we had it about

right, as best we could tell with the analysis that we were doing, in the world that we were living in then, and then the world has continued to evolve. And I spoke specifically about the top line, the top line we didn't reach, in 2008, upwards of almost $7 billion.

In doing that, and this is not—I've been very open about this—the Navy has chosen to accept some risk to support what's going on as part of the joint force. But it is risk. I have some fairly significant readiness challenges in the out-years that I'm going to have to figure out how to get at—the length of the problem, though, is really in the future development, because it takes so long to develop these systems, to buy these systems. Years to buy them. So, recovering from something like this can offer a great challenge.

That is—and we've worked hard on efficiencies, we're working hard on the business side to understand where our money is and what it's doing, and we've made great progress there. We're much more efficient than we used to be. But when I submitted this 30-year ship building plan, and the analysis that underpinned it, it was an analysis that said, "This is the minimum number of submarines, this is the minimum number of surface combatants, this is the minimum number of amphibious ships, and aircraft carriers and support ships." So, just in that word alone, there is inherent risk, particularly with respect to operations as we understand them now, and can project them over the next 10 to 20 years, much less those that we couldn't anticipate in a pretty rapidly changing world. So, there's risk associated with that. And that's really what I'm talking about, as I indicated in my statement.

MARINE CORPS EQUIPMENT

Senator INOUYE. General, the marines who fought in World War II and the Army infantry who did the same in World War II had the steel helmet, boots, rifle, gun belt, grenades, and I think the cost was about $175 in today's dollars.

Today it's over $17,000. But the marines and the Army personnel carry a load into combat something like 90 pounds, is that correct?

General CONWAY. Sir, we calculated it at 80 pounds.

Senator INOUYE. They tell us now that the future combat marine or combat infantryman, the cost will be in excess of $50,000, and the weight will be much heavier. Can the marine be effective with 120 pounds on his back?

General CONWAY. Absolutely not, sir. There's no way. We have marines, in some cases, that barely weigh 125 pounds, sir. So, we—that's an unrealistic expectation.

Everything that we do, Mr. Chairman, is intended to try to make the equipment load lighter. We just have started to put into theater a tear-away type of armored vest, if you will. So that, if a marine gets in trouble in the water, or in a vehicle that's submersed, he's got a way to get that load off of him.

But, you're exactly right, sir, and your personal experience will tell you that the endurance factor is just significantly impacted if you're expected to carry that weight over a period of time.

So, we've got to continue to work with industry, with the technology, to try to come up with lighter systems as opposed to heavier systems, that ideally give us the same level of protection, if

we're going to continue to see, essentially, the same kinds of threats.

BUDGET REQUEST

Senator INOUYE. Is there anything else you'd like to add on to your budget request?

General CONWAY. Sir, I thought about the question as the CNO was responding. I think there's probably three areas where we see some risk. We need to, ideally, get the dollars into the top line as soon as we can, I think, for our growth. I'm concerned that we not try to manage people who are enlisting on 4-year contracts with year-to-year types of allocations or resources.

A second area that we see, and it's in the out-years some, but we're going to experience a bit of a risk with our fixed-wing as Joint Strike Fighter is potentially pushed to the right. We're going to be short 45 to 50 aircraft around 2010 or so, that would ordinarily be in our squadrons and able to respond to these contingencies. And CNO referenced it, our other concern, I suppose, is in the numbers of amphib ships.

We are talking about it, we are trying to come to grips with how we solve the issue, but we feel that in order to provide the Nation a forced-entry capability of two brigades—that's 30 operational ships should a contingency occur—in the out-years, unfortunately, based on affordability at this point, we have 30 ships available. And, at the standard rate of 85 percent availability, that won't give us what we need. So, we're negotiating for 33 ships, which we think would be, reasonably make 30 available at all times. So—were I to say, not in the Marine Corps budget, but see an enhancement in the DON budget, it would be toward those three areas.

Senator INOUYE. Senator Cochran.

Senator COCHRAN. Oh, thank you so much, Mr. Chairman.

