

STATEMENT OF

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BEFORE THE

SUBCOMMITTEE ON READINESS

OF THE

HOUSE ARMED SERVICES COMMITTEE

ON

DEPOT MAINTENANCE – CAPACITY AND RESOURCES FOR FUTURE WORK

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Chairman Hefley, Congressman Ortiz, and distinguished members of this subcommittee, I am extremely pleased to testify before you, along with my Service counterparts, on Depot Maintenance workload resulting from the Global War on Terrorism and the capacity and resources to meet that work. Through your generous support, the Navy continues to enjoy a high level of readiness and is able to project significant combat power in support of the Global War on Terrorism.

The Global War on Terrorism consists of three concurrent operations, Operation Noble Eagle which is in direct support of homeland defense, Operation Enduring Freedom which supports combat operations in Afghanistan, and Operation Iraqi Freedom which supports combat operations for the liberation of Iraq. To meet the requirements of these various operations, the Navy has simultaneously deployed up to 73 percent of our force including seven of twelve carrier strike groups, nine of 12 expeditionary strike groups, and thirty three of fifty four attack submarines.

As the Chief of Naval Operations and VCNO have previously testified, and as you are well aware, the Navy has adopted a deployment strategy referred to as the Fleet Response Plan. The Fleet Response Plan, or FRP, provides for increased employability coupled with a more flexible surge capability to ensure national security objectives are achieved. FRP allows for an immediate surge capability of our forces in response to hostilities abroad. In support of FRP, the Navy has been re-examining our maintenance policies to ensure the capability to provide six combat ready Carrier Strike Groups within one month and an additional two combat ready Carrier strike Groups within three months without creating unmanageable workloads in our shipyards and aviation repair depots.

The Navy is presently demonstrating our ability to react to surge requirements in an exercise called SUMMER PULSE 04. There are seven Carrier Strike Groups involved in the exercise: USS KITTY HAWK (CV 63), USS ENTERPRISE (CVN 65), USS JOHN F KENNEDY (CV 67), USS GEORGE WASHINGTON (CVN 73), USS JOHN C STENNIS (CVN 74), USS HARRY S TRUMAN (CVN 75), and USS RONALD REAGAN (CVN 76). By deploying seven Carrier Strike groups operating in five theaters with other American, Allied, and Coalition forces, we intend to provide another credible example of the surgeability of our forces and a concrete demonstration of our combat power across the globe.

The maintenance community is supporting the Fleet Response Plan with a family of maintenance initiatives designed to improve the responsiveness and flexibility of the maintenance infrastructure. Many of these initiatives are in response to the challenges the maintenance community faced in its efforts to accomplish reconstitution goals. The Navy is committed to sustain current readiness at a level that supports the Fleet Response Plan and avoid the bathtub curve of readiness normally associated with previous strictly rotational deployment strategies. In order to maintain this higher level of readiness several initiatives have been developed. I'll address these initiatives by first addressing aviation maintenance and then will shift gears to comment on ship maintenance.

The aviation maintenance community is heavily engaged with initiatives that will increase the effectiveness and readiness of the aviation community. Besides working very hard to shoulder the increased workloads being experienced since September 11th, the aviation depots are aggressively working to achieve the "Cost-Wise Readiness" goal established by our Naval Aviation leadership. They are transforming the way they do

maintenance by implementing their “AirSpeed” initiative, an effort that takes advantage of proven industry business best practices such as theory of constraints, six sigma, lean manufacturing, and others. This effort is being synched up with the Fleet’s intermediate level of maintenance, which is driving repair cycle-time reductions and will make possible future inventory reductions and process changes to become more effective and also efficient. Additionally, they have embraced Performance Based Logistic arrangements with industry, accomplished a supply transformation and partnership with the Fleet Industrial Supply Centers, and are pursuing a more integrated approach to accomplishing all “off aircraft” maintenance actions.

The three Navy and Marine Corps Aviation Depots at Cherry Point, NC, North Island, CA, and Jacksonville, FL have sufficient capacity to execute the remaining fiscal year 2004 and planned fiscal year 2005 workload. The Navy will not require any current change in the division of work between organic and contractor facilities to execute the planned aviation workload. The condition of some assets upon their return may require an increase of contractor touch labor at Navy / Marine Corp Depots. This touch labor will assist our aviation depots, in conjunction with a judicious combination of overtime, augmenting the Navy’s Service Work force at the aviation depots. The Navy is confident that it can handle any surges without having to significantly change the balance of the aviation workload between public and private sector entities.

The Navy and Marine Corps Aviation depots have been heavily involved in the sustainment and support of operations associated with the Global War on Terrorism. The Navy and Marine Corps aviation team does very detailed planning down to the specific bureau number of each aircraft and the availability of engines and components are closely

monitored. Although the Navy's aviation depots are performing magnificently, the level of their current operations has been challenging. For instance, there has been an increase in aircraft, engine, and depot level aviation support equipment workload attributed to higher 'wear and tear' plus increased usage rates for aircraft engaged in support of Afghanistan and Iraq plus support operations.

The Navy has also observed an increase in workload as a result of battle and crash damaged aircraft. Helicopters and AV-8B Harriers have also been significantly affected. The material condition of these returning aircraft, plus engines and the associated support equipment, will require an increase in depot labor and material usage to return them to serviceable condition. To mitigate this challenge, the Navy is accelerating ongoing efforts towards performing depot level maintenance in theatre. This may require the Navy to devote some additional resources to this area; the exact plan to provide this enhanced in theatre support is still under development and will be altered to reflect the overseas presence during the next year.

