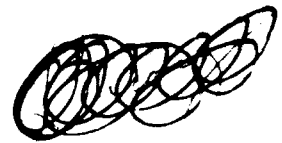


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DEPARTMENT OF THE NAVY
1994 POSTURE STATEMENT



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APR 29 1994

A Report by
The Honorable John H. Dalton,
Secretary of the Navy,
Admiral Frank B. Kelso, II, United States Navy,
Chief of Naval Operations, and
General Carl E. Mundy, Jr., United States Marine Corps,
Commandant of the Marine Corps
on the Posture and the Fiscal Year 1995 Budget of
The United States Navy and
The United States Marine Corps

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"Revolutionizing Our Naval Forces"

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| | |
|---|----|
| OUR VISION | 1 |
| <i>...FROM THE SEA: NAVAL FORCES IN ACTION</i> | 7 |
| NATIONAL COMMAND AUTHORITIES | 8 |
| OVERSEAS PRESENCE | 8 |
| STRATEGIC DETERRENCE | 11 |
| REVOLUTION IN NAVAL AFFAIRS | 12 |
| NEW THINKING | 12 |
| NEW ROLES | 14 |
| RIGHT-SIZING THE FORCE | 19 |
| OUR GUIDING PRINCIPLES | 19 |
| SACRIFICES AND RECAPITALIZING NAVAL FORCES | 20 |
| HARD DECISIONS | 20 |
| RISKS | 23 |
| PERSONNEL | 24 |
| CIVILIAN PERSONNEL | 25 |
| ETHICS, CHARACTER, AND LEADERSHIP | 25 |
| JOINT OFFICER MANAGEMENT | 26 |
| QUALITY OF LIFE PROGRAMS | 26 |
| MEDICAL SUPPORT | 27 |
| EQUAL OPPORTUNITY AND AFFIRMATIVE ACTION | 28 |
| RECRUITING | 28 |
| WOMEN IN THE NAVAL SERVICE | 29 |
| READINESS | 30 |
| NAVY | 30 |
| MARINE CORPS | 33 |
| OCCUPATIONAL HEALTH AND SAFETY | 34 |
| SHORE TRAINING | 34 |
| MODELING AND SIMULATION | 35 |
| EFFICIENCY | 36 |
| JOINT STRIKE | 36 |
| JOINT LITTORAL WARFARE | 38 |
| FORWARD PRESENCE | 42 |
| JOINT SURVEILLANCE | 43 |
| JOINT SPACE AND ELECTRONIC WARFARE/INTELLIGENCE | 44 |
| STRATEGIC DETERRENCE | 44 |
| STRATEGIC SEALIFT/PROTECTION OF SEALIFT | 45 |
| QUALITY INFRASTRUCTURE | 46 |
| ENVIRONMENTAL SECURITY | 47 |
| TECHNOLOGY | 49 |
| ACQUISITION REFORM | 49 |
| INDUSTRIAL BASE | 49 |
| SCIENCE AND TECHNOLOGY | 50 |
| CONCLUSIONS | 51 |

OUR VISION

By

The Honorable John H. Dalton
Secretary of the Navy

My first few months as Secretary of the Navy have confirmed and strengthened my conviction that we are in the midst of an era of revolutionary technological and geopolitical change. Arguably, there has not been a time since the end of World War II when so many changes have taken place so quickly. Recognizing this, I feel it is most important that I write a personal preface to our detailed annual Posture Statement. I want to highlight how the Department has adapted to changes and to show our goals in light of them.

It is apparent that the threat of global war has passed. Facing us now are dangers that were little understood even just a few years ago, but which have become increasingly clear as we look at the new world laid in front of us. President Clinton, Secretary Aspin, and now Secretary Perry have defined the current security environment as one that holds four principal dangers: (1) weapons of mass destruction, (2) threats to democracy in the former communist world, (3) regional conflict and (4) economic insecurity.

What follows is the Department of the Navy's response to these dangers and to the dramatic changes in our world - a response which we have reflected in our budget. Much work has already been done developing a new strategic vision and reorganizing headquarters staffs and assessment processes to focus on this strategy. I'm proud of what's happening in the Department and proud of the team of uniformed and civilian leaders who are making our new set of priorities a reality.