LITTORAL COMBAT SHIP

Mr. Secretary, I'm very concerned about the recent decisions of the Navy regarding the littoral combat ship. Now, no one likes to see cost overruns, but in this case, I believe it was not surprising. According to some observers, not only was the original price tag of $220 million for a ship unrealistically low, but I understand it that the first ship of any series is always more expensive than the following ships.

To make matters worse, this ship was not even completely designed when Marinet Marine began construction; in fact, even today with the ship over 70 percent built, the design is still not totally complete, as I'm sure you know.

Question, while I do not understand—what I do not understand is that the Navy is taking the unusual step of asking Lockheed Martin and Marinet Marine to settle on a fixed price for this first ship, even though the design—as I said—is not complete. Marinet is not afraid of a fixed-price contract, it does plenty of business with the private sector and the Government on a fixed-price basis, but always with a completed and a proven design. I understand the appeal of a fixed-price contract, but isn't this asking the contractors to shoulder an unacceptable amount of risk? As a businessman, would you ever agree to produce a product for a certain price, when

you were not even sure what the product would look like in the end?

So, my question is—will the Navy drop its request for a fixed-price contract on this first ship, and settle for a fixed-price contract on the second ship, which should have, I'm sure by then, a completed design?

Mr. WINTER. Well, sir, we're right now in the middle of negotiations with Lockheed Martin, who is the prime contractor on this, relative to completion of both the first two ships that they have, which is LCS–1 and LCS–3. As you noted, LCS–1 is over 70 percent complete. There are a few minor areas where there are some corrective actions that are being taken in terms of the design, but given that the first ship is very well on its way to completion, and the second ship also has some significant activities that have been taken in terms of parts procurement and the like, we believe that the overall risks associated with the cost of completion for both ships should be well-contained.

What we've asked for here is not a firm fixed price, but what is known as a fixed-price incentive contract, where any overruns or underruns would be shared between the contractor and the Navy. And, we've agreed to sit down and negotiate the share ratios there—the extent to which both parties would be able to share in those cost risks—and we've also been willing to make some changes in terms of the way in which the ship is specified and bought off, which, we believe, would go a long way to mitigating the risks that Lockheed would take on.

Senator COCHRAN. Well, it's my understanding that it usually takes about 90 days in the best of situations to negotiate a fixed price on a ship. And yet, I believe you're asking for negotiations to be completed in 30 days. Those 30 days will run out soon—wouldn't it be fair and reasonable to ask Lockheed and Marinet to work with you over the course of 90 days to come up with a new contract?

Mr. WINTER. Well, sir, we've asked to get to the point of a meeting of the mind, if you will, on the basic principles to ensure that we have a reasonable course forward, and a good likelihood of being able to reach an amicable agreement here between the parties within the time period of the 90 days that we are allowed within the FAR associated with the ongoing stop work order.

If we're able to get to that point where we're both comfortable that we're going to be able to work out any of the residual arrangements, there are several options available to us, subject to mutual consent that we could follow to deal with that, clean up matters, and final definitization of the contract.

Senator COCHRAN. I didn't—I'm not sure if I heard your answer, maybe I heard it, but not clearly enough. Will the Navy drop its request for a fixed-price contract on the first ship, and settle for a fixed-price contract on the second ship?

Mr. WINTER. Sir, right now we have one contract which includes both ships, and we've asked for a fixed-price incentive on both ships, and that's our current position.

Senator COCHRAN. Last question, Mr. Secretary, I've read it in the press that the General Dynamics LCS is 41 percent over their original bid price, and that they're about 40 percent complete. Was the Lockheed Martin costs and overrun similar to that same point

in construction? At that same point in construction? If so—and if you believe fixed-price contracts are not the solution to control cost growth—why have you not put General Dynamics under a fixed-price contract?

Mr. WINTER. Well, sir, we're looking at the General Dynamics activity very closely, and as we have noted to General Dynamics, if we see continuing cost growths there that replicate those that we saw at Lockheed Martin, we would seek the same remedy relative to General Dynamics.

