NOT FOR PUBLICATION UNTIL
RELEASE BY THE SENATE
ARMED SERVICES COMMITTEE

STATEMENT OF

VICE ADMIRAL WILLIAM R. BURKE

DEPUTY CHIEF OF NAVAL OPERATIONS
(FLEET READINESS & LOGISTICS)

BEFORE THE

SENATE ARMED SERVICES COMMITTEE

SUBCOMMITTEE ON READINESS
AND MANAGEMENT SUPPORT

ON

READINESS OF U.S. FORCES

MAY 18, 2011

NOT FOR PUBLICATION UNTIL
RELEASE BY THE SENATE
ARMED SERVICES COMMITTEE

Madame Chairman McCaskill, Senator Ayotte, and distinguished members of the Senate Armed Services Committee, Readiness and Management Support Subcommittee, it is an honor for me to be with you today representing the over 600,000 men and women of the United States Navy, active, reserve, and civilians. Their dedicated service helps ensure the security of this Nation every day. Today, as always, our Navy is deployed globally with over half the Fleet at sea and more than 24,000 personnel serving in the U.S. Central Command (CENTCOM) area of responsibility (AOR). Ashore, Navy personnel are supporting our deployed war fighters, and Sailors and their families, at facilities worldwide.

The readiness of the Navy to provide the warfighting resources needed by our Combatant Commanders (CCDRs) is a function of both combat capability and force capacity. Achieving the required levels of each requires a fine balance between acquiring the right force structure along with new warfighting capabilities, and properly sustaining existing capabilities and platforms to achieve their expected service life. The Navy has sustained its focus on ensuring our front line warfighters have the resources they need to accomplish their planned operations – and that is reflected in a continued high state of readiness of our deployed forces in their key mission areas.

The President's Budget for Fiscal Year 2012 provides the balanced funding necessary for the Navy to support today's force while developing the future capabilities and capacity necessary to continue to execute Navy missions in support of the National Military Strategy. Navy programming continues to be informed by our Maritime Strategy – "A Cooperative Strategy for 21st Century Seapower" or CS21. Since its publication in 2007, CS21 has provided a clear and enduring vision of the core capabilities the Navy must provide for the Nation. Based upon this foundation, the Chief of Naval Operations provides annual guidance on his principal focus areas for executing the Maritime Strategy – which have become enduring imperatives. They are:

- Build the Future Force. In recent testimony before this committee, Secretary Mabus and Admiral Roughead outlined our plans to build the Navy required to deliver our core capabilities into the future. The Navy budget submission balances these plans with acceptable risk across all our requirements to deliver a Navy program that most effectively employs the resources entrusted to us.

- Maintain Warfighting Readiness. The CCDRs demand for the capabilities delivered by Navy forces continues to grow. Concurrently, we continue to reset in stride to deliver our Global Force Management (GFM) commitments while taking proactive steps to improve the readiness of our forces, particularly our surface ships.

- Develop and Support our Sailors, Navy Civilians, and Families. We continue to expand our capabilities to support our Sailors and families. The service and sacrifice of our returning warfighters, particularly our Wounded Warriors and their families, place a special obligation upon us, one we will not shirk.

My testimony today centers on the second of the CNO's focus areas, and the contribution of Navy readiness accounts in maintaining our warfighting readiness. The FY12 budget provides the resources to deliver Navy units ready today, and to sustain our ships, aircraft, equipment, and supporting capabilities to be ready for tomorrow.

Navy Units – Ready Today

Global trends in an uncertain world portend an increased demand for sea power. The safety and economic interests of the United States, its allies and partners rely upon the unimpeded trade and commerce that traverse the world's oceans. U.S. vital national interests are tied, therefore, to a secure maritime environment, which places global responsibilities on our Naval forces. The FY12 budget, including Overseas Contingency Operations (OCO) funding, supports Navy operations across this broad spectrum of responsibilities. Our readiness and operational support programs will meet the anticipated CCDR demand for Navy forces within force structure constraints and provide surge forces in support of operational plans, with an acceptable level of risk.