My thrust as Secretary of the Navy has been to build and improve on this work and to ensure that it is put in place so that the nation can reap the benefits. In accomplishing this task, I have set down four principal areas for the Department of the Navy to focus on; personnel, readiness, efficiency and technology. These will guide us as we ensure our naval forces have the right personnel, are right-sized and recapitalized for the future, and are ready to perform their missions.

MISSIONS

Two Navy-Marine Corps missions have now become especially salient. The first calls for the Navy and Marine Corps to be able to project military power from the sea to land, to deal with war-fighting in regions of the world that are far from the United States. The second calls for the Navy-Marine Corps to be ever present overseas to demonstrate United States will and to perform a variety of functions short of warfare. These functions include crisis response, deterrence of others' use of force, evacuation of non-combatants and the provision of humanitarian aid and protection. Near continuous forward presence best facilitates accomplishing these functions, all of which can be accomplished without infringing on the sovereignty of any other nation.

The first of these missions has been articulated in the Navy Department's new strategic concept, *...From the Sea*, and has been reinforced by the Department of Defense *Bottom-up Review*. *...From the Sea*, developed within the Navy Department by both uniformed and civilian leaders, advances far-reaching conceptual and operational changes in the way the Department functions. Most significantly, in *...From the Sea* we have acknowledged that we must find ways to further integrate the Navy and Marine Corps.

The second mission -- establishing "presence" -- has been less well articulated. It is, however, powerfully important and yet more central to the day-to-day operation of the Navy-Marine Corps in

the immediate past and, probably, in the immediate future. Further, I believe it is central to maintaining regional, economic and political stability, and for prevention of conflict. To better illuminate what is involved, I have asked the Department's military and civilian staffs to undertake a detailed, continuing assessment of our joint forward presence capability. This assessment will help us shape our policy and budgetary decisions and ensure the most effective forward presence posture we, in concert with the Army and Air Force, can provide.

The Navy and Marine Corps have always been positioned in forward regions of the world. For half a century, the purpose of that forward presence was to be prepared for global conflict. In contrast, the world today is one of regional threats; a world in which we must be prepared to conduct battles of uncertain proportions, region by region. Yet, in this new environment, forward presence is equally important. This is especially true at a time when, as we reduce our permanent overseas basing, our Army and Air Force reposition to the United States. Therefore, our Navy and Marine Corps are providing an even greater proportion of our nation's forward presence. Clearly, it is expensive to provide and maintain the ships, aircraft and Marines necessary to remain forward deployed around the globe. However, I am firmly convinced this expenditure serves important national interests. Secretary Perry has reaffirmed this conviction in the *Bottom-Up Review*, calling for naval forces shaped and sized not only for two Major Regional Conflicts (MRC), but also for forward presence.

New investment decisions are alone not sufficient to adapt to new missions. New operational concepts are also needed. We are improving our own ability to adjust deployed naval forces for new threats as well as maintain forward presence through innovative inter-operability with the Army, Air Force, and our allies. In the Atlantic, we are employing joint task forces in new and creative ways to meet the challenges of the new security environment. In the Pacific, a new policy of cooperative engagement has allowed us to operate in productive and exciting new ways with our allies and other nations. Jointness provides the most efficient way to bring military power to almost any crisis in the future. It is the way to get the greatest capability for a limited amount of defense resources.

As a result of the *Bottom-Up Review*, President Clinton determined our joint armed forces must be able to handle two nearly simultaneous Major Regional Conflicts. As we look at potential conflict and crisis areas in the future, it is our judgment that the littoral will be where those crises and conflicts will most likely occur. A 200-mile range from the ocean areas in which we are present gives us access to 85 per cent of strategic targets and cities on the globe.

We have participated closely in dialogue within the Department of Defense and have come to understand the critical contributions the Navy and Marine Corps make to the two MRC scenario. In particular, it is clearly recognized the Navy and Marine Corps provide a special capability for enabling the insertion of heavier forces when a region is threatened. The high-technology weapons we are developing for the future will allow us to establish air defense, conduct maneuver from the sea with our Navy-Marine Corps Team, and provide cover during insertion of the Army and Air Force at a time and place of our choosing. Our ability to insert naval forces and enable our sister services, the heavy land and air forces, to be put in place is of extreme importance in addressing two MRCs.