Senator COCHRAN. Well, Mr. Secretary, I'm not opposed to using fixed-price contracts; however, I am concerned that they are being misapplied in this case, where Marinet is building a first-of-its-kind vessel, from a design that is constantly being changed, altered, and even tweaked. Some of the cost growth may be the contractor's fault, but responsibility, I believe, also rests with the Navy. It is not fair for the Navy to now try and place all of the blame at the feet of Lockheed and Marinet, when the Navy knew it was risky to start building a ship that had only been in the design stages for 7 months. So, I believe no one should be surprised that this has not worked exactly according to plan.

I believe Marinet can build its vessel at a reasonable price with the capabilities that will make the Navy proud, and I would encourage you to continue to use Marinet and negotiate a solution that will give them every opportunity to show you how they can contribute to our national security. I would appreciate your consideration.

Mr. WINTER. We will continue to work this, sir. And we will continue to work it through our prime contractor, as we are required to do, given the privity of contract selections.

Senator COCHRAN. I thank you, Mr. Secretary.

Mr. WINTER. Thank you.

Senator COCHRAN. I thank you, Mr. Chairman.

Senator INOUYE. Thank you.

ADDITIONAL COMMITTEE QUESTIONS

Mr. Secretary and gentlemen, members of the subcommittee have submitted a request to send you questions for your responses, and will be doing that. And I want to thank you, all three of you—Admiral, Secretary, and General—for your service to our country, and thank you for your testimony this morning.

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

QUESTIONS SUBMITTED TO DONALD C. WINTER

QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

Question. Mr. Chairman, I am pleased to join you in welcoming Secretary Winter, Admiral Mullen, and General Conway to our subcommittee.

This has been a challenging year for our military forces. We appreciate the role the Navy and Marine Corps play in protecting the United States in the Global War on Terrorism. The all-volunteer active and reserve forces and their families have performed with a high degree of professional distinction, and our Nation is thankful for their service.

We are aware of the importance of the need for appropriate levels of funding to ensure that the men and women in uniform have the equipment and training they

need to succeed and to return home safely. Monday, we began floor consideration of the bill Making Emergency Supplemental Appropriations for the Fiscal Year Ending September 30, 2007, and for Other Purposes.

During your testimony, I would like you to provide this subcommittee with an indication of what you judge to be the latest date those Emergency Appropriations must be available to the Navy and Marine Corps.

Answer. Based on cash-flowing GWOT Operation and Maintenance, Marine Corps (O&MMC) obligations with baseline funds, the Marine Corps would run out of funds in mid-July. The latest dates the Navy could receive supplemental funding, by appropriation and month follow: Operation and Maintenance, Navy (OMN), Operation and Maintenance, Navy Reserve (OMNR) and Military Personnel, Marine Corps (MPMC) in August; Military Personnel, Navy (MPN), Reserve Personnel, Navy (RPN) and Reserve Personnel, Marine Corps (RPMC) in September.

NAVAL FLIGHT OFFICER STRIKE SYLLABUS—BUDGET SAVINGS

Question. Secretary Winter, the Naval Flight Officer Strike syllabus is currently conducted on T–2C aircraft at Pensacola which will be replaced with T–45s before December 2008. I have been informed that at least 19 T–45 Goshawk aircraft are required if the NFO Strike syllabus is continued at NAS Pensacola Naval Air Station in addition to adding simulator, infrastructure, qualified maintenance personnel and a costly Air Installation Compatible Use Zone study.

Mr. Secretary, I understand Naval Air Station Meridian has excess capacity with its fleet of the new T–45 aircraft along with simulators, infrastructure, qualified instructors, and maintenance personnel. I am informed the Naval Air Systems Command program manager for the T–45 concluded in a 2006 study that the Navy could save millions by transferring the Naval Flight Officer Strike syllabus to Naval Air Station Meridian. Does the budget request before us today take advantage of these savings identified by Naval Air Systems Command?

Answer. The fiscal year 2008 budget request does not include funds to move Naval Flight Officer Strike training from NAS Pensacola to NAS Meridian. It funds investments that comply with BRAC 2005 language consolidating Navy and Air Force Flight Officer training in Pensacola. The Navy command charged with all Undergraduate Military Flight Officer (UMFO) training, Training Air Wing SIX (TRAWING–6), and all infrastructure required to conduct the entire UMFO training syllabus is currently in-place at NAS Pensacola.