Afloat Operations

The Fleet Response Plan (FRP) remains the foundation for Navy force generation, and has proven to optimize returns on training and maintenance investments. It enhances Sailor proficiency, and ensures units and task groups are trained and certified in defined, progressive levels of employability to meet both deployed presence and surge requirements in support of potential operation plan execution. The exact FRP Operational Availability (Ao) required each year depends on the projected GFM plan for the year plus surge requirements. Because of current OPTEMPO demands, our next-to-deploy forces are reaching deployed readiness levels later in the FRP cycle, resulting in some risk to our surge capacity at any given time.

Ship Operations

The FY12 budget (including OCO) provides the Ship Operations account with funding for an average ship's OPTEMPO of 58 steaming days per quarter (deployed) and 24 steaming days per quarter (non-deployed). This OPTEMPO enables the Navy to meet FRP training/certification requirements with acceptable risk. Measures, such as increased use of simulators, concurrent training and certification events while underway, and the judicious use of fuel, are used to mitigate risk. While the Navy met all GFM commitments in FY10, including the operational requirements in support of Operation Iraqi Freedom (OIF)/Operation New Dawn (OND) and Operation Enduring Freedom (OEF), we continue to experience high OPTEMPO globally. Sustainment of this OPTEMPO remains dependent upon the receipt of OCO or similar supplemental appropriations.

Air Operations (Flying Hour Program)

The Flying Hour Program (FHP) account provides for the operation, maintenance, and training of ten Navy carrier air wings, three Marine Corps air wings, Fleet Air Support (FAS) squadrons, training commands, Reserve forces, and various enabling activities. The FY12 budget (including OCO) resources the FHP account to achieve Training-rating (T-rating) levels of T2.3 for Navy and T2.0 for the Marine Corps. With this funding, Tactical Aviation squadrons conduct strike operations, provide flexibility in dealing with a wide range of conventional and irregular threats, and provide long range and local protection against airborne surface and sub-surface threats. FAS squadrons provide vital fleet logistics and intelligence. The Chief of Naval Air Training trains entry-level pilots and Naval Flight Officers, and Fleet Replacement Squadrons provide transition training in our highly capable, advanced Fleet aircraft. Reserve Component aviation provides adversary and logistics air support; makes central contributions to the counter-narcotics efforts; conducts mine warfare; and augments Maritime Patrol, Electronic Warfare, and Special Operations support.

Navy is increasing the use of simulation to reduce non-deployed flying hours and is continuing to invest in new simulators. We are also investing in improvements to existing simulators to enable further reductions in aircraft flying hours while maintaining requisite training levels for deployed operations.

Shore Operations

Shore infrastructure supports and enables operational and combat readiness. It is an essential element to the quality of life and quality of work for our Sailors, Navy civilians, and their families. Continued high operational demand has led Navy to take deliberate risk in Shore Readiness programs to resource our critical warfighting needs.

To meet critical mission requirements with today's available resources, the Navy is targeting our shore investments to have the greatest impact on warfighting readiness and the quality of life of our Sailors and their families. We are focusing sustainment and restoration efforts on barracks and mission-critical facilities such as shipyards, airfields, hangars, piers and dry docks. Likewise, we are directing capital investments ashore toward the recapitalization of critical Navy assets and the construction and modernization of new mission and warfighter support facilities. Despite today's fiscal and operational challenges, the Navy continues to support air and port operations and key shore initiatives such as nuclear weapons security, bachelor housing, family services and shore energy initiatives.

Family Readiness Programs and Child and Youth Programs

The Navy's Family Readiness programs enhance mission readiness by assisting Commanding Officers, Sailors and their families in managing the demands of the military lifestyle. Our Navy Child and Youth Programs provide high-quality educational and recreational programs for Navy children ages six weeks through 18 years in multiple venues. All programs are operated in accordance with the Military Child Care Act and are DoD-certified and nationally accredited. This year, we will complete our 7,000-space expansion and meet the Office of the Secretary of Defense (OSD) goal of providing childcare to meet at least 80 percent of the potential need of our military population.