With regard to tactical air capability, the *Bottom-Up Review* acknowledges that the Navy sortie generation rate in the first two to three weeks of a conflict is of profound importance in preparing the arrival of our sister services. We have undertaken several new approaches to increase the numbers of sorties from our carriers. The great value of having an aircraft carrier in international waters, where there are no sovereignty constraints, is undisputed. We are developing the capability to bring additional pilots on board a carrier and, if necessary, to fly additional aircraft to our carriers to improve the sortie generation rate. This flexibility is extremely important early in a conflict. Our twelve carriers are of significant value not only for this capability, but also as a potential airfield for other forces. We are conducting joint exercises around the world to improve these capabilities. We believe that twelve carriers are extremely important for our national military strategy and national

warfighting strategy as well as forward presence.

We are developing new approaches to Theater Ballistic Missile Defense, Regional Air Defense, and ship to shore power projection. Our Theater Ballistic Missile Defense plan will use Aegis surface combatants for lower-tier and upper-tier missile intercept missions, a capability that is also part of the National Missile Defense technology program. All our plans will be developed in strict compliance with the provisions of the ABM Treaty. These layered defenses will provide air defenses that can intercept theater ballistic missiles, high performance aircraft, and cruise missiles launched by an enemy, possibly hundreds of miles away. Our sea to shore power projection is enhanced by such standoff weapons systems as: Tomahawk, Standoff Land Attack Missile, and the Tri-Service Standoff Attack Missile. These systems will allow us to strike from our ships and aircraft at targets hundreds of miles distant with great precision. Employing the concept of *Operational Maneuver from the Sea* the Marine Corps with MV-22 tilt-rotor aircraft and Advanced Amphibious Assault Vehicles will establish a beachhead to further project power ashore.

RIGHT-SIZE AND RECAPITALIZE

From these two missions, forward presence and power projection for MRC requirements, we have developed a plan for a "right-sized" Navy-Marine Corps of about 330 ships and 174,000 Marines. This force is affordable and will provide the capability needed to carry out the directives of the National Command Authorities with minimum risk to the lives of our personnel. It is critical that we apply disciplined business principles and techniques in downsizing to a newly restructured Navy and Marine Corps.

There are three principal thrusts of our new business approach. Our first priority is to shape our forces so they are properly configured to perform our new roles and missions. This means they must be right-sized not only in total number, but also in the right kinds of ships, tactical aircraft and other systems which are procured, and that the right types of Sailors and Marines are enlisted, trained and retained to perform our missions. Having developed a blue-print for a Navy-Marine Corps Team to meet forward presence and MRC requirements, my second thrust is to "recapitalize" that team -- to ensure the naval forces of the future are as strong as the naval forces of today. In reducing our force structure to about 330 ships, 11 carrier air wings and fewer Marines, we are shedding excess infrastructure no longer required to support this smaller force, and we are seeking to improve our cost-effectiveness through enhanced efficiency, consolidation, joint procurement and improved processes resulting from implementation of a Total Quality Leadership (TQL) approach. In this regard, I am focusing on our need not only to maintain our naval forces, but also to upgrade them with high-technology equipment and training, and more importantly, to replace them year-by-year much as a large business would replace its capital investment year-by-year. Recapitalization is a new concept for the Department of the Navy, one that requires discipline and courage. Recapitalization provides combat-readiness for the future. This concept is inherent in our FY 1995 program and budget submission and can be seen across all of our major program lines; surface ships, carriers, submarines, amphibious ships, aircraft and Marine weapons and equipment. We must relentlessly sustain our recapitalization if we are to continue to provide the combat ready and capable naval forces our country requires.

The Posture Statement provided here describes not just our wishes but our actions in this regard. We have already made disciplined vertical cuts: we are phasing out A-6, P-3A and P-3B type aircraft, FF-1052 class frigates, most of our nuclear cruisers, CG-16/27 class cruisers, the 594 and 637 class attack submarines and all pre-Trident class ballistic missile submarines. Marine Corps active duty reductions include: 45 percent of our artillery, 29 percent of Marine tactical aviation, and 50 percent of our tank battalions. The Base Realignment And Closure Commission (BRAC-93) addressed our infrastructure by closing or realigning twenty percent (20%) of our installations. This allows us to

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match force structure with support assets and liberates resources to support recapitalization. Additional downsizing and right-sizing our infrastructure will remain necessary to allow us to recapitalize that infrastructure, to maintain it at peak efficiency, to retain and improve its quality for the good of our people, and to replace it year by year as a commitment to the long-term readiness of our forces.

