

STATEMENT OF
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UNITED STATES NAVY
BEFORE THE
SENATE ARMED SERVICES COMMITTEE
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Introduction

Mr. Chairman, Senator Levin, and distinguished members of the Committee, thank you for this opportunity to be here today to discuss the posture of our Navy.

First, allow me to offer my sincere thanks to the Committee, the Senate, and the Administration for your strong support of the many initiatives that are making the difference in meeting our most pressing personnel, readiness and recapitalization needs. Clearly, the Kosovo Emergency Supplemental and Fiscal Year 2000 Defense Authorization Bills continue to address many of our pressing needs. In particular, last year's pay triad and compensation initiatives were significant first steps in recognizing the many contributions and sacrifices of our dedicated Sailors and Marines and are greatly appreciated. I appear before you today to ask for your continued support in consideration of the FY01 Defense Authorization Bill to help meet both present and future challenges.

Navy Today

Today's Navy is the most capable in the world and continues to demonstrate that ready, forward deployed

expeditionary forces are vital in meeting America's security requirements around the globe. Today over 48,000 Sailors and Marines are deployed afloat. USS DWIGHT D EISENHOWER and USS JOHN C STENNIS Carrier Battle Groups, USS WASP and USS BONHOMME RICHARD Amphibious Ready Groups, are currently deployed to the Mediterranean Sea and Arabian Gulf, ready to influence, directly and decisively, events ashore from the sea.

During Operation ALLIED FORCE Marine and Navy aircraft flew over three thousand combat sorties as part of the air campaign, suffering zero losses and achieving remarkable effects as a result of well trained forces, in combination with the new families of precision weapons. 218 Tomahawk Land Attack Missiles (TLAM) launched from surface ships and submarines struck some 45 percent of key command & control and politico-military infrastructure targets, as well as accounting for nearly 50 percent of all Integrated Air Defense (IAD) targets attacked during the campaign. Also, TLAMs achieved a more than 80 percent success rate against assigned targets in all-weather conditions. The only electronic attack/jamming aircraft available to NATO forces, Navy and Marine Corps EA-6Bs, accompanied all U.S. strikes -- as well as those flown with allies -- in over 1,600 missions. Land-based P-3Cs, carrier-based S-3B aircraft, and SH-60B

helicopters maintained a continuous anti-ship combat patrol in the Adriatic Sea throughout the campaign. Furthermore, land-based naval aircraft flew more than one-third of all reconnaissance missions despite constituting only 20 percent of the reconnaissance platforms in-theater.

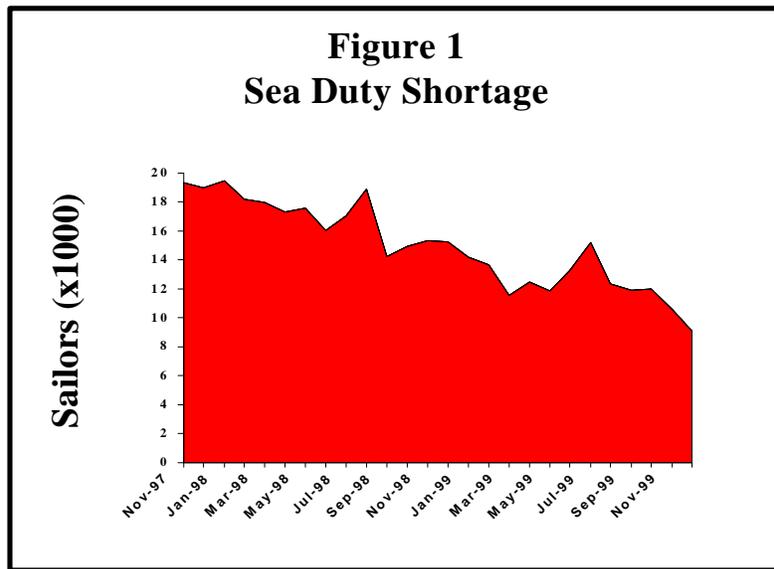
The Navy has successfully responded to the increasing number of world wide contingency operations (average increased from 5.4 contingency operations per year during 1988-91 to 12.25 per year during 1996-99) ranging from the ongoing mission of Operation Southern Watch patrolling the no-fly zones over Iraq to Operation Allied Force in the Balkans. Today's Navy continues to demonstrate its versatility and capability in support of the nation's military strategy.

Personnel

The most critical ingredient for the continued success of the Navy remains our people. They have served with distinction during a difficult period which included a prolonged drawdown of forces even as operational requirements increased. Our readiness posture is wholly dependent on attracting and retaining high quality, motivated, and trained Sailors, even as the Nation's strong economy continues to pose significant challenges in recruiting and retention.

The Navy met its FY99 recruiting goal and as a result, our at-sea manning is improving. As seen in figure (1), the number of gapped at-sea billets has been reduced from a high of over 18,000 in 1998 to approximately 9,200 today.

