

Advance Questions for Mr. Dionel M. Aviles
Nominee for Under Secretary of the Navy

Topic 1 Defense Reforms

You previously have answered the Committee's advance policy questions on the reforms brought about by the Goldwater-Nichols Act in connection with your nomination to be the Assistant Secretary of the Navy (Financial Management and Comptroller).

Have your views on the importance, feasibility, and implementation of these reforms changed since you testified before the Committee at your confirmation hearing on June 27, 2001?

No, my views have not changed. As I stated at the time of my first confirmation hearing, I truly believe that our military is now stronger and more effective as a result of Goldwater-Nichols.

Do you see the need for modifications of Goldwater-Nichols Act provisions based on your experience as Assistant Secretary of the Navy? If so, what areas do you believe it might be appropriate to address in these modifications?

I am not aware of the need for any specific modifications to Goldwater-Nichols. However, if confirmed, I am committed to working with Secretary England to continue to evaluate this law and make what recommendations I believe to be warranted.

Topic 2 Duties

Section 5015 of Title 10, United States Code, states the Under Secretary of the Navy shall perform such duties and exercise such powers as the Secretary of the Navy may prescribe.

Assuming you are confirmed, what duties and powers do you expect to be assigned to you?

If confirmed, I expect that Secretary England will rely on me to support him in providing effective leadership for the Navy-Marine Corps team. Based upon his earlier testimony, I also expect that the Secretary will seek my assistance to focus on strategic business and management areas within the department as well as traditional leadership roles in areas such as personnel assignments and special program oversight.

Secretary England has expressed the view that clarification of authority and responsibilities between the Service Secretaries and the executive offices within the Office of the Secretary of Defense is needed.

Do you agree with Secretary England's view, and, if so, please state specifically what changes you recommend?

Yes, I agree with Secretary England's view. This area is not clear in law and responsibilities between Service Secretaries and the executive offices within the Office of the Secretary of Defense vary depending on the individuals in these positions. Secretary England seeks clarification of roles and responsibilities between OSD and the Services. I support that recommendation.

Relationships

If confirmed, what would your working relationship be with:

The Secretary of the Navy

The Chief of Naval Operations

The Assistant Secretaries of the Navy

The General Counsel of the Navy

The Vice Chief of Naval Operations

The Judge Advocate General of the Navy

During my tenure as Assistant Secretary of the Navy (Financial Management and Comptroller) I worked very closely with each of these individuals as part of Secretary England's leadership team. This team approach is highly effective in addressing issues and solving problems important for the Department of the Navy and for the Department of Defense. I would expect to continue to be a part of this close knit team and would expect to take a larger role in orchestrating the team process.

If confirmed, what changes, if any, would you recommend regarding the duties and functions of the Assistant Secretary of the Navy for Financial Management and Comptroller, as set forth in sections 5016 and 5025 of title 10, United States Code, or in regulations of the Department of Defense or Department of the Navy?

I would not recommend any changes.

Topic 3 Major Challenges and Problems

In your June 2001 responses to previous advance policy questions from this Committee in connection with your nomination to serve as the Assistant Secretary of the Navy for Financial Management and Comptroller, you indicated your belief that providing adequate resources for the Navy's warfighting priorities and ensuring the availability of accurate, reliable and timely financial management information would be your most significant challenges.

What do you consider to be your most significant achievements in meeting these challenges during your service as Assistant Secretary of the Navy?

The most significant achievement has been the improvement of our current readiness account. Since 2001 the Department of the Navy has been able to resource current readiness accounts in order to provide combat ready forces whenever required. For FY 2004 funding for core readiness accounts have increased approximately \$8 billion (nearly 22 percent), over the amount available for these purposes in FY 2001. While these increases supported current readiness and warfighting capability, the Department was also able to increase modernization funding by \$9 billion (nearly 19 percent), over the same period. This was possible not only because of the significant amount additional resources provided by the Congress, but also because of the commitment by senior leadership in the Department of the Navy to change the way we do business. The Secretary of the Navy, the Chief of Naval Operations (CNO), and the Commandant of the Marine Corps (CMC) have fostered a culture of change where long held and cherished assumptions are challenged and every opportunity to drive out cost is explored in order to free up capital to invest in equipment modernization and transformation.

An additional significant achievement comes in the area of financial management, the Department of the Navy has developed a financial management improvement plan consistent with the larger Department of Defense goal of achieving an unqualified opinion on the FY 2007 financial statements. This effort requires a significant commitment throughout Navy and Marine Corps commands in order to realize the goal. A near term result of this overarching effort has been the reduction in the time required to provide quarterly financial statements to approximately twenty-one days from the close of the reporting period. The Department of Defense did not previously provide quarterly statements and the normal standard of performance was to provide financial statements four months after the close of the fiscal year. While the overall effort to improve financial reporting is extremely important, it has not and will not come easily. It will require the sustained attention and commitment of the senior leadership of the Department and the support of the Congress to succeed.

How would you assess your accomplishments during your service as Assistant Secretary of the Navy in improving the readiness of the Department of the Navy and eliminating deficiencies?