The third part of our business approach stresses evaluating and buying systems with our sister services as a means of maximizing scarce resources and fostering jointness. For example, we canceled the medium range Unmanned Aerial Vehicle (UAV) program in order to buy the Army short-range UAV. We began purchasing sensor-fused weapons, specifically an important anti-armor air-launched weapons system developed by the Air Force. This revolutionary thrust to purchase many more systems with our sister services is a critical element of a new form of defense management and is implicit in our program and budget.

This new approach to managing our Navy-Marine Corps Team has led to important organizational changes. The warfare sponsors in the office of the Chief of Naval Operations have been co-located with resource and assessment directors and made a part of the team in developing cross-platform, joint approaches to naval problems. That team includes senior Marines on the staff of the Chief of Naval Operations. To foster a new approach to future functional problems, we have put a new process in place to assess Navy-Marine Corps capabilities to meet required missions. Seven principal assessment areas have been established. These are: forward presence, joint strike warfare, joint littoral warfare, joint surveillance, space and electronic warfare/intelligence, strategic deterrence, and strategic sealift and its protection. Similarly, the Marine Corps recently revised its Combat Development Process and organization which now parallels, supports, and complements the new assessments.

PEOPLE...THE BOTTOM LINE

As a former Naval Officer, I am convinced that people truly are the key to our present and future readiness. When I took the position of Secretary of the Navy, President Clinton told me he had entrusted to me the finest Naval Service in our history based on the quality of personnel. My visits to the Fleet and Fleet Marine Force absolutely reinforce this view. Our Navy and Marine Corps men and women deserve the best possible treatment as we right-size. We are continuing our plan to reduce Navy manpower by almost 90,000 active and reserve, men and women, through the remainder of this decade while holding Marine Corps levels at 216,000 women and men, active and reserve. Civilian manpower will be reduced by more than 30,000 men and women. We must manage this right-sizing with great sensitivity and a determination to keep faith with our people. If we fail, and if we lose the trust and confidence of our people; no matter what management plans and programs we put into place, no matter what mission we have, our bottom line combat readiness in the long term and the short term will decrease and our capabilities as naval forces will be reduced. Therefore, our greatest effort must be to ensure that our men and women are properly motivated, trained, compensated, and rewarded as we go through these revolutionary times. This will require smart leadership skills, disciplined management, and considerable sensitivity on the part of our civilian and military leaders.

As we right-size, we have launched several significant initiatives that capitalize on the capabilities of our Navy and Marine Corps reservists. We have committed to integrate them even more closely with our active forces. For example, while right-sizing reserve air wings, we have committed an aircraft carrier, USS John F. Kennedy, to be the reserve aircraft carrier for the one remaining consolidated Navy and Marine Corps reserve air wing. That new capability is a significant departure from any commitment to the Reserves made in the past. This carrier will be used to train our Reserves for exercises and possibly even for short-term deployments. In the event of crisis or conflict it will function as a ready, capable resource to augment active forces. Maintaining this reserve aircraft carrier is not without cost, but it is worth the expenditure because it takes maximum advantage

of the talents and experience of our reserve forces. This allows us to reduce the number of air wings while maintaining the number of carriers.

On the active duty side, I have stressed the need to avoid involuntary separations as we right-size. I have joined the Chief of Naval Operations and the Commandant of the Marine Corps in affirming our commitment to maintain peacetime Optempo/Perstempo rates at a level that preserves the morale and long term readiness of our people. We must continue to honor our commitment to our people concerning a deployment rotation cycle and operational tempo that maintains their effectiveness. Medical care; Morale, Welfare and Recreation programs; child care; and family services are also important and we must not lose our focus in these areas.

We have undertaken a zero-based training and education review as the first step in establishing a more efficient and effective way of doing both individual and unit training. We have identified considerable efficiencies in this first review and will continue to use our best management skills to develop additional ones as we go through follow-on budget cycles.