2005 BRAC legislation directed the realignment of Randolph Air Force Base by relocating Undergraduate Navigator Training (UNT) to Naval Air Station Pensacola, Florida. Specific justification included enhancing jointness for UNT/Naval Flight Officer (NFO) training, reducing excess capacity, and improving military value. Further BRAC guidance indicated that training resources; to include aircraft, simulators, personnel, and classrooms; should be shared to the maximum extent possible, and that similar overhead functions will be consolidated and unnecessary billets/positions eliminated. A single-site UMFO training program at NAS Pensacola best meets these Congressionally-approved criteria.

LITTORAL COMBAT SHIP COST OVERRUNS

Question. Secretary Winter, you have provided me updates on the cost growth of the Littoral Combat Ship program for the Lockheed Martin and General Dynamics ships along with actions you have taken and propose to take to control cost. You issued a stop work order in January on the third Littoral Combat Ship to analyze and identify the root causes of the cost growth to the program. I understand that analysis has been completed, the warfighting requirement for the Littoral Combat Ship has been reconfirmed, and you are working with industry to get the program back on track.

Mr. Secretary, have you determined the root cause of the cost overruns. If so, what is the root cause? Mr. Secretary, I have read in the press that the General Dynamics LCS is 41 percent over their original bid price and they are about 40 percent complete. Was the Lockheed Martin cost overrun similar at that same point in construction?

Answer. We have completed our analysis of the root cause for both cost drivers and cost overruns. The results of this analysis and the Program Management Assist Group (PMAG) identified several root causes that lead to cost and schedule growth in the LCS program. These factors include:

—Pressure to build to schedule was strongly emphasized and generated cost growth.

—The ambitious schedule relied upon concurrent design and construction that was not achieved.

—For LCS 1, the deadline for LM's bid was prior to the finalization of Naval Vessel Rules and resulted in the company underestimating the scope of effort required to design and build the ship.

—The competitive environment created a disincentive for the contractor to report challenges to the Department of the Navy.

Lockheed Martin was experiencing cost overruns on LCS 1 at 40 percent complete. However, performance deteriorated significantly later in construction, during the period leading up to and after launch.

We will continue to closely monitor the cost performance on the General Dynamics ships, LCS 2 and 4, and will assess the need for further action.

SHIPBOARD MATERIALS

Question. Secretary Winter, for several years now, including the fiscal year 2007 Department of Defense Appropriations Conference Report, this committee has expressed the view that the Navy should carefully review new materials considered for ship insulation and ensure that they are "as safe as" the materials currently in use.

I understand there may be some concern regarding the insulation material being used on board the LCS–1, specifically with regards to its biopersistence, according to a February 9, 2007 report by the Institute of Occupational Medicine in the United Kingdom.

Unlike most civilian, Army or Air Force jobs, our sailors' and Marines' work often requires them to live and work on a ship 24 hours a day, seven days a week. So, it is with the utmost care that the materials and equipment are selected for inclusion in their working and living environment.

Will you take a look at the recent Institute of Occupational Medicine (IOM) study to ensure the materials being used are safe for our sailors and Marines?

Answer. The Bureau of Navy Medicine and Surgery (BUMED), specifically the Environmental Health Effects Laboratory and the Navy Environmental Health Center (NEHC), reviewed the safety of the MasterGlas insulating material used on LCS–1 in 2003 and concluded that use of the product would create no more risk than use of standard military specification fiberglass insulation. Manufactured in the United States, MasterGlas is in accordance with all worker health and safety laws and has been installed on commercial aircraft for decades.

NEHC reviewed the February 9, 2007, IOM study, which was ordered and funded by the manufacturer of a competing material, InspecFoam. The study concluded that MasterGlas fibers may be more biopersistent than the MIL–I–742 Fiberglass Hullboard. This means that the fibers are not dissolved in body fluids nor cleared from the body as readily. However, the study did not take into consideration other factors, such as work processes, ventilation, personal protective equipment worn, thermal decomposition products, and others. In addition, this single study has not been subjected to an independent scientific peer review process.

MasterGlas insulation is no more harmful than other fiberglass products already in use by the Navy. Therefore, it would be inappropriate for the Systems Commands to arbitrarily prohibit the use of the MasterGlas product based on this one study. Nonetheless, the Navy will carefully monitor its use.