I cannot claim any specific credit or individual accomplishment related to the improved readiness of the Department of the Navy. The improvements made in this area are principally a result of the changed culture brought about by the leadership of the Secretary of the Navy, the CNO and the CMC. Their unflagging drive to ensure that critical readiness functions were funded without sacrificing modernization priorities is what has properly motivated the leadership team to achieve the positive results we have enjoyed.

What do you view as the major readiness challenges that remain to be addressed and, if confirmed, how would you approach these issues?

First, I would like to note the tremendous emphasis on readiness that has characterized the last three years. This commitment by the Congress and the Administration enabled the Navy and Marine Corps to respond so quickly and performs so well to Operation Enduring Freedom and Operation Iraqi Freedom. The challenges that remain will be in resetting our forces upon return from operations in Afghanistan and Iraq and support for future Global War On Terrorism activities. Combined with your strong support, and our pursuit of effectiveness and efficiency, we have been able to meet readiness challenges. If confirmed, I would expect to continue to play a significant role in addressing future readiness challenges.

In your view, what are the major challenges that will face the Under Secretary of the Navy?

The major challenge that will face the Under Secretary of the Navy will be the continued modernization and transformation of the finest Navy and Marine Corps in the world while assisting the Secretary of the Navy in addressing complex day-to-day issues associated with the follow-on phases of Operation Enduring Freedom, Operation Iraqi Freedom and the over-arching Global War On Terrorism.

Toipc 4 End Strength

The Navy's proposed budget for FY 2005 includes reductions of 7,500 personnel in the active duty ranks and 2,500 in the Naval Reserve. The Chief of Naval Operations has publicly stated that his goal is to reduce the Navy's active duty force to 350,000 sailors from the current authorized level of 373,800.

What is your understanding of the justification for these significant reductions in active duty and Naval Reserve forces?

The Navy's end strength goals represent a long-term policy to right size the manning levels on our ships as new technology and streamlined processes and procedures are introduced to the Fleet. The Navy also plans to reduce the number of sailors serving on shore duty and replace them, where needed, with civilian employees or contracted services from the private sector.

How will the Navy achieve the reductions in active duty and Reserve forces proposed for FY 2005 and when will the end strength of 350,000 be realized?

To achieve the endstrength reduction needed to match the Navy's manpower requirements, it will be necessary to use a number of different force shaping tools. Currently, there are a number of tools available to the Navy, such as the Perform to Serve Program and Assignment Incentive Pay. Historically, involuntary methods of force shaping have had a negative effect upon morale or retention. As such, we continue to explore voluntary methods that would allow us to effectively, and more precisely, shape the force without perturbing continued success in recruiting, retention and the quality of service.

Topic 5 Transformation

Secretary Rumsfeld has established transformation of the Armed Forces to meet 21st Century threats as one of the Department's highest priorities and has stated that only weapons systems that are truly transformational should be acquired. Secretary England has stated that the Naval services will continue on the path of transformation to better tailor Naval forces to meet new threats to America and to continue to emphasize combat capability, personnel, and technology and business practices.

Please describe your understanding and assessment of the Navy's transformation plans.

The Secretary of the Navy's transformational roadmap for this department unequivocally shares the same high priority and desired end-state that the Secretary of Defense envisions for all of Defense. Navy's transformation plans though demanding and far-reaching, are already beginning to create the Navy of the future. Our transformational roadmap challenges the practices and assumptions of the past and seeks changes in concepts, processes, and capabilities to achieve not just more jointness, but true integration and interoperability. The Global Concept of Operations and Fleet Response Plan are just two examples of how new thinking can improve the geographic dispersion of Naval power and time of response during crises, respectively. These concepts take advantage of focused manpower and our recent readiness investments, but do not involve buying 'new things.' New acquisition programs, however, such as CVN-21, DD(X), LCS, and the JSF as well as reconfigured platforms such as SSGN and DDG-51 improvements, all electronically netted together, incorporate the advanced technologies and intelligent industry initiatives that dramatically improve capabilities and reduce operating risk of Joint forces.

What is your vision for Navy and Marine Corps Transformation?

I believe Sea Power 21, the Navy – Marine Corps Team's transformation vision, encompasses and integrates powerful extensions to current joint capabilities, as well as a range of innovative new capabilities. Seabasing is the overarching expression of this vision, incorporating the initiatives that will allow the joint force to fully exploit our nation's command of the sea and unfettered access to the far corners of the globe, to project (Sea Strike), to protect (Sea Shield), and to sustain integrated warfighting capabilities (FORCEnet). The emerging challenges of the 21st Century demand we have a Joint, netted, power projection force that offers flexible and persistent combat capability. I believe the Naval Transformation Roadmap briefly outlined above helps take us there.

In your view, what will be the role of the Naval Reserve in the transformed Navy?

The role of the Naval Reserve is and will be to provide ready, relevant forces to augment or reinforce the Active Component. The Fleet Forces Command is reviewing all Reserve programs to ensure the optimum integration of Active and Reserve forces in the future. Naval Reserves must be seamlessly integrated with the Active force whenever and wherever needed.

