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ARMED SERVICES COMMITTEE

STATEMENT OF

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ON NAVY READINESS

BEFORE THE

SENATE ARMED SERVICES COMMITTEE

SUBCOMMITTEE ON

READINESS AND MANAGEMENT SUPPORT

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Chairman Shaheen, Senator Ayotte, and distinguished members of the Senate Armed Services Subcommittee on Readiness and Management Support, I appreciate the opportunity to testify on the current state of Navy readiness and our Fiscal Year 2014 budget request for Operations and Maintenance (Navy) (O&M(N)).

My testimony before the Senate Armed Services Committee on February 12th addressed the potential readiness impacts due to the combined effects of emergent requirements and fuel price increases, a year-long Continuing Resolution, and sequestration. With the passage of Consolidated and Further Continuing Appropriations Act of 2013 (Public Law 113-6), Congress restored \$4.5 billion of the projected \$8.6B shortfall to our O&M(N) account and enacted authorities necessary to execute our FY13 appropriations. We appreciate Congressional support for the readiness of our force.

My testimony today will focus on the current readiness of the force as we complete Fiscal Year 2013 and our readiness budget request for FY14.

Our Navy Today

With the passage of Public Law 113-6, our Navy has sufficient funding to meet the requirements of the adjudicated FY13 Global Force Management Allocation Plan (GFMAP). We will train those forces required for operational deployments in FY14, while accepting some risk in non-deployed forces and infrastructure. When compared to the President's 2013 budget request, our appropriated funding represents a \$4.1 billion reduction in our O&M(N) account. This reduction, when combined with emergent requirements and fuel price increases, necessitated we take a thoughtful and prudent approach to readiness accounts for the remainder of the fiscal year. We have therefore established the following priorities: retain adequate funding for mandatory reimbursable accounts; sustain the readiness of forces to meet the adjudicated FY13 GFMAP; prepare forces to meet the projected FY14 Combatant Commander requirements; sustain base infrastructure and

operations that support deployed forces and those preparing to deploy; and maintain an appropriate level of funding for critical Sailor and family support programs.

Sequestration will result in lower readiness levels in the fleet and ashore. We have reduced training and steaming days for non-deployed surface ships and flying hours for non-deployed aviation squadrons. In FY13, we will reduce intermediate-level ship maintenance, defer an additional 84 aircraft and 184 engines for depot maintenance, and defer eight of 33 planned depot-level surface ship maintenance availabilities. At our shore bases, we have deferred about 16% of our planned FY13 shore facility sustainment and upgrades, about \$1 billion worth of work.

We continue to reduce O&M(N) expenditures in other areas. We have reduced our civic outreach efforts, such as the Blue Angels and U.S. port visits. In coordination with the combatant commanders, the Secretary of Defense has approved selected deployment delays and cancellations to conserve operating funds.

By the end of FY13, a majority of our non-deployed ships and aviation squadrons – nearly two thirds of the fleet – will be less than fully mission capable and not certified for Major Combat Operations. Until we restore the readiness of forces impacted in this fiscal year, we will see reduced availability of forces for full spectrum operations in FY14 and beyond.

Furloughs of our civilian workforce will impact our ability to generate ready CVNs, SSBNs, SSGNs, and SSNs through FY14 by slowing completion of maintenance in public shipyards. The lost work due to furloughs would also create a “domino” effect to maintenance schedules for the next several years that could impact ship and aircraft availability. The Department of the Navy is exploring options to minimize these impacts.

We have focused our base operating funds on delivering required services for Fleet port and air operations with restricted operating hours. In the event of a furlough, we will have no choice but to make additional restrictions in the support of Fleet operations.

Our Navy Tomorrow

Our FY2014 budget request continues the CNO's readiness priorities of Warfighting First, Operate Forward, and Be Ready, which are specifically focused on ensuring the readiness of the Navy. Our budget, with continued OCO funding, meets projected operational requirements and builds future capabilities, while sustaining the readiness of our ships and aircraft over the course of their expected service lives. It continues to support the Defense Strategic Guidance, expands forward presence through both traditional and innovative approaches, and ensures the Fleet is where it matters, when it matters, to achieve the security interests of the nation.

The Navy will retain the ability to support the FY14 GFMAP with two carrier strike groups (CSG) and two amphibious ready groups (ARG) fully mission-capable and certified for Major Combat Operations. We will also retain one additional CSG and ARG in the United States that are fully mission capable, certified for Major Combat Operations and available for surge within 1 to 2 weeks. We anticipate sustaining a 1.0 carrier presence in the CENTCOM Area of Responsibility (AOR) and slightly less in PACOM. Our submarine force will continue to meet adjudicated Combatant Commander requirements. Until we restore the readiness of those non-deployed forces impacted by FY13 reductions, we will be limited in our ability to respond for full spectrum operations.