The leadership of this Department is especially committed to addressing a number of important social, moral, ethical and leadership issues in the years ahead. With regard to sexual harassment, gender and racial discrimination, hazing, cheating and lying, the gulf between our theory and our practice can be bridged only by true leadership. I firmly believe this is a readiness issue, since to retain our junior Marines and Sailors, we must be able to provide them the kind of ethical environment where they can live and work with confidence and trust between subordinates and superiors. Otherwise, there can be none of the special esprit or bonding that we consider essential to the teamwork required for combat. And there would be little confidence by the American people in the rightness of our actions. Without trust and confidence, there cannot be an effective military for America. The trust required for effective leadership requires a standard of behavior and the development of personal character that are in some aspects unique, but, ultimately, in keeping with the highest moral code of society -- not the average, . . . not the common denominator -- but the highest. I am currently working with the rest of the military and civilian leadership of the Navy and Marine Corps to reemphasize our core values -- Honor, Courage, and Commitment -- and other concepts of moral behavior within our leadership training programs. This training will be career-long and service-wide. In my view, it is not something new at all; it is a return to a traditional goal and a significant part of maintaining our readiness. We have history, our tradition, and the military doctrine that affirm the values of personal integrity and sacrifice in service to others. We now have to use the system we have in order to build the trust and ensure the honesty we need to make those values real and relevant at all levels in our organization.

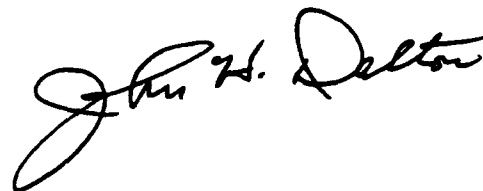
In the past, the Navy and Marine Corps have provided assignments for women throughout our support establishment ashore and afloat. More recently, some Navy enlisted recruit training companies at our Orlando Recruit Training Center have been fully gender integrated with satisfactory results. Now, this past year's legislation to change the law that excluded women from particular categories of combat assignment, such as combatant ships and aircraft, has expanded opportunities for women with operational forces. Today, the best qualified Sailors and Marines, regardless of gender, can serve in such assignments. Accordingly, we have developed plans for altering many classes of ships to facilitate integration. While we have included women in many different meaningful missions over the years, our intent here is to have women serving in every job except those involving direct combat -- something we owe women and men as we attempt to get the best possible people into the right jobs to serve our Navy-Marine Corps and our country. I am committed to continuing this initiative as we right-size.

The application of Total Quality Leadership (TQL) concepts and methods is a long term priority of this Department. It was put in place in the uniformed Navy by Admiral Kelso's initiative on his arrival as Chief of Naval Operations and by General Mundy when he became Commandant. It has allowed us to focus on our systems and processes to deliver the highest quality product with

reduced costs and increased productivity. The Department of the Navy has been at the forefront of the quality movement in the Federal government. TQL is a leadership approach which enables the Department to understand and improve all its systems through scientific methods and the involvement of all our people. Results are seen not only in reduced costs, but in improved readiness and communication, as well as in the commitment to the overall goals of the Department.