Topic 6 Low Density/High Demand Forces

If confirmed, how would you address the Department of the Navy's challenge in manning low density/high demand units, ratings, and occupational specialties?

As Secretary England noted in his confirmation testimony last year, the challenge in manning low density/high demand units and occupational specialties will become greater in the future as technology becomes more sophisticated and fewer, but more skilled and more multi-functional Sailors and Marines are needed. Moreover, the challenge in this personnel area today is particularly important for the Navy and Marine Corps since the unique skills and specialties possessed by our people in some of these units are critical to our capability to prosecute the Global War on Terrorism. Therefore, sustaining the right quality and quantity of personnel is essential to maintaining optimum capability.

The Chief of Naval Operations and the Commandant of the Marine Corps have a number of transformational initiatives underway in this arena, commonly referred to as the "war for people". If confirmed I would assist the Secretary and his senior military leadership in fostering these on-going programs and initiatives.

Topic 7 Morale, Welfare and Recreation Cuts

The Navy's budget for Fiscal Year 2005 reduces appropriated funding for Morale, Welfare and Recreation programs from \$397 million in 2004 to \$342 million in 2005.

What is the rationale for cuts of this magnitude and how will they be distributed throughout the Navy?

In keeping with the Department of Defense's strategy of transformation in the 21st century, Navy is engaged in an aggressive search for efficiencies in all facets of shore installation management, including MWR programs. The effort is linked to the CNO's Sea Power 21 initiative to identify shore installation management savings that can be realigned to recapitalize the Navy's combat platforms.

While the overall MWR budget request is down for FY 2005, we intend to support fully core MWR programs.

What impact will these reductions have on sailors and their families and on specific programs supporting Navy dependents such as community centers and child care centers?

The Navy is currently engaged in a complete review of FY 2005 MWR funding and the potential impacts of reductions. The Navy intends to ensure that the outside of the continental United States and afloat programs are funded to meet the unique requirements of those populations. Additionally, Navy does not intend to discontinue any MWR programs within the continental United States that are well supported by patrons, to include childcare centers.

Topic 8 National Security Personnel System

Secretary England has indicated that the Navy will be the first Service to implement the provisions of the National Security Personnel System (NSPS), which was adopted last year as part of the National Defense Authorization Act for Fiscal Year 2004. The NSPS authorities are intended to increase the flexibility of Departmental leaders in managing the civilian workforce. As many as 300,000 positions within the Department of Defense are scheduled to be converted to the NSPS by October 1, 2004.

If confirmed, what role will you play in implementation of the NSPS for civilian personnel in the Navy?

As you know, the Department of Defense (DoD) has recently reviewed its process to design and implement NSPS and is adopting a comprehensive, collaborative approach that will take the time necessary to design it right and not be driven by a pre-determined implementation date. Thus the October 1, 2004 date no longer applies. If confirmed, I will assist Secretary England in the design and implementation of NSPS. Currently, the primary responsibility for implementation of NSPS within the Department of the Navy is the Assistant Secretary for Manpower and Reserve Affairs. It is my understanding that these responsibilities will not change if I am confirmed.

What are the fundamental principles that you will apply in managing personnel reform of this magnitude?

Secretary England has identified a number of fundamental principles that, if confirmed, I would apply. These include comprehensive communications, personnel training and a phased process to ensure that we can capture lessons learned and correct problems early.

How will you involve unions and the Office of Personnel Management in the implementation of the NSPS within the Navy?

Both Secretary England and Dr. Chu, Under Secretary of Defense (Personnel and Readiness) have emphasized the need for a collaborative approach with all NSPS stakeholders, including OPM and our union representatives. The solicitation of union input on the design of the system and regular communication during deployment are important for NSPS's success.

What steps will you take to fully inform civilian employees of the changes which are being planned?

The Department is developing a comprehensive communications plan to ensure effective communication with employees. I expect that we will use a variety of tools including e-mails, web sites, town hall meetings and articles in DoD papers to reach all of our employees.

Topic 9 Navy and Marine Corps Personnel Retention

The retention of quality sailors and Marines, officer and enlisted, active-duty and reserve, is vital to the Department of the Navy.

What initiatives would you take, if confirmed, to further improve the attractiveness of active and reserve component service?

Our retention rates remain high. However, in order to continue this success, it is essential to rely upon existing tools as well as new, innovative approaches. Secretary England has previously identified a number of innovative techniques that should be studied further. These techniques include, performance based compensation, employment portability for spouses, and better integration of active and reserve personnel. If confirmed, I will assist Secretary England in the further evaluation, and if appropriate, utilization of these techniques.

Topic 10 Navy Expeditionary Warfare

Section 5038 of Title 10, United States Code, establishes a requirement to maintain a position of Director of Expeditionary Warfare on the staff of the Chief of Naval Operations. This officer's duties, as described in that section, are to provide staff support for issues relating to "amphibious lift, mine warfare, naval fire support, and other missions essential to supporting expeditionary warfare." Congress established this requirement after the 1991 Persian Gulf War in an effort to address critical shortfalls in these areas, particularly in the area of mine countermeasures capabilities. There have been recent press reports that the Department of the Navy intends to abolish this office.