QUESTIONS SUBMITTED TO ADMIRAL MICHAEL G. MULLEN

QUESTIONS SUBMITTED BY SENATOR DIANNE FEINSTEIN

U.S.S. "CARL VINSON'S" HOMEPORT

Question. What is the Navy's schedule for determining the new home port of the U.S.S. *Carl Vinson*?

Answer. The Navy announced on March 30, 2007 that the Nimitz-class aircraft carrier U.S.S. *Carl Vinson* (CVN 70) will conduct a homeport change to the West Coast and intends to relocate to Naval Air Station, North Island in early 2010. Currently U.S.S. *Carl Vinson* is undergoing a maintenance period at the Northrop Grumman Newport News Shipyard in Norfolk, VA. When the *Carl Vinson* returns to an operational status, it will relocate to the West Coast. Family notifications will start 12 months prior to the planned arrival. Permanent Change of Station (PCS) moves will be conducted six months prior to and six months after the homeport shift.

The Navy prefers to homeport the *Carl Vinson* at Naval Air Station, North Island. This preference is consistent with the Navy's record of decision in 2000 to create capacity to homeport three nuclear powered aircraft carriers at Naval Air Station,

North Island. The final decision on a homeport for the U.S.S. *Carl Vinson* will be made after completion of a Supplemental Environmental Impact Statement (SEIS). This SEIS is scheduled to be completed in January 2009 and will examine any changes that may have occurred since the Navy completed its original environmental analysis in 2000.

Question. Does Naval Air Station, North Island remain the leading candidate?

Answer. The Navy announced on March 30, 2007 that Naval Air Station, North Island will be the planned homeport for the U.S.S. *Carl Vinson*.

The Navy prefers to homeport the *Carl Vinson* at Naval Air Station, North Island. This preference is consistent with the Navy's record of decision in 2000 to create capacity to homeport three nuclear powered aircraft carriers at Naval Air Station, North Island. The final decision on a homeport for the U.S.S. *Carl Vinson* will be made after completion of a Supplemental Environmental Impact Statement (SEIS). This SEIS is scheduled to be completed in January 2009 and will examine any changes that may have occurred since the Navy completed its original environmental analysis in 2000.

CITY OF CORONADO TRAFFIC

Question. I am aware that the City of Coronado has a very significant traffic congestion problem with sailors entering and leaving the base and that home porting a third carrier at North Island will further exacerbate this problem. The City has expressed concerns that the Navy is not adequately participating in the effort to mitigate this problem.

What assurances can you give the City of Coronado that the Navy will participate in identifying an appropriate mitigation plan to address traffic congestion near North Island?

Answer. The Navy analyzed impacts to traffic associated with homeporting three CVNs at Naval Air Station, North Island prior to making a decision in 2000 to develop the capacity to homeport three Nimitz Class aircraft carriers there. Prior to making a final decision regarding the U.S.S. *Carl Vinson*'s homeport, the Navy will complete a supplemental environmental impact statement (SEIS) that will focus on issues such as traffic that may have changed since completion of the original analysis in 2000.

The Assistant Secretary of the Navy sent a letter dated March 15, 2007, to the Mayor of Coronado expressing the Navy's commitment to work with the City of Coronado and appropriate regional, state, and federal agencies to find ways to relieve current and forecasted travel congestion in Coronado. The Navy will continue to support comprehensive analyses of traffic volume and flow in an effort to assist those agencies in identifying viable, affordable traffic improvements. The Navy is currently serving as a cooperating agency on the environmental review of alternatives to relieve current and forecasted congestion in the State Route 75/282 Transportation Corridor.

INFRASTRUCTURE IMPROVEMENTS FOR CARRIER

Question. Once this mitigation plan is finalized, I understand the funding will be required from Federal, state and local sources to complete the project.

What is the Department of the Navy's position on providing funding for any infrastructure improvements necessitated by the home porting of a third nuclear carrier at North Island?