Generating the Force

Navy manages force generation using the Fleet Response Plan (FRP). This plan establishes a sustainable cycle of maintenance, training and operations for both individual units and task groups. With this process, Navy generates the ready forces required to meet global presence requirements and also develops the capacity for surge response for contingencies and homeland defense. The plan operates as a cycle, so that forces undergo maintenance, training, and then deployment/sustained surge readiness in defined periods. The flexibility of this approach enables Navy to develop greater surge capacity in response to contingencies than did earlier approaches to force generation.

For over ten years, Navy forces have been operating at a war-time pace, essentially expending our surge capacity. We are evaluating enhancements to the Fleet Response Plan to meet higher levels of operational availability within the operating cycle. We are mindful that operating the fleet at a sustained high tempo could reduce the service life of our platforms and place a high level of stress on our Sailors and their families.

Ship Operations

The baseline Ship Operations request for FY14 supports the highest priority presence requirements of the Combatant Commanders. Our budget request supports generating 2.0 global presence for carrier strike groups, 2.4 amphibious ready groups and an acceptable number of deployed submarines. The baseline request provides for 45 days of deployed operations per quarter and 20 days of non-deployed operations per quarter.

It will be necessary to direct funding to recover the readiness of non-deployed forces impacted by funding reductions in FY13 to meet surge requirements in FY14.

Air Operations (Flying Hour Program)

The Flying Hour Program (FHP) funds operations, maintenance, and training for ten Navy carrier air wings, three Marine Corps air wings, Fleet Air Support aircraft, training squadrons, Reserve forces and various enabling activities. The FY14 baseline Flying Hour Program (FHP) meets funding to maintain required levels of readiness for deployment or surge operations, enabling the Navy and Marine Corps aviation forces to perform their primary missions as well as funding the enduring T2.5/T2.0 USN/USMC readiness requirement in the base budget.

Fleet Training, Training Ranges and Targets

We are sustaining investments in key training capabilities, including Fleet Synthetic Training, Threat Simulation Systems, and the Tactical Combat Training System. Our request continues procurement of high speed, maneuverable surface targets to provide live fire training for operator proficiency.

Readiness Investments Required to Sustain the Force - Ship and Aircraft Maintenance

Our FY14 budget request seeks a balance between maintenance requirements and our investment accounts. The request is built upon our proven sustainment models for nuclear aircraft carriers and submarines, our ongoing investment in the readiness of our surface combatants, and plans for the integration of new capabilities into naval aviation.

Surface ship maintenance is executed in both public and private sector shipyards. We have instituted the same processes used for many years for aircraft carriers and submarines into our surface ship depot availabilities in FY14. In this updated process, availability planning, execution, and certification are codified; all required maintenance actions are tracked to completion; and all proposed maintenance deferrals are formally reviewed. This comprehensive process ensures adjudication by the appropriate technical authority and rescheduling in a follow-on availability or other appropriate maintenance opportunity.

In FY14, the budget request, with anticipated supplemental funding, will meet Navy readiness requirements for aircraft carrier, ship, submarine, and aircraft maintenance. Additionally, our revised surface force maintenance process has identified the backlog of maintenance in these ships resulting from the recent years of high operational tempo and deferred maintenance. These requirements are now incorporated into our maintenance plans.

Supporting Reset of the Joint Force

Navy expeditionary forces support enduring global missions by deploying security, construction, explosive ordnance disposal, logistics and training units operating with ground combat units of the other services. Our baseline funding request in FY14 represents 43% of the enduring requirement, while supplemental funding must be applied to meet the full requirement. As U.S. Force Management Levels (FML) in Afghanistan reduce and infantry units return home, Navy Seabees and EOD operators will be instrumental in the retrograde and reset of equipment and personnel, providing engineering and maneuver support to the joint ground combat elements.

Readiness Investments Required to Sustain the Force – Shore Infrastructure

The Navy's shore infrastructure – both in the United States and overseas – provides essential support to our Fleet. In addition to supporting operational and combat readiness, it is also a critical element in the quality of life and quality of work for our Sailors, Navy civilians, and their families.

Our planned FY14 investment of \$425 million in our naval shipyards, Fleet Readiness Centers and Marine Corps depots complies with the 2012 National Defense Authorization Act (NDAA) requirement for 6% investment infrastructure. We continue to sustain and recapitalize our shipyards within today's fiscally constrained environment, focusing on mission-critical facilities such as production shops, piers, wharves, and dry docks. We mitigate the level of deliberate risk we take in the sustainment of our infrastructure by prioritizing projects for repair.

Our Navy into the Future

As we look to the future, we see theaters of operation around the world increasingly assume a maritime focus. Our naval presence is important to regional stability in the deterrence of aggression and the assurance of our allies. Over the last year, we have responded to demand for naval forces in both the Middle East and in the Pacific. Our Navy is operating where it matters, when it matters – and we see no lessening of requirements to do so in the future. As a result, the demand for ready forces will not abate in the near future.

Our Sailors are the highest quality, most diverse force in our history and continue to make us the finest Navy in the world. On behalf of all these men and women of the United States Navy - active, reserve, and civilian - thank you for your continued support.