What is your understanding of the Department of the Navy's plans, if any, for changing the current status of the Director of Expeditionary Warfare and the functions for which the Director is responsible?

It is my understanding that the Department has no plans at this time to either change the status of the Director of Expeditionary Warfare (N75) or his responsible functions. Last fall several initiatives for reorganizing portions of the OPNAV staff were explored to include potential impacts on N75. The final reorganization plan, however, did not impact the status of N75 under Section 5038, Title 10, United States Code.

Do you believe that a change to the legislation would be required to implement such a change?

Yes, and I would expect that the Congress would be briefed before any proposed change was advanced.

Topic 11 Ballistic Missile Defense

Do you regard ballistic missile defense as a core mission of the Navy?

Ballistic Missile Defense is an important capability for the nation. Navy systems and tests have shown great promise in recent years. I fully support the recent agreement between Navy and the Missile Defense Agency (MDA) that provides full time commitment of an Aegis equipped Cruiser to MDA, as well as a plan to modify other Aegis equipped ships to conduct MDA missions when required.

Do you support the current division of responsibility in which the Missile Defense Agency (MDA) is responsible for ballistic missile defense research and development and the services are responsible for procurement of ballistic missile defense systems?

Navy and MDA are working together to develop and field the systems that will deploy on board ships. I believe that both organizations are doing what they do best to support the delivery of a range of capabilities over the entire ballistic missile defense system. In the future, as MDA continues to improve the ballistic missile defense system through spiral development, a collaborative process is being refined to ensure that shipboard systems are upgraded accordingly.

What steps do you believe the Navy needs to take to ensure that Aegis ships are available to provide radar coverage against potential missile attacks?

The Navy will have an important role in the ballistic missile defense mission. We have worked collaboratively with MDA, as well as with the Combatant Commanders, to deliver the Navy component of an integrated defense system. The ships that will initially perform the ballistic missile defense mission are modified and MDA is currently producing the computer programs that they will require to perform the mission. The operational chain of command continues to develop the tactics, techniques, and procedures that will be used when initial defensive operations commence this fall. Detailed training for our Sailors has been underway for over a year now.

Topic 11 (cont) Cruise Missile Defense

In your view, how serious is the cruise missile threat to the Navy?

The emerging generation of advanced cruise missiles is one of the primary threats to Navy ships. Cruise missiles are widely proliferated and the Office of Naval Intelligence estimates that over 75 countries will be capable of deploying cruise missiles. The vast majority are older sub-sonic missiles such as Styx, Exocet BLK I and Harpoon. However, several nations including Russia, China, India as well as western nations are expected to field, in the near term, more capable cruise missiles. The attributes of anti-ship missiles that challenge US Navy air defenses include higher speed, greater maneuverability, and reduced signature.

If confirmed, what actions would you take to ensure that the Navy is adequately addressing this threat?

There are a number of programs currently being developed to address the anti-ship cruise missile threat. For example, the Navy is introducing sensor and combat systems improvements that enhance detection particularly in challenging littoral environments. To counter faster, more maneuverable threats, the Navy is developing improvements to Standard Missile variants, introducing the Evolved Sea Sparrow Missile and making upgrades to the Rolling Airframe Missile. Decoys and electronic countermeasures like NULKA and the Shipboard Electronic Warfare Improvement Program are also being fielded. If confirmed, I will assist the Secretary of the Navy in the continuation of these projects, as well as in any other programs he identifies that may better address the anti-ship cruise missile threat.

Topic 11(cont) SSGN Missile Tubes

What steps, if any, do you believe the Navy needs to take to ensure that non-nuclear launches from SSGN missile tubes are not mistaken for nuclear launches?

No additional steps need to be taken. SSGNs will carry non-nuclear Tomahawk cruise missiles. A non-nuclear cruise missile launch cannot be easily mistaken for a nuclear submarine launched ballistic missile due to differences in launch, trajectory and flight characteristics.

Topic 12 Navy Force Structure

The Chief of Naval Operations has publicly stated that the Navy has a requirement for 375 ships.

Do you agree with this requirement?

The Chief of Naval Operations has stated that 375 is not an precise number, but one that is about the right number to analyze the types of scenarios and the kind of forward presence commitments that this nation needs. I concur with the assessment that there is not a precise number. I concur with the Secretary of the Navy's DON Objectives for 2004, which require the transformation of our naval military capabilities to achieve the objectives of Sea Power 21 and Marine Corps Strategy 21. Implementation of Sea Power 21 will require a strategy that will provide our nation with widely dispersed combat power from platforms possessing unprecedented warfighting capabilities. The Navy's Global Concept of Operations was created to meet the requirements demanded of the global environment. This Naval defense strategy calls for a fleet with the ability to respond swiftly to a broad range of scenarios and defend the vital interests of the United States.

How will the Navy meet that goal?

As the Secretary of the Navy has stated in his DON Objectives for 2004 it is vital the Navy and Marine Corps fully understand and work toward developing, in concert with DoD and Congress, a financing strategy for shipbuilding.

