

STATEMENT OF
REAR ADMIRAL MARK A. HUGEL, U.S. NAVY
DEPUTY DIRECTOR, FLEET READINESS DIVISION

BEFORE THE
SUBCOMMITTEE ON MILITARY READINESS
OF THE
HOUSE ARMED SERVICES COMMITTEE

APRIL 6, 2005

Chairman Hefley, Congressman Ortiz, and distinguished members of this subcommittee, I am extremely pleased to have the opportunity to testify before you, along with my esteemed Service counterparts, on the Navy's requirements to reconstitute its equipment used in direct support of Operation Enduring Freedom (OEF) and Operation Iraqi Freedom (OIF). Through your generous support, the Navy enjoys a high level of sustained readiness and continues to project credible combat power throughout the world in support of the Global War on Terrorism.

The Navy has been involved in direct support of combat operations in Southwest Asia for several years. During the build up and subsequent execution of the first phase of OIF, the Navy provided a magnificent show of force which consisted of six Carrier Strike Groups and their associated Air wings, four Expeditionary Strike Groups, two Amphibious Task Forces as well as a wide variety of Naval forces ashore. This was the largest expeditionary force since the Korean War. This force level remained in place until May 2003 at which time various components of the force began to return to homeport for reconstitution efforts. The amphibious assets and ashore Combat Support/Combat Service Support assets remained in theater for a longer duration than the carrier forces in order to provide uninterrupted support to our ground combat elements, namely the United States Marine Corps. Since the declared end of hostilities, the Navy has been able to maintain a notional presence level of one Carrier Strike Group and one Expeditionary Strike Group in the CENTCOM theater. It has also maintained extensive support to the Marine Corps in the form of medical, explosive ordnance disposal and Naval construction units. The Navy has been able to execute all mission requirements

with this notional force level and has the ability to surge assets to meet increased operation tasking as part of the Fleet Response Plan (FRP). As you may recall, the FRP is designed to consistently deliver six forward-deployed Carrier Strike Groups within 30 days plus an additional two in 90 days or less, in what you have heard referred to as “6+2”. I will first discuss ship and submarine readiness and then follow with discussions on aviation readiness and Naval Construction Force (Seabee) readiness.

As I previously stated, the Navy employed a sizable force during OIF. The work packages for those ships returning from combat operations were larger than normal due to extended deployment length (USS ABRAHAM LINCOLN CSG was deployed for 10 months) and the higher wartime operational tempo. Our four public shipyards (located in Kittery, Maine; Portsmouth, Virginia; Bremerton, Washington and Pearl Harbor, Hawaii) and the private shipyards responded superbly to the challenge of reconstituting the force and ensuring it was ready to re-deploy in top material condition to meet other real world contingencies. In fiscal year 2003, changes in ship deployment and return schedules caused several maintenance period start dates to shift within the fiscal year. Also, three maintenance availabilities scheduled for fiscal year 2003 shifted into fiscal year 2004. The success enjoyed by the public and private sector in tackling the surface and submarine maintenance requirements further demonstrates the enhanced partnership of the Nation’s ship repair base.

During fiscal year 2003, the Navy executed \$3.9B on ship maintenance, which included 95 ship and submarine maintenance periods. Due to the surge maintenance requirement associated with the successful execution of OIF and other strategic objectives of the Global War on Terrorism, the Navy requested and received \$1.4B in

supplemental operations and maintenance funding. This significant and much appreciated funding was applied to increased depot and intermediate maintenance requirements of 62 ships and submarines.

During fiscal year 2004, \$3.5B of planned ship maintenance, which included 73 maintenance availabilities, was funded. However, the requirement for our ships and submarines to remain engaged in the Global War on Terrorism remained. Through the continued support of the Congress, \$600M of Supplemental Operation and Maintenance funds were appropriated and provided to the Navy for ship depot maintenance. This critical funding was applied to depot and intermediate maintenance on 42 ships and submarines that were directly involved in supporting the Global War on Terrorism.

The ship and submarine maintenance program for fiscal year 2005 is \$3.9B, which will fund 85 ship and submarine maintenance availabilities. Currently, 43 availabilities have commenced and the remaining 42 availabilities are projected to start on time. We project that at this funding level, \$150M of non-war related maintenance will be deferred from fiscal year 2005. Additionally, the Ronald W. Reagan National Defense Authorization Act provided \$76M of supplemental funding to ship maintenance. This timely funding was applied to the USS GEORGE WASHINGTON (CVN 73) and USS JOHN C STENNIS (CVN 74) dry-docking availabilities. An additional \$211M has been requested and is part of the President's recently submitted fiscal year 2005 supplemental budget request. This funding will be applied to address the maintenance resulting from a higher operational tempo for those ships and submarines in the Southwest Asia Theater of operations. The additional funding requested will sufficiently address all increased maintenance requirements as a result of wartime operations and will

not create any bow waves in the maintenance program or increase the peacetime deferred maintenance.

