

Remarks by the Honorable Ray Mabus
Secretary of the Navy
Senate Armed Services Committee
Tuesday, 08 March 2011

Mr. Chairman, Senator McCain, members of the committee, I have the honor of appearing here today representing the Sailors, Marines, civilians and their families that make up our Department of the Navy.

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 thanks to your support, they will continue to meet the multitude of missions entrusted to them by our nation.

As the chairman pointed out in his opening statement, today we face an immediate crisis - the absence of a defense appropriations bill and the increasingly serious problems of operating under a 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 availabilities, defer maintenance on as many as 70 aircraft and 290 engines and defer up to 140 maintenance and construction projects across the country.

In addition, lack of legislative action will prevent the construction of two Arleigh Burke destroyers, one Virginia Class submarine 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 by up to one-third after the Marine Corps rebalances its manpower accounts; create a \$4.6 billion shortfall in operation and maintenance account; and create a nearly \$600 million shortfall in combined Navy and Marine Corps manpower accounts.

These measures not only place additional stress on the force and on our families, they will weaken the industrial base and affect over 10,000 private sector jobs. The disruption to our fleet in 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 the continuing resolution.

This is particularly important when considering that submission of the fiscal year '12 budget was based on the FY '11 request. The fiscal year 2012 President's budget request for the Department of the Navy of \$161 billion, an increase of only one-half of 1 percent from FY '11, includes

funds this year for 10 ships and 223 aircraft. It maintains our commitment to take care of our people, build a strong R&D and industrial base and to 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 to support operations in Afghanistan.

During the budget development, 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. I think it balances competing requirements and does what is best for the country, the Navy and 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 Department of the Navy efficiencies were identified over the five years.

As a result of these efficiencies, we have been able to add one Aegis destroyer, three T-AO(X) fleet oilers, and one T-AGOS ocean surveillance ship to our shipbuilding plan. With our dual-block LCS strategy, this increases the total number of ships in the FYDP from 50 to 56, including one joint high speed vessel to be built for the Army.

The savings allow us to buy additional FA-18s, extend the service life of up to 150 aircraft as a hedge against delays in the deployment of the F-35B and allow us to continue investing in unmanned systems, which are becoming increasingly important on the battlefield.

The upcoming year will see the deployment of the Fire Scout to Afghanistan and continuing testing of the UCAS-D, the forerunner of an integrated carrier-based 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 procurement 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 be 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 I hope will be a model. They are the result of effective competition, give the government full ownership of the technical data package used in construction and afford greater congressional oversight. With the new strategy we get more ships, more quickly and more affordably.

As was pointed out, significant additional savings were also achieved through termination of the Expeditionary Fighting Vehicle. It's important to emphasize that this decision in no way changes our nation's commitment to amphibious warfare. We have to maintain an amphibious assault capability that will put Marines ashore ready for the fight.

But the EFV is simply not the vehicle to do this. Conceived in the 1980s, the EFV is a two-decade-old solution to a tactical problem that has since fundamentally changed, and its cost per unit would have consumed half the Marine Corps' total procurement from FY '18 to '25 and 90 percent of its vehicle-related operation and maintenance account.

In aviation programs, we, as you, are closely monitoring the Joint Strike Fighter, particularly the Marine Corps variant, the F-35B. After a two-year period of focused scrutiny, we'll be able to make an informed recommendation about resolving the technical and cost issues.

Ashore, we continue to confront rising health care costs 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 to improve quality of care and customer satisfaction, but at the same time more responsibly manage cost.

We concur with the recommendations made by the Secretary of Defense to ensure fiscal solvency and benefit equity for our retirees.

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

Last year, the Navy and Marine Corps took huge steps forward, including, again, as was pointed out earlier, flying an F-18 Hornet on biofuel, conducting a large expansion of solar power and beginning expeditionary and energy initiatives in Afghanistan.

The 3rd Battalion, 5th Marines was the outfit that you talked about, Mr. Chairman, and in the middle of some of the heaviest fighting in Helmand province they've demonstrated not only the ability to reduce their use of fossil fuels, but also to make them better fighters. One foot patrol saves 700 pounds of batteries that they don't have to lug through the battlefield, simply by using some of these renewable energy devices.

What we're doing there is already saving lives. We will continue these investments this year and we'll continue to move toward our goal of at least 50 percent alternative energy use by 2020.

In closing, I want to thank you again for your support. Thank you for always looking out for our Sailors, our Marines, their families and for your support of efforts to make the Navy and Marine Corps better, stronger and better able to defend our great nation.

It's a solemn privilege to lead the naval services during an era of protracted war and of national challenge. I have been profoundly moved by the sacrifice and devotion that I've witnessed daily 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.