The Navy's 30-year plan accurately documents the funding requirements and the Navy's budget submissions support the requirements with a balanced funding approach that meets the needs of the shipbuilding budget as well as the other funding challenges ahead. The Navy's FY04 budget requested approximately \$12 Billion dollars for 7 new ships, and FY05 requests funding for \$10 Billion dollars for construction of 9 new ships, a significant commitment toward achieving our needs. Over the long term, the shipbuilding funding level must continue to grow, and the Navy's budget plans accurately reflect that need. The Navy's shipbuilding plan is realistic in stating an average of \$14 billion dollars will be required for an average build rate of approximately 11 ships per year. In addition to new construction, an average of \$2 Billion dollars per year is required for conversion and overhauls.

In your view, what is the required number of ships for the Navy?

Per the Defense Planning Guidance, the required number of ships must be able to support an operationally agile fleet that is dispersed, netted, and part of the joint force, that will deliver the combat power needed to sustain homeland defense, provide forward deterrence in four theaters, swiftly defeat two aggressors at the same time, and deliver decisive victory in one of those conflicts. Currently the Navy's Global Concept of Operations will have the capability to increase striking power, enhance flexibility, and improve responsiveness. I support the Navy's objective force of about 375 ships using current crewing concepts and force rotational requirements. This number is subject to change based upon the types of ships that comprise the fleet and the evolution of the national security challenges facing the nation.

How will the Navy meet that goal?

In addition to a healthy and robust ship building funding profile, the Navy intends to use a combination of investments in new technologies, changes in crewing concepts, a surgeable fleet response plan and modernization of certain critical legacy systems and platforms to facilitate the fleet transition to the numbers, type and mix of ships required to execute the range of missions anticipated in the 21st century.

Topic 13 Science and Technology Program

The Fiscal Year 2005 budget request for defense S&T still falls short of the Secretary of Defense's goal of dedicating 3% of the total defense budget to science and technology. In particular, the Navy science and technology program, especially the investment in long-term, innovative work which has been so successful in confronting emerging threats, has declined significantly over the last three years.

If confirmed, how do you plan to address the shortfalls in the Navy science and technology program?

Dedicating 3% of the overall defense budget for the S&T account is a worthy goal, but it may need additional structure to take into consideration other measures of S&T output. We are currently participating in an effort led by the Office of the Secretary of Defense in determining meaningful S&T efficiency and effectiveness output metrics. If confirmed, my recommendations to the Secretary of the Navy and the leadership team would be to invest wisely in technologies important to the Naval Services with clearly stated objectives, measurable milestones or progress advances and defined exit criteria.

Topic 14 Military Space

Do you believe that the current Department of Defense management structure for space programs sufficiently protects Navy space equities?

Yes, the Department of the Navy (DON) is a full partner in the Department of Defense management structure for space programs and is actively engaged with national and joint space organizations on matters pertaining to space capabilities, development, space science and technology, research and development, acquisition, operations and assessments.

In your view, how actively should the Navy be engaged in the management of space programs?

The DON must remain heavily engaged in the management of space programs because of our critical dependencies on national and joint space systems. Our cadre of naval space experts play a critical role in ensuring space systems, such as transformational communications, are appropriately prioritized and realized within larger national and joint capabilities.

In your view, is the Navy adequately involved in the requirements process for space programs?

Yes, the DON is actively involved in the space system capabilities development process. Our space experts are involved in the Joint Capabilities Integration and Development System (JCIDS) and the National Security Space acquisition process

What is the Navy's appropriate long-term role in space systems, other than as a user of space information and products?

Space has long been and will remain critical to naval warfighting. DON has been in and will remain in the forefront of operationalizing space, and currently leads the next generation narrowband system acquisition, Mobile User Objective System (MUOS). DON also contributes with joint space S&T/R&D initiatives, Naval Observatory enabling efforts as the provider of precise time and positional data to GPS and other space assets, and direct participation in the National Reconnaissance Office.

Topic 15 Joint Operations

If confirmed, what recommendations, if any, would you have for improving joint force integration?

Joint force integration remains a challenge, but steps have been taken to improve the process. If confirmed, I would advance continuing the initiative started with the Joint Capabilities Integration and Development System (JCIDS) and Enhanced Planning Process (EPP). These approaches will help ensure that from inception, future systems take into account joint integration needs. Additionally, as if confirmed as Undersecretary, I would support the Secretary of the Navy's call for a high priority to be placed upon commonality and interoperability across all Services.

Topic 16 Littoral Combat Ship

The Navy has selected three teams of contractors to develop concepts for the Littoral Combat Ship. There is much effort going into the development of the sea-frame for this ship.

Do you believe that there is enough emphasis on the focused mission modules, both from a funding and technical maturity standpoints?

Yes. The mission packages comprised of mission modules for the Flight 0 ships have been clearly defined and adequately funded. The Flight 0 mission modules are being selected from mature technologies that can be deployed in the near term. We have an extensive experimentation plan and fielding plan to ensure we balance technology risk with the ability to deliver capability.