Bachelor Housing

Our Bachelor Housing program currently focuses on two goals: (1) providing Homeport Ashore housing for our junior sea-duty Sailors by 2016 and (2), attaining the OSD goal of 90 percent "adequate" (Q1/Q2) bachelor housing. The Homeport Ashore program will complete a new barracks for 1,000 Sailors at Naval Base Coronado this year, and the final three Homeport Ashore construction projects are programmed in FY13 and FY14. At the same time, the Navy increased our efforts to improve the condition of our existing barracks. The FY12 budget requests $195M per year across the Future Years Defense Program (FYDP) to bring 90 percent of our bachelor housing inventory to "adequate" condition by 2022.

Family Housing

Navy Family Housing supports Navy readiness by providing Sailors and their families the opportunity for suitable, affordable and safe environments in community, privatized, or Navy-owned housing. The FY12 Family Housing budget includes $75 million for family housing improvements, planning, and design. Our investments across the FYDP will enable Navy to meet OSD's target of bringing 90 percent of our family housing inventory into "adequate" (Q1/Q2) condition by 2015. Navy

has privatized 97 percent of our CONUS and Hawaii family housing inventory. We continue to perform enhanced oversight of our privatized housing portfolio and ensure Navy Sailors and their families continue to benefit from quality housing and services.

Ensuring the Navy is Ready for Tomorrow
(Navy Platforms, Equipment, and Supporting Capabilities)

Sustaining the capital assets of the current force is essential to building the future Navy. Using the proven engineered maintenance planning of the carrier and submarine forces, Navy is investing in improvements in surface ship maintenance processes to enhance long-term surface ship material readiness. Investment in future F/A-18 service life extension will assist in managing strike-fighter force structure until sufficient F-35 resources are available in the Fleet. Supporting capabilities are also funded to ensure a ready Navy in the future.

Ship Maintenance

Keeping our ships in acceptable operating condition is vital to their ability to accomplish assigned missions and reach their expected service life (ESL), a key factor in the Navy's 30-Year Shipbuilding Plan. Surface ships, aircraft carriers and submarines currently in commission comprise approximately 70% of the ships that will be in service in 2020. Reaching ESL requires an integrated engineering approach to plan, fund, and execute the right maintenance.

In 2009, Navy Fleet Commanders recognized significant deficiencies in surface ship material readiness and commissioned a review, known as the Fleet Review Panel for Surface Readiness, to fully investigate the causes and propose corrective action. Initiatives are currently underway to reverse the identified negative readiness trends, including an increase of 1,105 billets for optimally manned ships in FY12, and increasing manning at our Regional Maintenance Centers (RMCs) by 400 Sailors and 385 civilian personnel across the FYDP. Navy is reopening the Intermediate Maintenance facilities in Norfolk and Mayport, providing maintenance support and valuable Sailor skill training.

We have also expanded the Surface Ship Life Cycle Management Activity into the Surface Maintenance, Engineering Planning Program (SURFMEPP). This activity is re-establishing the engineered requirements and Class Maintenance Plans (CMPs) necessary for surface ships to reach their ESL. Using the CMP and individual ship life-cycle maintenance plan, SURFMEPP is building a Baseline Availability Work Package (BAWP) for each scheduled availability, and then tracking the completion of all required maintenance actions. NAVSEA is conducting an independent technical review of the CMPs to verify they account for all individual ship life-cycle maintenance plan requirements. SURFMEPP provides the Navy with centralized surface ship life-cycle management and discipline in defining maintenance and modernization requirements. The result is better use of available maintenance dollars to achieve long term readiness and achieve surface ship ESL.

The FY12 budget (including OCO) resources the ship maintenance account to 94 percent. This funding level represents the best balance between current force readiness and building the future force within available top line funding. Although we will defer $367M of maintenance, primarily in the Surface Force, the work accomplished by SURFMEPP enables us to mitigate risk by scheduling and completing the most critical maintenance in FY12. We are also able to better understand the impacts and accurately track the deferred maintenance that must be accomplished in the future.

Navy is committed to the right level of ship maintenance at the most efficient cost but remains dependent upon the receipt of OCO or similar supplemental appropriations to fund ship maintenance requirements. We continue efforts to reduce the total cost of ownership of the Fleet, as we have done with SSN 688 and SSN 774 class submarines, through the analysis of engineered technical requirements and assessment of recently completed availabilities. The cyclic nature of ship and submarine depot availabilities from year to year continues to cause variations in budget requests and annual obligation levels. Budget years with multiple ship-docking availabilities increase required funding.