Answer. After extensive operational, environmental, and cost analysis, the Navy decided in 2000 to create the capacity to homeport three nuclear powered aircraft carriers at Naval Air Station, North Island. While not all of the construction to implement that decision has been completed, Naval Air Station, North Island currently has most of the requisite infrastructure and facilities to host three Nimitz-class aircraft carriers. The estimated cost of additional required military construction is $43 million. The Department of the Navy will address these requirements through the normal budget process.

QUESTION SUBMITTED BY SENATOR THAD COCHRAN

GLOBAL FLEET STATION

Question. Admiral Mullen, I understand the United States has Navy Frigate and Coast Guard cutter in the Gulf Guinea, off the coast of Nigeria, and an amphibious ship is slated to arrive in the Gulf this fall.

I have been informed this ship deployment is part of a "global fleet station" pilot project, and that the goal of this project is to provide support of foreign military

training units, Marines, special forces, non-governmental organizations and medical experts in the area to promote stability in the region. As I understand it, this Global Fleet Station is a relatively new concept to our Naval Operations.

Could you please elaborate on this type of operation (GFS) and tell the subcommittee about how your fiscal year 2008 budget request supports these types of operations?

Answer. Global Fleet Station (GFS) is a persistent sea base of operations focusing on Phase 0 (shaping) operations, theater security cooperation, and global maritime awareness. As a pilot initiative, GFS represents a form of adaptive force packaging to achieve a more widely distributed force and an increased forward presence with the forces already at the Navy's disposal. This will increase regional maritime security through the cooperative efforts of joint, interagency, and multinational partners, as well as non-governmental organizations without imposing a footprint ashore.

As a new concept, GFS funding is not tied to any specific budget line item. Additionally, GFS is intended as an operational usage of existing assets, utilizing operational Navy funding for support. While no specific line item in the budget request directly supports GFS, all operations and maintenance funding in the fiscal year 2008 Budget Request support ongoing Navy Operations of which GFS is a part. No additional O&M,N funding is required to execute current GFS pilots in the U.S. Southern Command and the U.S. European Command areas of responsibility.

QUESTIONS SUBMITTED BY SENATOR MITCH MCCONNELL

NATIONAL SURFACE TREATMENT CENTER

Question. In my home state of Kentucky, some of my constituents operate the National Surface Treatment Center and technology center. Their expertise is applied toward helping the Navy resolve shipboard problems through the application of innovative products and technologies. This Center has helped the U.S. Navy resolve recurrent and costly shipboard problems through the insertion of commercial products and technologies.

As you may also be aware, the National Surface Treatment Center's Fleet Maintenance Reduction Program has significantly reduced shipboard maintenance time and costs for the U.S. Navy. In fact, the work currently being performed by the National Surface Treatment Center has had a significant and positive impact on the Navy's $4 billion per year corrosion problem. In addition, I am informed that these projects save the Navy a net of $75 million every year, thus freeing up scarce resources for other programs that are critical to our national defense.

Given the cost savings achieved by the work performed at the National Surface Treatment Center and technology center, and given the increased pressure placed on the defense budget, this program is a strong candidate for inclusion in the annual President's budget. Please provide some additional reasons in support of this program's inclusion in the President's annual budget.

Answer. The National Surface Treatment Center (NST Center) partners with the Navy, Department of Defense, and industry to fight corrosion and solve coating problems. Since 2005 the NST Center has hosted an annual conference, which rotates between Louisville, KY, Norfolk, VA, and San Diego, CA, bringing together industry leaders in preservation technology to collaborate on improving corrosion control efforts.

The President's budget represents the Navy's attempt to best balance scarce resources to requirements. If additional resources become available, the Department of the Navy (DON) would review all requirements and recommend funding the highest priority items identified on the Unfunded Program Requirements List maintained in the DON. Support of the NST Center is not currently listed on the UPL, however, the NST Center has received Congressional plus ups for the last four years.

QUESTIONS SUBMITTED TO GENERAL JAMES T. CONWAY

QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

MINE RESISTANT AND AMBUSH PROTECTED (MRAP) VEHICLES

Question. General Conway, I observed there is $1.8 billion for mine resistant and ambush protected vehicles in the fiscal year 2007 supplemental and that the top item on the Marine Corps 2008 Unfunded Programs List is a requirement to rapidly field 2,700 of these vehicles. This is also the number one equipment item on the

Army's Unfunded Programs List. There appears to be limited funding in the fiscal year 2008 budget request. How important are these vehicles and is this a fiscal year 2007 or 2008 issue?