The Congressional Research Service (CRS), among others, says that the Navy's requirements derivation process for the Littoral Combat Ship was flawed and that as a result, the Littoral Combat Ship may not be the best approach to meet the needs identified by the Navy.

What is your view of this issue?

The Littoral Combat Ship (LCS) is derived from a solid foundation of analysis. The National Security Strategy and the Strategic Planning Guidance established the framework for addressing the gaps in the littorals. LCS was derived through analysis and experimentation to address mine warfare, anti-submarine warfare, and small surface boat threats in the littoral region. Analysis was performed to evaluate material and non-material approaches to close the capabilities gaps. The results of this analysis showed a relatively small, shallow draft, and high-speed ship (i.e., the LCS) was the best alternative. Industry proposals are being reviewed in a down-select process for the sea frame with award in May 2004.

My view of the issue is that the U.S. must address the gaps in littoral warfare capabilities today, not tomorrow. Analysis validates that LCS is the right solution to close those gaps and industry is ready to deliver those capabilities in new and innovative ways.

If confirmed, what steps, if any, would you take to address the concerns raised by CRS?

If confirmed, I will continue to work with the senior leadership of the Department of the Navy to address these concerns.

Topic 17 Surface Combatants

With the early retirement of *Spruance* class destroyers, the Navy surface combatant fleet is declining significantly below the levels recommended by the 2001 Quadrennial Defense Review. While *Arleigh Burke* destroyers are still being built, the current Future Years Defense Program has *Arleigh Burke* construction stopping well before any DD(X) destroyers are near completion.

Do you believe it is wise to end construction of one class of destroyers before the next class is further along in design and construction? If so, why? What is the level of risk associated with such an approach?

The President's Budget submission reflects the balance between force structure, industrial base, and the relative maturity of follow-on designs. If confirmed, I will support the Secretary of the Navy to keep that balance as a central consideration in future budgetary submissions. In this case, the end-year of the DDG production line corresponds with the start-year of procurement for both LCS and DD(X). We have an acceptable level of tactical and strategic risk at this point, but we now need to move forward with the new platforms required for the future.

Without question, both Navy and industry are committed to the success of the DD(X) program. It is the centerpiece of our future Navy, and we cannot afford to wait to get these ships to sea. We decided to assume a manageable level of risk to achieve important capability gains in our future surface combatants. The Engineering Development Modules for DD(X) are moving forward, LCS is moving forward as well, and at this point that the risk associated with both the DD(X) and LCS programs are acceptable.

Topic 18 Officer Promotion System

The Navy has had problems in the past with antiquated information systems supporting promotion selection boards and lengthy delays in forwarding reports of selection boards consistent with the requirements stated in the Senate report accompanying S. 2060 (S. Rept. 105-189).

What is your understanding of the adequacy of the information systems at Navy Personnel Command that support the Navy's promotion selection board processing?

Through a number of system upgrades since 2000, the Navy has steadily improved the processing of board records. This has furthered our goal of ensuring a fair, accurate, and unbiased process. Further information system upgrades to streamline the reporting process are under development. Navy has addressed reporting requirements to ensure Commanding Officers make potentially adverse information about an officer selected for promotion known before promotion takes place. If confirmed, I will assist Secretary England in his ongoing efforts to improve the selection board process.

If confirmed, what steps will you take to ensure that complete and accurate reports of selection boards are forwarded to the Senate in a timely manner?

Secretary England reported earlier that Navy has undergone an exhaustive review of the processing of selection board reports within the Department of Defense and other reviewing authorities to ensure timely submission to the Senate. Problems previously experienced by the Navy in processing reports of selection boards were attributed to delays in the receipt of adverse information on officers selected for promotion. Efforts by Secretary England and uniformed leadership have greatly improved the receipt of this information for boards held this fiscal year. I am confident that these efforts will further expedite the process and ensure the timely submission of reports of selection boards. If confirmed, I will assist Secretary England by seeking further efficiencies to this process.

Topic 19 Investment in Infrastructure

Witnesses appearing before the Committee in recent years have testified that the military services under-invest in their facilities compared to private industry standards. Decades of under-investment in installations has led to increasing backlogs of facility maintenance needs, substandard living and working conditions, and has made it harder for the Services to take advantage of new technologies that could increase productivity.

Do you believe the Department of the Navy is investing enough in its infrastructure? Please explain.

Yes, much more so than in the past, today's facility investment strategy focuses on decisions that enhance shore readiness and quality of service, effectively maintain infrastructure assets to sustain operations in support of our deployed Naval forces, and strive to recapitalize our facility inventory more consistent with private industry standards. The Navy's Fiscal Year 2005 budget request is a balanced product of this investment strategy. This is a major issue that we evaluate annually and will continue to review as part of our program and budget development process.

An important initiative to ensure proper and adequate infrastructure and installation funding, is the establishment of Commander, Navy Installations (CNI) Command, a single office with the responsibility of improving the efficiency and effectiveness of Shore Installation Management (SIM). The consolidation of those functions from divesting Claimants facilitated the establishment of common standards of operation, promoted new efficiencies through promulgation of best practices, and implemented Navy-wide SIM policies.