Surface ship availabilities are conducted almost exclusively in the private sector. Nuclear submarine and aircraft carrier availabilities are primarily conducted in the public sector, with selected availabilities completed by nuclear capable private shipyards. Whenever practical, maintenance is performed in the ship's homeport to minimize the impact on our Sailors and their families. The Navy recognizes that maintenance organizations need a stable and level workload to maximize efficient execution. We level the workload to the maximum extent practicable within operational constraints.

Aviation Maintenance

The Aviation Depot Maintenance account ensures operational aviation units have sufficient Ready for Tasking (RFT) aircraft to accomplish assigned missions. The FY12 budget request (including OCO) resources the Aviation Depot Maintenance account to 95 percent of requirement, and funds the repair and overhaul of 742 airframes and 2,577 engines. The shortfall results in a projected backlog of 23 airframes and 162 engines, which is moderate, but acceptable risk and below our one year red-line backlog of 100 airframes and 340 engines." The Naval Aviation Enterprise (NAE) AIRSpeed strategy continues to deliver cost-wise readiness by focusing efforts to reduce the cost of end-to-end resourcing, increase productivity, and improve the operational availability of aircraft. This strategy provides a robust capability to use efficiencies to manage the highest priority requirements.

Navy Expeditionary Forces

Expeditionary Navy forces support global missions that expand and enhance CCDR capabilities by deploying security, construction, logistics and training units. NECC's cost effective capabilities are expected to remain in demand supporting OND/OEF missions and CENTCOM's long-term, steady state security posture. The FY12 budget supports major expeditionary capabilities in the following areas:

- Explosive Ordnance Disposal (EOD): Provide Brigade/Battalion-level HQ elements or Platoons and Mobile Support Teams executing Joint EOD operations in multiple theaters, as well as supporting Carrier Strike Group and Amphibious Ready Group deployments around the world.

- Maritime Expeditionary Security Forces (MESF): Provide force protection for high value assets, including maritime infrastructure protection in the CENTCOM and Pacific Command (PACOM) AORs. MESF forces also provide landward and seaward security for Global Partnership Station operations, and Embarked Security Teams for Operation VIGILANT MARINER.

- Naval Construction Force: The Seabees provide construction services for Theater Security Cooperation efforts, disaster response, and build partner capacity. Alongside the USMC, they led surge forces into Afghanistan, and currently provide a Regimental Headquarters controlling a Joint force of more than 3000 personnel executing hundreds of projects as well as four Naval Mobile Construction battalions in support of OEF. In addition, the Seabees continue direct

support to other CCDRs, such as PACOM's Combined/Joint Special Operations Task Force-Philippines. They provided infrastructure support to relief efforts in Haiti, including reconstruction of port facilities.

- Additional expeditionary forces supported by the FY12 budget include the Naval Expeditionary Logistics Support Group, Riverine Forces, Mobile Diving and Salvage Units, the Maritime Civil Affairs Security and Training Command, and the Navy Expeditionary Intelligence Command. The multiple capabilities of each of these organizations are highly valued by the CCDRs.

Environment

Our Navy continues to engage in comprehensive and robust environmental planning for at-sea training and operating areas to ensure environmental stewardship while carrying out the national defense mission. To date, we have completed documentation for 11 at-sea testing, training, and combat certification areas, and anticipate completing documentation for an additional four areas over the next year. We are always preparing for the next round of at-sea environmental planning.

The Navy continues to maintain the world's foremost marine mammal research program to ensure science-based protective measures for Navy activities at sea. These measures allow the Navy to be both a good steward of our nation's marine environment and a mission-ready global force for good.

Energy

Because energy is as vital to our mission as the systems it fuels, we are actively pursuing the Secretary of the Navy's energy goals to increase combat capability and reduce reliance on fossil fuel from foreign sources through greater conservation, efficiency and the use of alternative energy sources. We continue to make great progress toward these energy goals, laying the foundation for reduced energy consumption and increased use of alternatives.