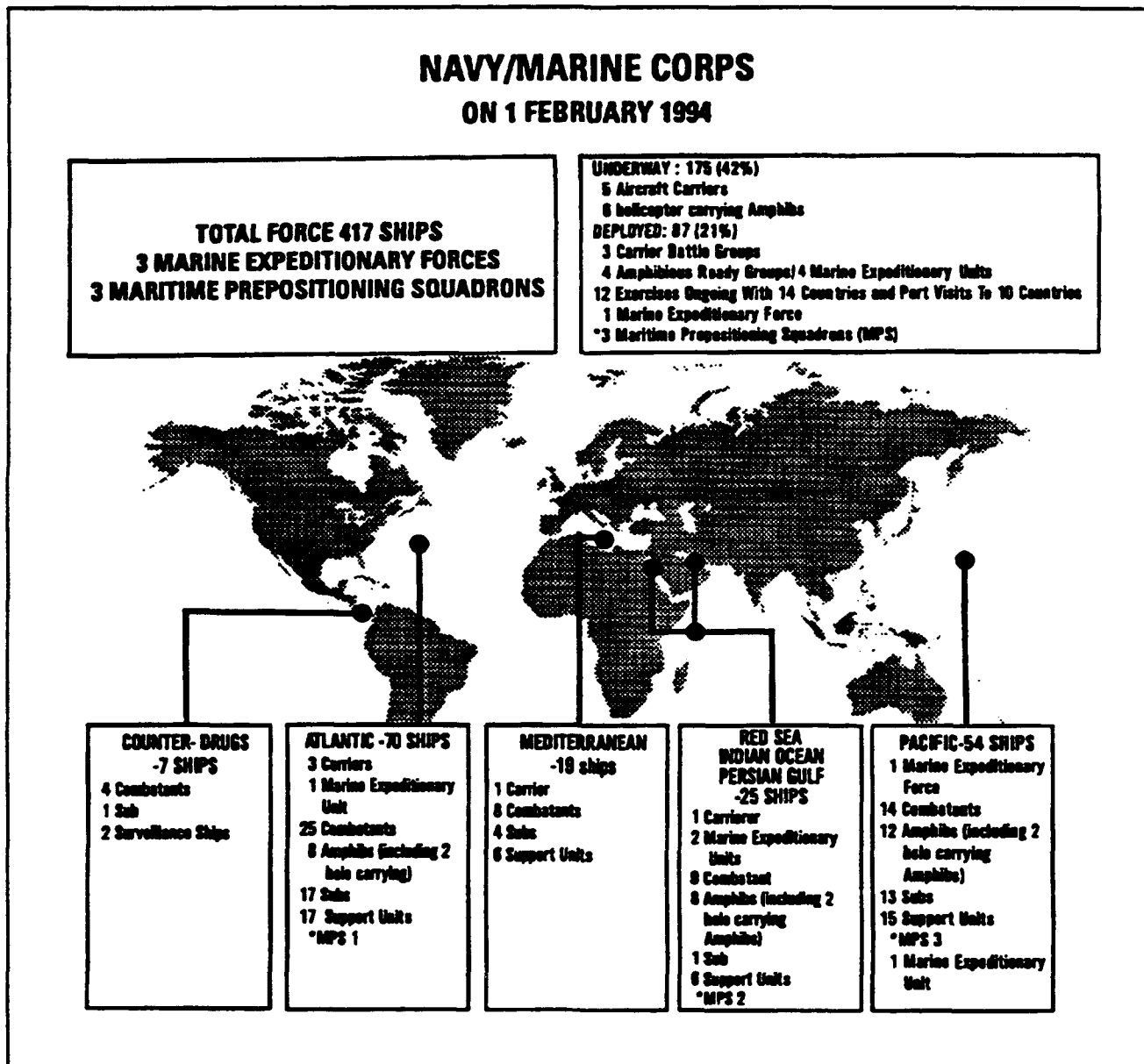
CONCLUSION

The Department of the Navy has undertaken revolutionary changes in this last year which have put in place a new organization, process and structure. The results are a Navy-Marine Corps Team focused on a new strategic vision, ...*From the Sea*, and a budget and program which fully implement new concepts developed as part of the *Bottom-Up Review*. As full participants in the *Bottom-Up Review* we developed the concepts of recapitalization, right-sizing, and new technologies. We took aggressive positions on force structure and infrastructure reductions to meet fiscal limits set for the Department. As a result, there are risks involved in successfully executing our program. Any factor which upsets the balance inherent in the Department's program threatens our ability to recapitalize the Fleet, thus jeopardizing tomorrow's readiness. If our follow-up to infrastructure reduction, vertical force cuts and right-sizing of personnel strength is properly executed, we believe our new disciplined approach to doing business, to management, and to our concern for people will provide the nation with combat ready naval forces which are necessary for forward presence, regional stability, crisis response, and war prevention. These forces will be efficient, relevant, and second to none. It is my great honor to be the Secretary of the Navy. I look forward to translating these concepts into practice.

A handwritten signature in black ink, reading "John H. Dalton". The signature is written in a cursive style with a large, looping initial "J".

...FROM THE SEA: NAVAL FORCES IN ACTION

The Navy-Marine Corps Team is forward-deployed around the world: in the Atlantic Ocean, Pacific Ocean, Mediterranean Sea, Persian Gulf and the Red Sea. Operating forward in these littoral regions, naval forces are visible reminders of U.S. strength, resolve, and commitment. They can be moved rapidly between theaters to demonstrate intent and promote opportunities for ourselves and our allies. Combining the power and operational maneuver of carrier battle groups and amphibious ready groups, our naval forces are positioned to swiftly respond to national taskings.



NATIONAL COMMAND AUTHORITIES

The Navy and Marine Corps are the nation's combat forces most likely to be on the scene when a crisis threatening U.S. interests erupts, and they are normally the forces that are the last to leave when a crisis abates. In 1993, for example, naval forces still on station to deter Iraq's regional ambitions executed decisions by National Command Authorities with carrier air strikes and Tomahawk cruise missile launches against military facilities in Iraq that were operating in defiance of the United Nations. In January, carrier based strike aircraft destroyed Iraqi missile sites that were violating United Nations restrictions. Later that same month, a strike with 45 Tomahawk missiles destroyed a key Iraqi nuclear facility. In June, a second strike with 23 Tomahawk missiles severely damaged Iraqi intelligence headquarters. These strikes, conducted *from the sea with precision munitions*, were crucial in compelling Iraq to come to terms with United Nations requirements. Other examples include the use of Marines conducting a responsive humanitarian assistance operation from the sea into Somalia, and "on-call" off Bosnia-Herzegovina.