Topic 20 Implementation of Changes for Disabled Retirees

What is your understanding of the Navy's progress in implementing a system for payment of combat related disability pay and changes in law authorizing disabled retirees to receive both retired pay and veterans' disability compensation?

The Navy is making good progress in the implementation of Combat Related Special Compensation (CRSC). In April of 2003, the Naval Council of Personnel Boards was identified as the organization within the Department of the Navy to review all CRSC applications. The CRSC Branch stood up, and began reviewing applications on 1 June 2003. Since that time, the Navy has received over 8,700 applications.

How many applications for special compensation for combat-related disability pay has the Navy processed since implementation in 2003 year, and how many will be processed before the end of 2004?

The Navy has received over 8,700 applications, processed over 5,300, and continues to process aggressively those outstanding applications. The total number of applications that will be received is unknown. In light of the new eligibility criteria established in the FY 2004 National Defense Authorization Act, we now estimate that we will receive approximately 77,000 applications during the first two years of the program.

Topic 21 Navy Marine Corps Intranet

It has been reported that the attack of the Welchia Worm on August 18, 2003, infected over 75% of the Navy Marine Corps Intranet (NMCI) workstations.

Can you describe what has been done to secure the NMCI network since then?

The Department has implemented both technological and process related improvements in an attempt to secure the NMCI network. We recognize that those who intend to practice cyber maliciousness will continue to evolve the viruses they use and that no system is 100% impervious against all viruses. However, we are committed to constantly improving the level of security in the system. Our current improvements served us well in January of this year during the major outbreak of the MyDoom.A virus. The private sector struggled with infection rates that ranged anywhere between 1-in-12 to 1-in-3 emails. NMCI recorded only 7 total infections out of more than 160,000 seats and all of these were quickly quarantined and cleaned before the infection got a foothold.

What is the current status of the implementation of the NMCI program?

NMCI is operational. As of April 1st, 2004, EDS has "assumed operations" for over 303,000 DON seats and approximately 170,000 have been "cut-over", or transitioned, to the NMCI network.

Topic 22 Navy Travel Card Program

The Navy has been criticized by the General Accounting Office for its management of its purchase and travel card programs.

What actions have been taken by the Department to implement GAO's recommendations and provide more effective oversight of these programs?

The Department of the Navy has taken a number of aggressive actions to address recommendations to both the travel card and purchase programs. For the travel card these include critical review of major commands with high delinquencies to identify actions they will take to reduce delinquency and prevent misuse, mandating the use of use of split disbursements whenever possible to ensure recoupment of funds, closing unused accounts and accounts of personnel that have separated, and increased training with the new instruction for all program personnel. These actions have dramatically reduced travel card delinquencies for both the Navy and the Marine Corps. The department will continue to monitor and review the travel card program to prevent and detect future fraud and misuse.

For the purchase card these steps also include a critical review of commands with high delinquency rates, increased training and requiring a 100% review by activity level managers of all transactions on a semi-annual basis. These direct actions have resulted in historically low levels of purchase card delinquencies for both the Navy and the Marine Corps and substantially reduced the number of improper purchase card transactions.

Topic 23 Acquisition Workforce

The Defense Acquisition Workforce Improvement Act (DAWIA) established specific requirements for managing the Defense Acquisition Workforce and authorized a series of benefits for the workforce.

What is your assessment of the strengths and weaknesses of the Department of the Navy's implementation, to date, of DAWIA?

The Department of the Navy has actively embraced the Defense Acquisition Workforce Improvement Act (DAWIA) at all levels of its acquisition workforce. Our strengths include well established programs that provide periodic training, staff mentoring and professional development for this very valuable workforce, actively updating them with the latest Federal Acquisition Regulation changes and new, best-value contracting methods and procedures. Moreover, senior leadership continues to partner with industry and advance innovative acquisition strategies like Economic Order Quantity acquisition and multi-year funding procurement that lower risk, lower cost, and/or reduce scheduled completions.

In your judgment, does the Department of the Navy’s current acquisition workforce have the quality and training needed to adapt to new acquisition reforms, as well as to the increased workload and responsibility for managing privatization efforts?

Yes. I believe the Department of the Navy’s current acquisition workforce has all the requisite tools, core competencies and periodic training requirements to responsibly manage all our acquisition workload. This includes the newest efforts in both privatization and outsourcing. DAWIA expertise certification process and continued learning requirements are keystones for that program’s success across all of Navy and DoD alike.

Topic 24 Competitive Sourcing

Over the past several years, DOD has increased its reliance on the private sector to perform certain activities including equipment maintenance and facility operations. Some have supported this effort while others have expressed concern that core activities are being jeopardized by reducing our reliance on military personnel and civilian employees of the Federal government.

I am committed to ensuring the DON applies its resources in an effective and responsible way. Part of finding the right way to do that involves making sure we have the right functions performed by the right people. In some cases that should be our military and civilian personnel; in others, the private sector possesses the best capability to provide support and services. There is not a “one size fits all” answer. We need to focus on those core functions that we must do to accomplish our mission and then determine what the best source is to accomplish those functions that support the core competencies.