The fiscal year 2006 requirement for ship and submarine maintenance is nearly \$4.0B, which will fund 76 maintenance availabilities. This requirement supports the correct FRP readiness posture to support the Nation's maritime war fighting needs. The Navy's ship repair base (both public and private shipyards) has the capacity and capability to execute the currently scheduled maintenance requirements. The fiscal year 2006 peacetime annual deferred maintenance costs are projected to be \$123M. We have remained in compliance with United States Code, Title 10, Section 2466 (50/50 Law) and anticipate we will continue to remain in compliance while addressing the Fleet's maintenance needs.

The ship maintenance process is a key component of the dynamic Fleet Response Plan, which, as you are aware, maximizes Carrier Strike Groups availability through a corporate enterprise approach. This effective and efficient approach revolves around several key initiatives, which include SHIPMAIN, the Shipyard Transformation Plan, Regional Waterfront Maintenance Integration, and the use of Multi-Ship/Multi-Option contracts.

As part of SHIPMAIN, we are focusing on "best business" practices that are changing the culture of getting ship repair work completed using a standard process nationwide. Through new procedures, SHIPMAIN implements a refined process that reduces cycle time, prioritizes shipboard work items, and most importantly, empowers Sailors in the maintenance decisions of their ship.

The Shipyard Transformation Plan best utilizes the Nation's public and private nuclear shipyards and contractor support. It capitalizes on the ability to mobilize Fleet support infrastructure across the board and to rise to meet increased Fleet demands in a time of war. This initiative is significantly improving the efficiency of our nuclear capable shipyards.

The Regional Waterfront Maintenance Integration initiative has resulted in consolidations of depot and intermediate maintenance facilities into Region Maintenance Centers (RMC's). Consolidating waterfront infrastructure eliminates redundancy in mission and administration functions while establishing a single pier-side maintenance activity to support Sailors and streamline maintenance actions.

The Multi-Ship/Multi-Option Contract initiative allows for the executing agency to better plan work and takes advantage of the best repair capabilities. These contracts will provide long-term vendor relationships throughout the various ships' cycles in order to reduce costs through the benefits of advance planning. The above initiatives are in place and functioning throughout the ship maintenance community.

The Navy does not expect to replace any ships or submarines due to combat losses suffered from the Southwest Asia Theater of operations. Although we are seeing a higher operational tempo for those ships and submarines in theater, all the required maintenance for those assets is being performed within the prescribed periodicity. Our procurement profile for ships and submarines is reflective of the Navy's commitment towards sustained future readiness. The procurement profile has been previously briefed to this sub-committee by Admiral John Nathman on March 3, 2005.

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 aviation support equipment depot level workload attributed to higher 'wear and tear' plus increased usage rates for aircraft engaged in support of Afghanistan and Iraq.

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 2005 and planned fiscal year 2006 workload. The Navy will not require any 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 from OIF 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 surge without having to significantly change the balance of the aviation workload between public and private sector entities.

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.

During fiscal year 2003, the Navy programmed \$734M of operation and maintenance funds to address the maintenance requirements for 702 aircraft and 1139 engines. Due to the surge maintenance requirement associated with the successful execution of OIF and other strategic objectives of the Global War on Terrorism, the Navy requested and received \$330M in supplemental funding. This generous and much appreciated funding was applied to address the increased depot maintenance requirements of 101 aircraft and 503 engines. This critical supplemental funding was essential for significantly reducing the maintenance bow wave associated with the return of our aircraft from OIF.

During fiscal year 2004, the Navy programmed \$849M of operation and maintenance funds for 757 aircraft and 1417 engines, however, the requirement for our aircraft and engines to remain engaged in the Global War on Terrorism remained. Through the continued support of the Congress, \$106M of Operation and Maintenance supplemental funds was appropriated and provided to the Navy. This critical funding

was applied to aircraft and engines that were directly involved in supporting the Global War on Terrorism.

The aircraft and engine requirement for fiscal year 2005 is \$1.04B, which will fund 818 aircraft and 1,482 engine maintenance activities. Currently, 401 aircraft and 740 engines have been inducted in the Depots and the remaining aircraft and engine work is projected to commence on time. An additional \$127M has been requested and is part of the President's recently submitted fiscal year 2005 supplemental budget request. If approved, this funding will be applied to address the maintenance requirements due to a higher operational tempo for those aircraft in the Southwest Asia Theater of operations. The additional funding will sufficiently address all maintenance requirements as a result of wartime operations and will not create any bow waves in the maintenance infrastructure.