OVERSEAS PRESENCE

Our extensive security arrangements and global interests require a robust forward naval presence. Presence forces -- both forward deployed and forward based -- are critical to our ability to promote and protect U.S. interests by deterring aggression, enhancing stability, promoting inter-

FORMER YUGOSLAVIA/ADRIATIC SEA, JULY 1992 - PRESENT:

Navy ships and aircraft, and Marine Corps Expeditionary Units provided continuous, on-station support for three operations in the Adriatic Sea.

Operation Provide Promise began in early July 1992, and involves the transportation and protection of relief supplies to the city of Sarajevo in Bosnia-Herzegovina.

Operation Deny Flight began in April 1993 and involves the enforcement of a No-Fly Zone in the air space over the Republic of Bosnia-Herzegovina.

Operation Sharp Guard is a cooperative effort in the Adriatic Sea by NATO Standing Naval Forces and other U.S. and Western European naval forces to enforce a U.N. mandated embargo.

IRAQ/PERSIAN GULF RED SEA, AUGUST 1990 - PRESENT:

U.S. Naval and Coast Guard assets, often in company with foreign navies, are performing Maritime Interception Operations in the Red Sea and Northern Arabian Sea/Persian Gulf and enforcing no fly zones over Iraq.

Maritime Interception Operations on Iraqi shipping have continued since the beginning of Operation Desert Shield. Over 18,000 intercepts have been conducted.

Operation Southern/Northern watch included No-Fly operations in defense of Iraqi Sunni and Kurdish populations.

SOMALIA/INDIAN OCEAN, SEPTEMBER 1992 - PRESENT

The Navy-Marine Corps team continues to provide sea based support to humanitarian and famine relief efforts.

Operation Restore Hope is the third Naval Expeditionary operation in Somalia since the evacuation of non-combatants from Mogadishu in 1991. In December 1992, over 12,000 Marines and SEABEES, sustained by Navy ships and Maritime Prepositioning Ships, went ashore to prepare the way for the safe arrival of other U.S. and U.N. forces.

HAITI/CARIBBEAN, OCTOBER 1993 - PRESENT:

U.S. Navy ships and aircraft, U.S. Coast Guard vessels, and warships from various foreign navies are conducting interception operations to enforce a limited embargo of Haiti.

Operation Support Democracy continues to enforce U.N. Security Council resolutions against the military dictatorship in Haiti.

operability with allies, and providing timely initial crisis response. Operating from the sea, the Sailors and Marines of the Navy-Marine Corps Team continue to be the nation's 9-1-1 force for global response.

While naval forces are meant to fight and win wars, they also play a major role in preventing them, particularly where U.S. security and economic interests depend on free access to the world's market democracies. Sized and configured to meet military objectives, naval forces serve U.S. interests on a regular and continuous basis in the littorals, and open ocean. Forward deployed forces provide credible combat capability and a wide range of useful options to deter potential adversaries and reassure friends while demonstrating U.S. resolve. Naval forces are also the core around which multinational coalitions are built. They not only help to ensure peace and stability, but also provide initial response and enabling capability for subsequent joint operations on a large scale in the event of conflict.

In 1993, active and reserve naval forces were busy executing continuous containment and maritime interdiction operations in key regions of the world, participating in over 165 exercises, and showing the flag through port visits in over 80 countries. Additionally, they participated in six major crisis response operations in support of the United Nations and national interests.

United Nations Sanctions/Maritime Based Operations: Navy and Marine Corps operations in the Red Sea and Persian Gulf supported the continuing United Nations embargo against Iraq and provided protection for Iraqi minority Kurdish and Shiite Muslim population centers. Naval aircraft maintained a nearly continuous presence over southern Iraq in Operation Southern Watch and supported joint no fly operations over northern Iraq. Maritime interdiction units continued to monitor maritime traffic bound for Iraq to prevent the importation of embargoed goods.