What impact will the recent changes to OMB Circular A-76 have on the Department’s plan for public-private competitions?

The recent changes to OMB Circular A-76 will facilitate our public-private competitions. The changes reinforce our commitment to apply a competitive environment to sourcing decisions. We are also renewing our emphasis on the development of performance-based specifications to obtain the goods or services we need without unwarranted restrictions.

Are there other effective alternatives that the Navy is pursuing to achieve the benefits of public-private competition?

We are examining functions performed by military personnel in particular to determine whether the work can be done by civilian employees or contractors, as well as a critical analysis of whether the work needs to be done at all.

Do you believe that outsourcing can yield substantial savings for the Department of

that Navy?

Studies have shown we consistently produce savings when we make sourcing decisions in a competitive environment, whether the outcome is continued use of government employees or contractor performance. The process causes us to look closely at what needs to be done and to find the best way to do it.

Topic 25 Major Weapon System Acquisition

Please describe the approach and progress made by the Navy to reduce cycle time for major acquisition programs.

The Navy has embraced evolutionary acquisition and spiral development as the cornerstones on which the Naval acquisition community will accelerate the delivery of affordable warfighting capability to meet Naval Power 21 and Marine Corps Strategy 21 objectives.

The Acoustic Rapid COTS Insertion (ARCI) program is an excellent example of evolutionary acquisition. The Navy is actively disseminating the lessons learned from these successes to facilitate full implementation of the evolutionary acquisition philosophy.

What specific steps has the Department of Navy taken to adopt incremental or phased acquisition approaches, such as spiral development?

The new DoD Instruction 5000.2, "Operation of the Defense Acquisition System", establishes a strong preference for evolutionary acquisition and spiral development. The Navy assisted in the development of this instruction. Both evolutionary acquisition and spiral development can reduce major acquisition program cycle time. The new Secretary of the Navy Instruction 5000.2C, which is currently being routed within Navy for approval, will provide further implementation guidance and institutionalize the new philosophy. If confirmed, I will strongly support and advance this acquisition approach. Navy acquisition managers will be expected to exploit fully the flexibility of the new acquisition policies in structuring evolutionary acquisition plans appropriate to the capability needs and the pace of advancing technology for their systems.

How will the requirements process, budget process and testing regime change to accommodate spiral development?

The Navy has encouraged and supported programs in dealing with the key enablers for spiral development, such as time phasing of capabilities, full funding for spirals/increments, operational testing, and evolutionary sustainment strategies. Discussions have been held with the capability assessment, resources, test, and logistics communities to enhance support within these communities for evolutionary acquisition and spiral development. Program managers have been directed to structure plans and coordinate activities with relevant stakeholders as early as possible within each program acquisition cycle. Acquisition plans and documents should reflect these agreements.

Topic 26 Services Contracting

DOD spends over \$60 billion a year on services. Concerns raised by the DOD Inspector General about the management of these contracts led Congress to pass section 801 of the National Defense Authorization Act for Fiscal Year 2002, which requires each of the military departments to establish a management structure for the procurement of services comparable to the structure already in place for the procurement of products by the Department of Defense. Section 801 also requires each department to designate an official to be responsible for the management of the procurement of services.

By way of comparison, the Air Force has established a Program Executive Officer (PEO) for Services, with responsibility for handling all services acquisitions in excess of \$100 million. The committee also understands that the Air Force has established a management structure for smaller acquisitions.

What is the Department of Navy doing to better manage its services contracts, and, specifically, to implement the requirements contained in section 801?

On March 10, 2003, the Department of the Navy issued its “Department of the Navy Management Oversight Process for Acquisition of Services (MOPAS)” guidance. In conjunction with existing Navy guidance on the procurement of products the MOPAS guidance establishes criteria, review/approval thresholds and metrics requirements for services contracts. The guidance utilizes existing strengths and organizational structure to evaluate needs. Assistant Secretary of the Navy (Research, Development & Acquisition) (ASN(RDA)) will review services acquisitions designated as Special Interest by USD(AT&L) and will review and approve services acquisitions with a total planned dollar value of \$1 billion or more, as well as services acquisitions identified by ASN(RDA) as Special Interest. Review and approval authority for lower dollar value contracts are delegated to the appropriate Deputy Assistant Secretary of the Navy. Additionally, acquisition workforce training is being conducted to foster understanding of and compliance with these procedures, and compliance is being reviewed during procurement assessments of acquisition activities.

Congressional Oversight

In order to exercise its legislative and oversight responsibilities, it is important that this Committee and other appropriate committees of the Congress are able to receive testimony, briefings, and other communications of information.

Do you agree, if confirmed for this high position, to appear before this Committee and other appropriate committees of the Congress?

Yes.

Do you agree, when asked, to give your personal views, even if those views differ from the Administration in power?

Yes.

Do you agree, if confirmed, to appear before this Committee, or designated members of this Committee, and provide information, subject to appropriate and necessary security protection, with respect to your responsibilities as the Under Secretary of the Navy?

Yes.

Do you agree to ensure that testimony, briefings and other communications of information are provided to this Committee and its staff and other appropriate Committees?

Yes.