

Remarks by the Honorable Ray Mabus  
Secretary of the Navy  
House Armed Services Committee  
Tuesday, 01 March 2011

Mr. Chairman, Ranking Member Smith, members of the committee, I have the honor of appearing here today on behalf of the Sailors, Marines and civilians that make up the Department of the Navy.

I want to mention the absence of Representative Gabby Giffords who, were it not for the senseless act in January would be here with us today. She's a member of the Navy family and been a true friend of the Navy and Marine Corps throughout her entire career. And I want to extend the thoughts and the prayers of everybody in the Department of the Navy to her and to her family as she recovers.

Today, the Navy and Marine Corps are conducting missions across the full range of military operations. They remain the most formidable expeditionary fighting force the world has ever known. And with your support, it will continue to meet the multiplicity of missions entrusted to them by our nation.

Today as the Chairman and the Ranking Member pointed out, we face an immediate crisis, the absence of a Defense Appropriations Bill and the increasingly serious problems of operating under continuing resolution. The pressure of the CR has already significantly impacted procurement and reduced the resources available to maintain readiness.

If the CR continues for the entire year, we will be forced to reduce aircraft flight hours and ship steaming days, cancel up to 29 of 85 surface ship maintenance availabilities, to defer maintenance on as many as 70 aircraft and 290 aircraft engines, defer up to 140 maintenance and construction projects across this country. In addition, the lack of legislative action will prevent the construction of one Virginia Class submarine, two Arleigh Burke destroyers and one mobile landing platform, prevent procurement of two nuclear reactor cores and delay increased funding for the Ohio Class replacement.

Reduce Marine Corps procurement up to a third after rebalancing the Marine Corps Manpower counts, create a \$4.6 billion shortfall in operation and maintenance accounts, and create nearly a \$600 million shortfall in combined Navy and Marine Corps manpower accounts. These measures will not only place additional stress on the force and our family, they will weaken the industrial base and affect over 10,000 private sector jobs.

The disruption to our fleet and to our shore maintenance and modernization schedules may take years to recover from and will come at a much greater cost. We strongly request Congressional action to address the implications of this continuing resolution. This is particularly important when considering submission of the FY '12 budget request which was based on the FY '11 request.

The FY '12 President's budget request of \$161 billion, an increase of only one half of one percent over FY '11, includes funds for 10 aircraft -- for 10 ships and 223 aircraft. It maintains our commitment to take care of our people, build a strong R&D and industrial based and grow the fleet.

The \$15 billion request for overseas contingency operations which represents a drop of \$3.5 billion from FY '11 includes funds to sustain operations, manpower, infrastructure as well as procure equipment and support operations in Afghanistan. During the development of this budget, we were keenly aware of the fiscal position of the country and the necessity to be responsible stewards of taxpayer dollars.

The resulting request is a strategy-driven document informed by fiscal realities. It balances competing requirements and tries to do what's best for the country, the Navy, the Marine Corps and our Sailors and Marines. We began this budget cycle by examining every aspect of what we do and how we do it.

Consequently, \$42 billion in the Department of the Navy efficiencies were identified over the five years. As a result, we were able to add one Aegis Class destroyer, three TAO(X) fleet oilers, one T-AGOS ocean surveillance ship to our ship-building plan. With our dual-block LCS strategy, this increases the total number of ships over the next five years from 50 to 56, including one Joint High Speed Vessel to be built for the Army.

The savings also allows us to buy additional F/A-18s, extend the service life of up to 150 legacy aircraft as a hedge against delays and the deployment of the F-35B and allows us to continue investing in unmanned systems which are becoming increasingly important on the battlefield and unmatched in their ability to covertly survey hostile forces without placing our own people at risk.

This upcoming year, we'll see deployment of the Fire Scout to Afghanistan and continued testing the UCAS-D, the forerunner of an integrated carrier launch strike system. In 2010, one of the most important efforts was the decision, endorsed by Congress, to pursue the new Littoral Combat Ship through a dual-block buy strategy.

At an average cost of less than \$440 million per ship and with the cost reductions we have seen on LCS-3 and 4, the new strategy will save taxpayers \$2.9 billion. This plan is one that's good for the Navy, good for taxpayers, good for the country and demonstrates what can accomplished when sound acquisition principles are followed and enforced.

We heard the message from Congress very clearly. We need more ships but they have to be affordable. The LCS strategy supports the industrial base by keeping workers employed at two shipyards and is indicative of the Department's push to ensure acquisition excellence.

The fixed price contracts used for LCS are our model. They are the result of effective competition and give the government full ownership of the technical data packages in

construction and afford greater Congressional oversight. With the new LCS strategy, we get more ships more quickly, more affordably.

Significant additional savings were also achieved through terminating the Expeditionary Fighting Vehicle. It's important to emphasize that this decision in no way changes our nation's commitment to amphibious warfare or on amphibious assault capability.

We have to maintain an amphibious assault capability that will put Marines ashore, ready for the fight. But the EFV is not the vehicle to do this. Conceived in the 1980s, the EFV was a previous generation solution to a tactical problem that has since fundamentally changed. And its cost per unit would have consumed half that Corps' total procurement and 90 percent of its vehicle related operation and maintenance account. We simply cannot afford it.

In aviation programs, we're also closely monitoring the Joint Strike Fighter, particularly the Marine Corps variant, the F-35B. After a two-year period of focused scrutiny, we'll make an informal recommendation about resolving the technical and cost issues. Ashore, we continue to confront rising health care cost caused by an increasing number of beneficiaries, expanded benefits and increased utilization.

To deal with these trends, we have to implement systematic efficiencies and specific initiatives that improve the quality of care and customer satisfaction but at the same time more responsibly managed cost. We concur with the recommendations made by the Secretary of Defense to ensure fiscal solvency and benefit equity for our retirees.

Finally, we're continuing efforts to invest in and develop alternative energy. The latest headlines from around the world reinforce our basic point -- energy is first and foremost an issue of national security. We can't allow volatile regions of the world to control the price and affect the supply of the fuel that we use.

Last year. The Navy and Marine Corps took some huge steps forward including flying the F/A-18 Hornet on bio-fuel, conducting a large scale of expansion of solar power and beginning expeditionary initiatives, efficiencies and initiatives in Afghanistan.

What we're doing there is already saving lives as we reduce our reliance on imported fuel. We will continue these investments this year. And we will continue to move forward toward our goal of at least 50 percent alternative energies by 2020.

In closing, it's a solemn privilege to lead the naval services during an era of protracted war and of national challenge. I've been honored by the trust the President and Congress have placed in me and profoundly moved by the sacrifice and devotion I've witnessed in the Sailors and Marines who defend us.

The Navy and Marine Corps are and will remain ready to do any mission America gives them.

Thank you and Godspeed.