

STATEMENT OF THE HONORABLE RICHARD DANZIG
SECRETARY OF THE NAVY
BEFORE THE
SENATE ARMED SERVICES COMMITTEE

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As we approach a Presidential election, it is apparent that one of the virtues of this committee is that while administrations change, your membership remains relatively stable. Your oversight of our military forces can, accordingly, take a longer-term view that contributes to the continuity of our efforts. As one who expects that others will have the privilege of testifying before you in these hearings next year, I applaud you for that and thank you for your continuous concern.

For me these natural and appropriate rhythms translate into an impatience --- a recognition that my time is short and therefore the efforts I participate in have a certain urgency. I ask myself constantly: What are we accomplishing? How we can we do better over this next year

(my last twelve months)? How can we lay the groundwork for strong and healthy forces over these next decades?

I became Secretary of the Navy in November of 1998. I am both happy and unhappy with what we have accomplished over this period. Happy because I think we made evident progress towards three of our four main objectives. We improved the way we treat, develop and treasure our military personnel. We improved the way we work --- both in training and in our combat operations. And we improved our investment strategies, buying more of what we need today and investing more in transformative information-age technologies that position us for the future.

Our satisfaction on these counts is tempered, however, by the substantial work that remains to be done in all three of these areas --- we are still not yet where we should be --- and by our inadequate progress in the fourth area, the improvement of our infrastructure.

Personnel. We came, in 1999, face-to-face with the fact that our Sailors and Marines (and, as my colleagues will no doubt comment, our Soldiers and Airmen) are working too hard, stretched too thin, and paid too little. The administration proposed a 4.4% pay raise, a rollback of Redux, a worthwhile revision in our pay tables, and

numerous special pays. This committee not only gave us what we asked, but went further and very admirably secured a 4.8% pay raise (the largest in a generation), improved housing allowances, and authorized better retirement arrangements. Together these steps conveyed a sense of concern and commitment to our military that is vital to our well being. All our military personnel are indebted to you. Personally, I thank you for your deep and deeply effective care for those who serve in our military.

Together, we also used 1999 to embrace the proposition that the well being of our personnel is not determined by pay and benefits alone. In my view, when adequate pay and benefits are achieved, the conditions of work do more to determine military morale and retention than any other variables (including, even, incremental changes in benefits). Though we will lose people if they are paid too little, when they are committed to us it is not because of the pay, but because of what they do.

Sailors and Marines have special opportunities to do important and exciting things: they represent America all around the world; they operate and maintain the most technically advanced and powerful equipment the world has ever known; they are empowered by shouldering immense responsibility at unusually young ages; the nation closely

watches and strongly depends on their actions; they honor each other and are honored by their fellow-citizens.

The most important thing we can do is to keep military work meaningful and honor it. For some, this may conjure visions of rhetoric and parades. For me and this committee, it meant in 1999, means in this year, and will mean, I think, throughout this century, that we need to master the everyday mechanics of supplying, maintaining, manning and operating the military --- so that we support and make meaningful the work of our military personnel. That is the truest and most meaningful way in which we honor our personnel.

Spare parts, for example, have a mundane character, not the ring of rhetoric. But when we have too few airplane spares, our pilots have fewer flying hours for training, and our mechanics are doomed to "cannibalizing" parts (moving them from one plane to another and then back again). For this reason, as well as to sustain operational readiness, over the last two years, we increased our investment in aviation spare parts by more than a quarter of billion dollars.

In the same vein, I have put great stress on programs like "Smart Work" and "Smart Ship" that give sailors and Marines better tools, use civilians and automation where

possible to alleviate military work loads, and redesign our ships to improve working and living spaces and reduce required manning and over-crowding. These are funded in the budget before you at almost 400 million.

Equally fundamentally, both Marine and Navy recruiting met their goals in 1999 and we achieved end-strength above our targets in both services. We reduced gapped billets at sea from 18,000 to fewer than 10,000 today. Our battle groups are deploying with manning levels in the range of 93%, as compared with about 88% two years ago.

We can all be proud of these achievements. But they are not enough. A year's fine pay raise must be reinforced by a series of pay raises significantly above inflation. The budget before you proposes that. Incremental improvements in housing allowances should be accelerated looking to a goal, wonderfully embraced by the Secretary of Defense, for the elimination of out of pocket housing costs within five years. Recruiting remains demanding and precarious --- it will take exceptional effort to exceed desired end strength again this year.

Ten thousand gapped billets is still ten thousand too many. My goal is to bring that number close to zero over the next twelve months. Despite movement in the right direction, our personnel systems and our systems of

shipboard life remain, in important respects, infected by the psychology of conscription. We need to dig deeper to maximize and protect the value of the truly skilled and high cost workforce that we employ. The budget before you does these things in ways that I hope we will discuss in the course of this hearing. But that we are not yet where we should be is underscored by the fact that our reenlistment rates, though improved, remain below our goals. In sum, our personnel situation has gotten better, but there is still a lot of work to do.