Furthermore, rotary wing aircraft returning from Afghanistan and Iraq are requiring approximately 15 percent more work than historically planned. Engines returning from OIF and OEF experience a higher material usage (replacement factor) and an increase of 17.6 percent in overall engine cost than non-desert flying aircraft. The Navy has accommodated for this increase in cost with the application of supplemental funding. In fiscal year 2004, the Navy/Marine Corps and commercial industry aviation depots will repair 2,949 airframes/engines and associated aircraft components for a cost of \$2.8 billion dollars. Additionally, the Navy/Marine Corps and commercial industry

plan to repair 3,312 airframes/engines and associated aircraft components for a cost of \$2.8 billion dollars during fiscal year 2005.

The three aviation Navy / Marine Corps depots have the required personnel to support current operations for returning aircraft and associated engine and component workloads and also support our ongoing overseas operations. The workforce consists of approximately 10,800 Civil Service employees and is regularly augmented by contractor employees as required. The number of contractor personnel performing touch labor is increased or decreased to efficiently accommodate fluctuations in workload.

In addition, qualified personnel are performing more preventive maintenance in the field thus precluding unacceptable material condition degradation to the maximum extent practical. The Navy will continue to cycle aircraft back to the depots from Iraq and Afghanistan at programmed intervals to the maximum extent possible. This will ensure adequate numbers of aircraft remain available to operating forces. Engine production is keeping pace with demand and surge will not exceed depot engine production capacity as a result of ongoing operations.

Within the ship maintenance community, the performance improvement initiatives include “One Shipyard”, “SHIPMAIN”, and regional maintenance waterfront integration. These efforts are complimentary; One Shipyard concentrates on optimizing the entire national ship maintenance industrial base, both public and private, allowing effective, responsive, and flexible work execution, when and where the ships are available. SHIPMAIN is working to streamline ship alteration and maintenance planning processes to reduce redundant work and promote better communication among ship maintenance organizations. Finally, regional maintenance waterfront integration creates

regional maintenance activities that provide “one stop maintenance shopping” to ship’s force personnel.

The surface and submarine maintenance community, both public and private facilities, have responded magnificently to the effort required to reset the force in support of the execution of the Global War on Terrorism. In response to the increasing requirements of the Global War on Terrorism, twenty five percent more maintenance was conducted than originally programmed. This was largely accomplished by the generous supplemental funding provided by Congress. The shipyards were able to successfully induct ships for availabilities early, respond to increased maintenance requirements due to operational deployments, and successfully address emergent work not normally expected. The four public shipyards, Portsmouth Naval Shipyard, Norfolk Naval Shipyard, Puget Sound Naval Shipyard, and Pearl Harbor Naval Shipyard, and numerous private shipyards on both coasts have been working hand in hand to achieve the desired readiness levels for our surface and submarine assets. The Navy remains compliant with 50/50 requirements and will continue to do so in the remainder of fiscal year 2004 and fiscal year 2005.

During fiscal year 2004, the Navy is in the process of executing seventy-nine maintenance availabilities on various ships and submarines at a cost of \$3.6 billion dollars. To date, thirty-nine availabilities have been completed, twenty-six are in progress, and the remaining availabilities will be inducted in fiscal year 2004. The Navy requested and received \$600 million dollars for ship depot maintenance as part of the fiscal year 2004 cost of war supplemental. The maintenance requirements of over fifty ships that were directly involved in the execution of Global War on Terrorism have been

funded with these supplemental dollars. These increased maintenance requirements are in response to addressing higher usage rates, overdue maintenance requirements as a result of higher operational tempo, and maintaining surge ready assets. Additionally, the Navy plans to execute one hundred and five ship depot maintenance availabilities during fiscal year 2005 at a cost of \$4.0 billion dollars. These ship depot maintenance availabilities include both nuclear and conventional work and will be performed on carriers, submarines, surface combatants, and amphibious ships.

The public and private shipyards have adequate capacity and personnel to execute the planned workload for the remainder of fiscal year 2004 and the projected workload for fiscal year 2005. Public and private shipyard workloads are continuously reviewed by Naval Sea System Command to ensure that they are executable and within established budget guidelines. The Navy closely monitors both the shipyard workload and the individual ship operational schedules to ensure that the planned availability can be performed as scheduled. Additionally, maintenance availability schedule changes are made when required to ensure a level workload in the shipyard and prevents over or under capacity issues.

During fiscal year 2004, the Navy effectively used supplemental funding to offset ship and aviation depot maintenance costs incurred as a result of the Global War on Terrorism. These incurred costs were a result of increased operational employment and were not part of the peacetime budget submission.

In the area of ship depot maintenance, those costs can be categorized as costs associated with ships and submarines deploying in direct support of combat operations, costs associated with ships or submarines returning from directly supporting combat



operations, and costs associated with maintaining surge assets. Supplemental funding, above what was normally programmed for aviation depot maintenance has been required in fiscal year 2004 to support the associated increased level of aviation depot maintenance activities. The programming/budget cycle has been responsive and has provided the aviation depot maintenance establishment with required funding to meet expected aviation readiness levels.

In closing, the Navy has closely examined its maintenance practices over the last few years and has considerably reduced the backlog of major ship depot availabilities and aircraft depot repair actions. The Navy continues to meet our 100 percent deployed airframe goals while improving the non-deployed aircraft availability. Ship depot maintenance continues to reduce the number of annual deferred maintenance actions and is improving the overall cost effectiveness of the program.

I would again like to express my deep appreciation to the members of this committee for your lasting support in sustaining our efforts in putting to sea the most capable Navy the world has seen. I wish to thank the Committee for this opportunity to appear before you today. I am very happy to answer any questions you may have.