Nonetheless, the propensity to join the military has stabilized at a historically low level. Unemployment is at record low levels, the youth population remains stable, and college attendance is increasing. All the services, facing



the same extraordinary recruitment challenges, are having to compete with each other for the same candidate pool.

Retention continues to be problematic. Although we are beginning to see some signs of improvement, retention rates in all categories remain below our steady state targets. In particular, retention of enlisted members and unrestricted line officers is below what is needed and remains a

significant concern. Although Navy met end strength requirements, FY99 ended with the lowest enlisted retention in twenty years.

The FY 2000 Budget provided for a 4.8% raise to base pay, restoration of the 50% retirement option, pay table reform, and special pays and bonuses, all of which are having a positive impact. These first steps will be key toward addressing our recruiting and retention problems. The Senate also authorized a thrift savings plan for our military members, with implementation contingent upon offsets in the mandatory spending side of the budget to compensate for the lost tax revenues that would result. This offset issue has yet to be resolved. We believe it would be helpful if the Senate would review this issue during consideration of the FY01 budget. We are hearing from our Sailors that this is a significant compensation issue; implementation will do much to bolster the progress we have recently made in this area.

We are appreciative of the initiative by the Senate last year to accelerate the implementation of market-based BAH, and that initiative is fully funded in our FY01 Budget. We are also encouraged by Secretary Cohen's initiative to reduce housing out-of-pocket costs from 18.8% to 15% in FY01, and to 0% by FY05. This is also fully funded in our program.

Health care remains an integral part of our overall readiness. Although TRICARE has been fully implemented, we have to do more before we truly deliver on our commitment to provide quality, accessible health services to the entire beneficiary population, including retirees. We are particularly concerned about our retired Sailors and their families. The Nation needs to keep faith with those over 65 who believe we have broken the promise of lifetime care in return for their sacrifices. How we respond to this issue sends a powerful message to today's Sailors and those considering military service.

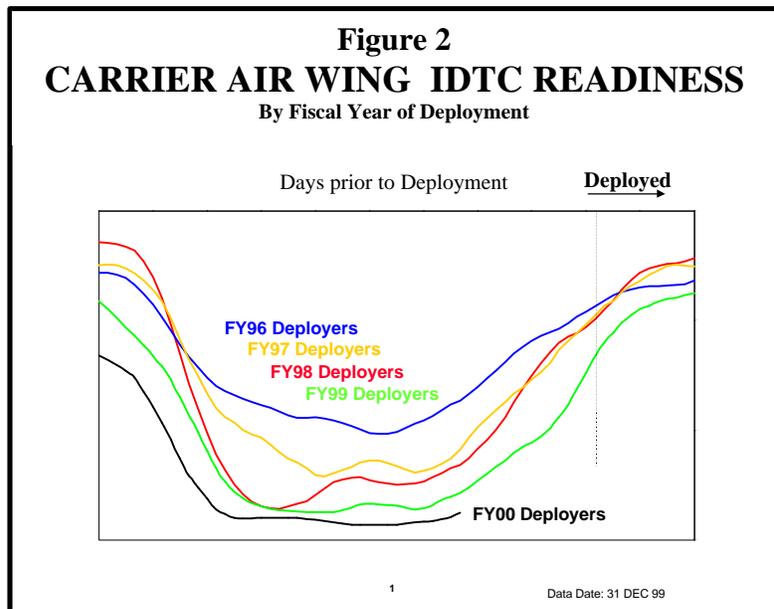
Finally, we are looking at requesting authorization to begin paying BAH to single E-4s stationed aboard ship, and to enhance Career Sea Pay (CSP) which has suffered significant erosion since first authorized in 1982. These authorizations would provide us with much-needed flexibility to boost retention if it remains below goals next year.

Readiness

The readiness of our deployed forces continues to be high as validated by the performance of our forces in Operations ALLIED FORCE and SOUTHERN WATCH. However, the allocation of resources to meet the requirements of deployed forces creates

difficulties for non-deployed units, which subsequently must overcome a larger readiness hurdle as they begin to prepare for deployment. My principal concerns remain with the readiness of our non-deployed forces in the Inter Deployment Training Cycle (IDTC).

The Navy's cyclical readiness posture can be represented by the now familiar "Readiness Bathtub," which illustrates by its depth and slope the readiness of our Air Wings as they return from deployment and then begin work-ups (Figure 2).



While the "Bathtub" chart focuses on Air Wing readiness, similar challenges confront the entire force.

The Navy faces a number of challenges in keeping its equipment ready for the next mission. Aging systems, spare parts shortages ashore, and high OPTEMPO are placing increased

pressure on the material readiness of our platforms. The average age of our platforms has increased substantially since the mid 1980s, and will continue to increase throughout the FYDP. The Navy has taken aggressive action to address material readiness concerns. The funding that you provided over the last two years has assisted in restocking our diminished aircraft/ship-board spares and depot level repairables. In addition the Kosovo emergency supplemental funding helped replenish the depleted stocks expended during Kosovo operations. As you know, however, it takes nearly two years for the investments made in parts/stocks to reach the deckplates and flight lines. We are just beginning to see some relief from our FY99 investments.