The fiscal year 2006 requirement for aircraft and engine maintenance is \$877M, which will fund the maintenance of 834 aircraft and 1799 engines. This requirement represents the correct readiness posture to support the Nation's naval aviation war fighting needs. The Navy's aviation repair base (both public and private) has the capacity and capability to execute the currently scheduled maintenance requirements.

The aviation maintenance community is heavily engaged with initiatives that will increase the effectiveness and readiness of the aviation community. The Naval Aviation Enterprise (NAE) is a warfighting partnership that brings all aviation stakeholder commands together in a common forum, so that interdependent issues can be resolved on an Enterprise-wide basis. The NAE enables communication across all elements of the Enterprise, fosters organizational alignment, encourages inter-agency and inter-service

integration, stimulates a culture of productivity and facilitates continuous improvement. Working together optimizes the use of existing resources, manages the costs associated with generating readiness and harnesses change as a positive force within our Navy and Marine Corps. Besides working very hard to shoulder the increased workloads being experienced by the Global War on Terrorism, 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 the “Depot 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 maintenance capability, which is driving repair cycle-time reductions and will make possible future inventory reductions and process changes to become more effective and also efficient. To date, the “Depot AirSpeed” initiative has resulted in: an improvement in turn around time for the CH-46 aircraft at the Cherry Point Depot from 215 to 170 days and work in process dropped from 28 aircraft to 18, using the same staffing level; a drop in the turnaround time for EA-6B Re-wing at the Jacksonville Depot from 594 days to 450 and work in process dropped from 16 aircraft to 9, with 5 of the last 7 delivered ahead of schedule; and at the North Island Depot, we’ve seen a reduced turnaround time on the F/A-18 aircraft from 192 to 132 days and work in process dropped from 31 aircraft to 16. Additionally, the implementation of “Enterprise AirSpeed” aligns Organizational, Intermediate and Depot-level supply replenishment and repair processes to the demands of the Fleet operator, enabling the effective and efficient preparation of the right number of cost-wise, Ready-for-Tasking aircraft required to perform the mission.

The Seabees are providing extensive support to the Marine Corps during OIF, continue to support both USMC and Army ground forces in the CENTCOM theater today and are expected to maintain or increase their level of deliberate construction support during Stability Operations in the future. During initial combat operations, over 3000 Seabees with their associated heavy construction equipment provided support to maneuver elements through road and bridge construction, establishment of forward operating bases, expansion and repair of airfields and construction of prisoner holding areas. This support was in the form of an Engineer Group and two Naval Construction Regiments to provide command and control, four Naval Mobile Construction Battalions (NMCBs) doing the bulk of the deliberate construction missions, four additional NMCB Air Detachments to reinforce the NMCBs, two Underwater Construction Teams, one Naval Construction Force Support Unit providing additional heavy equipment and one Construction Battalion Maintenance Unit. Even before the end of combat operations, Seabees began rebuilding Iraqi infrastructure in order to jump-start the reestablishment of normal life in southern Iraq. Their efforts continue today through infrastructure construction, renovation of schools, clinics, police stations and other public buildings, force protection construction for coalition and Iraqi troops, maintenance of main supply routes and other deliberate construction in both permissive and non-permissive environments.

Reconstitution of equipment utilized in OIF began during the summer of 2003, and was essentially complete by October 2004. With few pieces of equipment sustaining enough damage to require replacement, receipt of \$130M in supplemental maintenance funding was sufficient to reset the force. Reconstitution was accomplished by a

combination of efforts by existing maintenance facilities at two Seabee bases as well as contracted repairs by private sector repair facilities.

Subsequent redeployment of approximately 1000 Seabees and their equipment for OIF-2 and follow-on operations has resulted in a continued need for approximately \$50M/year in supplemental operational funding, which was received in the fiscal year 04 Supplemental and was requested for fiscal year 05. These sustained operations have proven to be extremely demanding on construction support equipment such as cargo trucks and HMMWVs, which has also generated a requirement for approximately \$20M/year in procurement funding to replace these assets at an accelerated rate.

Maintenance and procurement budget requests for fiscal year 06 reflect a peacetime baseline for the Naval Construction Force, with a continued reliance on supplemental budget submissions to reimburse funding of Cost of War expenditures. Programmed plus supplemental maintenance funding will continue to allow Naval Construction to sustain their current ability to consistently attain a 95% availability of equipment in theater through an aggressive field maintenance program and effective in-theater parts support with reach-back capability to maintenance facilities in the U.S.

Mr. Chairman, on behalf of the United States Navy, I want to thank you for the Committee's continued support of the Armed Forces as we continue to successfully execute the Global War on Terrorism. 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 and to thank you for this opportunity to appear before you today. I stand ready to answer any questions you may have.