Answer. Government sponsored testing along with operational events have clearly demonstrated that the MRAP provides a superior level of protection over the M1114/51/52 Up-Armored HMMWV. The levels of protection provided by this family of vehicles against threats being encountered in both Iraq and Afghanistan has and will continue to save the lives and limbs of service members. Without these vehicles our soldiers and Marines will continue to conduct operations in the best vehicle provided to them (i.e. M1114/51/52 HMMWV). We however, will not have provided them the best vehicle available today.

As a service we have worked diligently to rapidly validate the requirement and develop an acquisition strategy that delivers these vehicles to our forces in the most expeditious manner. In doing so we requested funding at different increments (i.e. fiscal year 2007 Bridge Supplemental and fiscal year 2007 Main Supplemental) to support the requirements as they existed at the time. In February 2007, we solidified our requirement for 3,700 MRAPs. Funding requests/provisions at that time (i.e. fiscal year 2007 Bridge Supplemental and fiscal year 2007 Main Supplemental) did not support the final requirement. Based on the unit and total cost, the Marine Corps was precluded from internally funding the total remaining requirement and requested additional funding in order to meet the total requirement. This request is the amount currently seen in the 2008 Unfunded Programs List. A reprogramming action for $427.9 million (07–08 PA) was forwarded to Congress on March 28th for consideration. This reprogramming would accelerate the purchase of MRAP vehicles.

It is accurate to say that the procurement of these vehicles is not an issue associated with fiscal years. It is an urgent requirement that we have requested funding for as the requirements process ran its course. Ideally, all procurement funding would be available in fiscal year 2007 to ensure that maximum production rates are maintained. Short of acceleration of funding to the fiscal year 2007 Main Supplemental, the 2008 Unfunded Program List is our earliest window for gaining the remaining funding necessary to procure these vehicles.

MARINE CORPS LIGHTWEIGHT HOWITZERS

Question. General Conway, this budget request contains $93 million to complete the Marine Corps acquisition objective for lightweight howitzers. How does this capability enhance the operational effectiveness of the Marine Corps and does this funding request provide for the complete Marine Corps requirement?

Answer. The M777 Lightweight 155 mm towed howitzer replaces the aging M198 155 mm towed howitzer which has passed its expected service life. It incorporates innovative designs to achieve light weight without sacrificing range, stability, accuracy or durability. The M777, with its technologically-advanced digital fire control system (DFCS), enhances the Marine Air Ground Task Force Commander's ability to provide close, supporting indirect fires through improved accuracy and responsiveness. In addition, the DFCS enables the employment of the precision munitions required on today's battlefield. The new howitzer's lighter weight increases its deployability and mobility, providing the warfighter a persistent, all-weather fire support asset throughout the full range of military operations.

The current approved Marine Corps acquisition objective is 356 howitzers. The $93 million in the fiscal year 2008 budget request will procure forty-seven howitzers which meets the objective of 356. The fiscal year 2008 Marine Corps Grow the Force initiative includes an additional $107.5 million to fund the increased requirement of 43 howitzers.

MARINE CORPS AMPHIBIOUS SHIP REQUIREMENTS

Question. General Conway, President Bush requested Congress increase the end strength of the Army and Marines by 92,000 in 5 years to support the Global War on Terrorism. Obviously with this increase, in particular for the Marines, there will be an increased need for amphibious ships supporting these additional troops. The President's fiscal year 2008 budget proposal requests one LPD–17 amphibious ship, however the Navy Unfunded Programs List shows an additional LPD as being unfunded at the top of the list. General Conway, can you talk more about your future amphibious ship requirements?

Answer. Amphibious warfare ships are the centerpiece of the Navy-Marine Corps' forcible entry and Seabasing capability, and have played an essential role in the Global War on Terrorism. These ships are equipped with aviation and surface assault capabilities, which coupled with their inherent survival and self-defense sys-

tems, makes them ideally suited to support a broad range of mission requirements. This survivability is critical to ensure the Nation has the widest range of response options. Not only must our naval forces maintain the ability to rapidly close, decisively employ, and effectively sustain Marines from the sea, they must also respond to emerging Global War on Terrorism requirements, crisis response, and humanitarian assistance missions on short notice around the world.