Funding of our key readiness areas in FY00 is generally sufficient, although there remain several areas of immediate concern. The across-the-board reductions in our Operations and Maintenance (OM&N) appropriations were targeted to Real Property Maintenance to protect the critical flying hour and maintenance accounts. This \$120 million reduction is serious and needs to be replenished. Our FY00 budget had funded Real Property Maintenance just below the 2% Asset Protection Index goal - a minimum level, given that industry standards are between 2% and 4%. The rescission has put us further below this goal and will make it that much more difficult to turn

the corner on the chronic deterioration of our bases. This is becoming a significant quality of life issue. Similarly, the Fleet Commanders are telling us that they believe the ship depot maintenance account is also under-funded this year. While we have budgeted ship depot maintenance at our goal of 93.5% of notional requirements, the Fleet Commanders would like to see this higher given their appropriate focus on near and mid-term readiness. Should additional resources become available in FY00, they should be applied first to these and other readiness areas. These items are also reflected in the Navy's FY01 unfunded prioritization list.

The Future

Increasing our investment to support the recapitalization and modernization of our Navy is essential to maintaining operational primacy. Adequate readiness can only be sustained in the future with a modernization and recapitalization program that delivers sufficient numbers of technologically superior platforms and systems to the Fleet. I remain concerned that we are falling behind in this effort.

We are continually pursuing initiatives that will lower our cost of doing business so we can maintain near-term readiness and still invest more in the future. However, our

ability to realize efficiencies is not keeping pace with requirements. As a result, we were forced to compensate by shifting resources from modernization and recapitalization appropriation to operations and support areas.

Modernization enables our current forces to continue to be valuable warfighting assets in the years ahead while concurrently trying to mitigate escalating support costs of aging equipment. Also, as technological cycle times are now shorter than platform service life, it is fiscally prudent to modernize the force through timely upgrades. Recapitalization is critical for three basic reasons: first, the risks to our future military pre-eminence require a prudent investment in new capabilities; second, the aging of many of our ships, aircraft, and vehicles, coupled with the added wear and tear associated with use, mandates their systematic replacement; third, the industrial base that supports our armed forces is still largely unique and, absent new programs, would likely not remain economically viable.

We need to invest now with a focused and expanded program to maintain naval superiority well through the first half of the 21st Century. With the help of the Administration and the Senate, our shipbuilding and aircraft procurement programs have improved since last year. However, they are still insufficient to sustain the force needed for the 21st century.

Our FY01 Budget sustains our ship building plan of 8 ships, and 7.8 ships per year through 2005. This is approximately 1 ship per year less than the 8.6 ships per year steady state requirement. Likewise, our aircraft procurement is 128 aircraft in FY01, less than the 140 projected last year, and significantly below the 150-210 per year requirement. Those shortfalls can all be attributed to affordability, and are reflective of the priority placed on our readiness and personnel accounts.

We have recently witnessed the significant warfighting benefits of Information Technology for the 21st Century (IT-21) being installed in our Carrier Battlegroups and Amphibious Ready Groups. The enhanced capabilities in operational and collaborative networking in a secure environment are compelling. In order to achieve full Navy implementation of this technology, our shore establishment must similarly be connected to the Fleet. The Secretary of the Navy and I have directed the establishment of a Navy-Marine Corps Intranet (NMCI) to provide enterprise-wide, end-to-end information network capability. The NMCI will provide improved access, interoperability, and significantly enhanced security in voice, video and data service to all naval activities, enabling process improvements in warfare and warfare support. The Navy of the future depends on this technology for critical

warfighting capabilities. NMCI and IT-21 together form the backbone of how we will conduct warfare.

Summary

The past few years unquestionably demonstrate that the Navy plays a pivotal role in the protection of U.S. interests worldwide. Our assessment of the emerging threat indicates that the nation's reliance on a maritime force will not diminish as we enter into the new millennium. Our operational primacy depends on the unwavering commitment of our Sailors. The recent pay raises and Quality of Life initiatives demonstrate a similar commitment from us, and are a step in the right direction. While your Sailors spend their days and nights securing our national interests, we must continue to work together to secure the quality of life they deserve.

My greatest concern remains that we continue to maintain near term readiness at the expense of the future. I cannot overstate this--we must increase our efforts to modernize and recapitalize the fleet. As I have previously stated, this will require additional resources and we will need your help.

Finally, as this is my last scheduled appearance before you, I would like to extend my sincere personal thanks to the Committee and the Committee Staff for all you have done for

our Navy--and this CNO--over these past four years. Your unswerving commitment to the betterment of every aspect of Navy life--and mission--has made a huge difference and is deeply appreciated by all hands. I am most grateful for your enduring support.

I welcome the opportunity to appear before this committee and look forward to your questions.