Fuel consumption has a powerful impact on our forces and force structure, both in terms of the resources required to transport fuel and the Sailors whose duty it is to protect this logistics tail. On the operational side, we are currently testing and evaluating technologies that will make our existing ships and aircraft more efficient, enhancing combat capability and reducing overall fuel consumption. The FY12 budget includes funding to begin implementing many of these technologies in the Fleet, including efficient lighting, anti-fouling hull and propeller coatings, improved engineering plant controls, and route optimization software. We also continue research and development of technologies that will be implemented in future years, such as a hybrid-electric drive for the DDG-51 class and engine efficiency modifications for the F-35.

In addition, we have taken major steps forward with our alternative fuel test and certification program. In April 2010, we flew an F/A-18 "Green" Hornet beyond the sound barrier on a 50/50 blend of petroleum fuel and biofuel produced from the camelina plant. In October 2010, we conducted a full-power demonstration of the Riverine Command Boat – Experimental using a biofuel blend produced from algae. The following month, we flew an MH-60S Seahawk helicopter on the camelina-based jet fuel blend. Navy also recently completed the first test of a maritime gas turbine engine, using a 50/50 biofuel blend. Completion of the test and certification process will ultimately allow us to demonstrate a "Green Strike Group" in late FY12.

We are focusing our energy investments ashore to increase the energy security of critical assets, improve the energy efficiency of our infrastructure, and develop promising technologies. Specifically, we will increase the energy security of our Pacific Missile Range Facility in Hawaii and replace antiquated steam plants at three bases with modern and efficient energy systems. We are transforming our energy culture and behavior using enabling systems, with our new advanced metering infrastructure and secure system technologies to provide greater energy consumption transparency, efficiency opportunities, and control. Our strategy is to focus first on efficiency to enable compliance with legal mandates, while increasing our energy security and making progress toward alternative energy goals.

Finally, along with developing and implementing new technologies, we will drive energy awareness education in afloat and ashore training to capitalize on the gains we have made and magnify the effect of our future efforts. Changing our culture to value energy as a strategic resource depends on every Sailor's commitment to the accomplishment of the Secretary's goals.

Total Ownership Cost Optimization

Building and sustaining a capable, yet affordable Fleet is one of the CNO's highest priorities. Optimizing the Fleet's total cost of ownership is a critical component of meeting that goal. Navy defines total ownership cost as the total life cycle cost of a system from concept, research and development, production, and sustainment through disposal, including the total supporting infrastructure that plans, manages and executes that program over its life cycle.

In execution, we seek to maximize performance and retain flexibility while controlling total ownership cost. However, we must also balance required performance with sufficient flexibility to adequately respond to changes in our battle space. We employ a broad spectrum of contracting tools and procedures to craft, award, and administer contractual vehicles to incentivize total ownership cost efficiencies. The following contracting tools are being used to control total ownership cost in the sustainment arena:

- Performance based logistics contracts for sustainment logistics aligns contractor incentives with Navy performance objectives. This optimizes system readiness while keeping cost in check.

- Strategic sourcing and commonality approaches lead to "buying smarter" (and more affordably) through consolidated purchasing, reductions in technical specification variability, and tailored performance work statements.

One common characteristic of these contracting strategies is the long term nature of their required funding. Navy is focused on developing sustainment strategies early in order to identify the proper contract type, clearly define performance requirements, and develop a clear understanding between government and industry regarding required performance standards. These efforts ensure equitable risk and performance measures resulting in the right performance for the right price.

Conclusion

Together with the U.S. Marine Corps and the broader Joint force, our long term allies, and newer partners, the Navy remains ready to defend our Nation, and the common interests of the community of nations, from those countries or other actors who would seek to harm us. In the FY12 budget, we have balanced our resources to sustain Navy readiness today within acceptable risk in each of the core

capabilities defined in our Maritime Strategy, while building the capacity to sustain the Navy of the future. We appreciate the Committee's consideration of our budget request and thank you again for your support of the Navy's mission and particularly for your commitment to the welfare of our Sailors, their families and our Navy civilians.