For forcible entry, the Marine Corps' requirement is a single, simultaneously-employed two Marine Expeditionary Brigade (MEB) assault capability. One MEB requires seventeen amphibious warfare ships; however, given the fiscally constrained environment, the Navy and Marine Corps have agreed to assume risk by only using fifteen. Historical amphibious ship availability rates dictate a minimum of eleven ships of each of the current types of amphibious ship—a minimum of thirty-three total ships—resulting in a Battle Force that provides thirty operationally available amphibious warfare ships. The three types of ships comprising the Battle Force are aviation capable big-deck ships (LHA/LHD/LHA(R)), LPD17 class ships, and LSD 41/49 or equivalent ships; therefore, in that Battle Force, ten aviation-capable big deck ships (LHA/LHD/LHA(R)) and construction of ten LPD 17 class ships are required to accommodate the MEB's aviation combat element.

Given the recognized flexibility of these platforms and requirement to enhance their power projection capabilities to support stability operations and sustained counter-terrorism efforts, many of our coalition partners are planning to acquire amphibious ships that can support both surface and aviation maneuver elements. Such efforts acknowledge the great utility of a robust amphibious warfare capability in the face of growing anti-access threats.

MARINE CORPS SEABASING PLAN

Question. General Conway, the Navy's fiscal year 2008 budget requests supports Research and Development of the Joint High Speed Vessel with acquisition beginning in fiscal year 2008 for the Army and 2009 for the Navy. I understand these vessels are highly flexible, adaptable to a variety of payloads, much faster, and can operate in shallower ports than traditional larger vessels. I understand the Joint High Speed Vessels will be an important connector for the Marine Corps Seabasing plan. Can you provide the subcommittee with an overview of the important role of the Joint High Speed Vessel in the Marine Corps Seabasing plan?

Answer. The Joint High Speed Vessel or JHSV is part of a family of vessels and craft that support Seabasing operations by connecting the various components of the Sea Base together and to the surrounding theater architecture. In major contingency operations, the JHSV self-deploys to the theater of operations where it supports force Closure, Arrival (and assembly), Employment, Sustainment, and Reconstitution (CAESR). The following paragraphs briefly describe that support.

Closure.—JHSVs pick up arriving Flow-in Echelon Marines and their equipment at Advance and/or Intermediate Staging Base(s) for transport to and rendezvous with the ships of the Sea Base.

Arrival (and assembly).—As the force arrives and assembles at sea, JHSVs are used to move Marines and their equipment between the various ships constituting the Sea Base (an intra-Sea Base connector.

Employment.—In the permissive threat "lee" created by assault echelon forces and Sea Shield, JHSVs transport units and their equipment from the Sea Base into austere offload ports ashore.

Sustainment.—JHSVs move sustainment from theater logistics nodes to the Sea Base, within ships of the Sea Base, and from the Sea Base to Marines employed ashore.

Reconstitution.—In addition to recovering Marines employed ashore back to the ships of the Sea Base, the JHSV moves replacement personnel, repair supplies, and replacement equipment to and from theater Advance and Intermediate Staging Bases.

Not only do JHSVs enable support to Seabasing operations, they address Geographic Combatant Commanders' requirements for an intra-theater connector in support of their Theater Security Cooperation Plans, Global War on Terrorism operations, theater logistics needs, and humanitarian assistance/disaster relief contingencies. JHSVs are also a key enabler for the future realignment of III MEF units out of Okinawa to other locations in the Pacific.

SUBCOMMITTEE RECESS

Senator INOUYE. The next meeting of the subcommittee will be on April 11, Wednesday, at 10:30 a.m. At that time, we will receive testimony on the National Guard and Reserves.

Thank you very much; the subcommittee will stand in recess.

[Whereupon, at 11:36 a.m., Wednesday, March 28, the subcommittee was recessed, to reconvene at 10:30 a.m., Wednesday, April 11.]