Training and Operations. Our operations have been universally successful, as befits the most powerful Navy and Marine Corps in world history. For the first time in history, the Navy is being used to influence events in land-locked countries --- our missiles descended on Bin Laden's camps in Afghanistan, our planes and missiles provided a significant portion of the fire power in the Kosovo campaign. Our unimpeded ability to operate from the sea made the Navy and Marine Corps the forces of choice for first night operations against Iraq during Desert Fox. The flexible and versatile nature of Naval forces was aptly demonstrated by the 26th MEU's ability to both lead allied troops into Kosovo and then turn and assist relief efforts after a devastating earthquake in Turkey.

As a part of our effort to protect our workforce, the CNO initiated a successful effort to reduce a quarter of the inspection demands on Sailors between deployments. The Commandant is taking similar steps within the Marine Corps to create more time for families, for professional development and mentoring. As a part of our effort to valuing our enlisted men and women, as traditionally we have valued our officers, we have reduced Navy boot camp and Marine first-term attrition and we have introduced a Navy College Program that is providing college credits for all Navy training. This will get a typical seaman half way to an AA degree during his first term in the Navy. We are using our broad band communications to facilitate shipboard "distance learning" and information age simulations to improve training. A thorough review of our pilot training program is cutting more than a year from that over-elaborate process.

There is no question in my mind about the operational readiness of the Navy and Marine Corps. Still, we must not run a marathon as though it were a sprint. Strong foundation investments are required to sustain our capabilities for these operations over the longer term. Navy and Marine EA-6Bs are indicative of this requirement -- they were strained severely in Kosovo. The program

before you reflects investments both to bring another squadron on-line and to bring more aircraft to higher readiness in existing squadrons. Similarly, it is evident that we need more submarines than were envisioned in the 1997 Quadrennial Review. The budget before you allocates 1.1 billion dollars to refuel either four additional Los Angeles class submarines, or as a down payment to refuel four Ohio Class submarines and convert them to fire conventional Tomahawk missiles. I regard both possibilities as very attractive and cost-effective and look forward to discussing them with this committee.

Investment. Obviously, I have touched on some important investments in what I have said earlier in this statement. Our investment in equipment is a primary method of improving things for our personnel. As our equipment ages, the sense of the importance of our work and our ability to do it, erodes; everything takes longer and too many things are done not to accomplish a valued mission, but instead to simply avoid losing ground. Investment in equipment is also, as with the EA-6Bs and submarines about which I have spoken, essential to maintaining our operating capabilities. The budget contributes to our operations by a vibrant buy of 42 F-18E/F aircraft, by procurement of 11 V-22s and by procuring eight ships per year in each of the

first four years of the program and seven in the last.

Just as significantly, we have made a clear, and in my view crucial, investment in the future. Ship R&D budgets have been brought to 1.5 billion dollars over the program years for redevelopment of our carriers and over 3.9 billion dollars for our next generation surface combatant, DD-21. We are investing heavily in changes that will reduce manpower, reduce acoustic and radar signatures, improve damage control and increase fighting capability. Electric drive and integrated power systems, announced for the DD-21 last month, are exemplary of this transformation in all these dimensions.

Concomitantly, the information age is opening wonderful opportunities for us. Our program for expanding communication and computer capabilities on ships, IT-21, yielded dramatic results during Kosovo operations. Not only will it expand, but also it will be paired this year with the Navy-Marine Corps Intranet for shore-based facilities. With an Enterprise Resource Plan next in the offing, we can weld our disparate communications, computing and data systems into a coherent whole. The result will be a Navy and Marine Corps that is substantially more effective as well as significantly more efficient.

As in the other areas I have mentioned, our progress

is not perfect. To conserve funds, we eliminated T-45 aircraft procurement in FY03. We are making only halting progress towards replacing our aging helicopters and support aircraft. In our ship-building, increased investment in R&D for DD-21 has led us to delay the introduction of that program by one year, from 2004 to 2005, enabling us both to free up money for R&D and to reap the benefit of our ambitious plans. The delay, however, must be reconciled with our need to build surface combatants both to sustain the fleet and to maintain our industrial base. Our building rate remains in 2001 as planned, but in the program presented to you, the DDG-51 buy is stretched and expanded to compensate for the one year DD-21 deferral. Moreover, though our ship building program is much stronger than it was two years ago, it still does not reach the required sustaining rate and the DD-21 deferral diminishes by two (to 39) the ships built during the program years (we deferred 3 DD-21, but added 1 DDG-51 for a net diminution of 2 ships).

Infrastructure. This is the area in which we have made the least progress. Our BRAC efforts have been invaluable, leading to savings we estimate at 2.6 billion dollars per year. We are effectively managing to close bases and, as an added bonus, are often seeing civilian communities thrive

with the land and facilities that we have turned over to them. We have, through our regionalization and strategic sourcing programs, introduced new methods of management that will conserve personnel and save money.

Still, this is the area of our budget in which we have the least adequate funding. Our BRAC efforts imperatively require the environmental remediation funds sought in this year's budget in order to remove costly bases from our books. We also very much require further authorization to undertake public/private ventures and, over the longer term, we will need to spend more in our military construction budgets. We can point to dramatic successes in refurbishing housing and workplaces in bases as far apart as Naples and Hawaii, but the backlog of maintenance and repair continues to grow throughout our establishment. Over the longer term continued deferral is not sustainable.

In sum, we have much to be proud of. The strength of our Navy and Marine Corps is improving. But I am equally struck by how much we still have to do. This committee is indispensable both to our progress to date and to our prospects. I thank you for the role you play.