The Navy-Marine Corps Team maintained a vigilant presence in the Adriatic Sea in support of three United Nations operations this past year; Operation Provide Promise, Operation Deny Flight, and Operation Sharp Guard. Three Carrier Battle Groups, three Amphibious Ready Groups with embarked special operations-capable Marine Expeditionary Units, and elements of the NATO Standing Naval Force Mediterranean (SNFM) participated in these operations; USS Theodore Roosevelt's participation was particularly noteworthy because the air wing included the full integration of a Marine F/A-18 squadron and a Special Purpose Marine Air-Ground Task Force of 600 Marines and ten helicopters.

Navy-Marine Corps sea based aircraft provided air protection for U.S. Air Force and international relief airdrop missions over Bosnia-Herzegovina in Operation Provide Promise. Surface combatants guided relief flights by providing Command and Control support. Navy and Marine Corps assets provided on station, combat ready, search and rescue support during this and other Adriatic operations. Navy-Marine Corps carrier and shore based aircraft also enforced United Nations mandated no-fly zone restrictions over the air space of Bosnia-Herzegovina in Operation Deny Flight. In Operation Sharp Guard, U.S. naval forces participated with other NATO and Western European forces in enforcement of United Nations mandated embargo operations of the former Yugoslavia. Of particular note, during this operation, nuclear attack submarines were used in innovative ways to assist tracking of suspect merchant shipping.

Crisis response and humanitarian operations: The Navy and Marine Corps were first to respond to the emergent crisis in Somalia, arriving there in December 1992 to relieve that civil war-torn region from severe famine. Marines and SEABEES deployed into the interior of Somalia and brought food and medical care to the civilian population. Maritime Prepositioning Force and Fast Sealift assets provided critical military cargo and support for Army troops and Marines in the field. Navy and Marine reservists provided vital logistical support and back filled critical billets for deploying active personnel. After being relieved by United Nations forces in May 1993, naval forces remained on alert to return if called upon for quick response. In October, the call came and two

Marine Expeditionary Units moved quickly into the area to support United Nations contingency operations.

Active and reserve naval forces were called many times last year to respond to crises in the Caribbean nation of Haiti. Early in 1993, surface combatants provided humanitarian interception and rescue operations in response to a pending mass seaborne exodus of Haitians fleeing oppressive economic conditions in their island country. In July 1993 the Joint Task Force providing humanitarian assistance for Haitian migrants at Naval Base Guantanamo Bay, Cuba, since November 1991, was disestablished and the migrant camp closed. The Haiti Assistance Group/Joint Task Force-Haiti was established to provide a U.N. military training mission for the Haitian military, but deployment to Haiti was delayed due to political unrest. A Joint Task Force for Maritime Intercept Operations is currently enforcing sanctions imposed by a United Nations embargo. In October, U.S. Navy surface combatants, Amphibious ships with Marines and Maritime Patrol Aircraft returned to the area to support United Nations sanctioned oil and weapons embargoes against the military dictatorship that continues to prevent the re-establishment of a democratically elected constitutional government on the island.

Reserves and Los Angeles Earthquake: The ability of our Naval and Marine Corps Reserve to reach out to the local community and assist with disaster and humanitarian relief was most recently highlighted by actions following the January 1994 earthquake in Los Angeles. Local Reserve activities provided facilities and personnel to support rescue, medical and emergency operations.

North Korean Contingency Operations: Carrier, amphibious, attack submarines and surface combatants continue to maintain a combat ready posture in the Western Pacific should North Korea force a crisis. The III Marine Expeditionary Force in Japan also remains ready for rapid response should our South Korean allies need assistance.

Counterdrug operations: An average of nine active and reserve surface combatants, usually one submarine, and several surveillance and maritime patrol aircraft were on station in the Caribbean and Eastern Pacific throughout the year. These ships and aircraft formed a maritime surveillance patrol that tracked virtually all air and seaborne traffic originating from drug producing regions in the northern countries of South America. Last year, these operations involving over 31,000 flight hours and more than 4500 ship days, contributed to the seizure of over 40 tons of cocaine. Navy and Marine Corps Mobile Training Teams and Extended Training Specialists also participated with anti-drug forces inside these nations by providing technical training and support to source country counter drug trafficking efforts. In addition, we have undertaken several initiatives in response to the President's new National Drug Control Policy, such as using oceanographic support ships that are no longer required for their Cold War anti-submarine assignments to free surface combatants for other tasking.

STRATEGIC DETERRENCE

Ongoing changes in the security environment were fully considered as we examined the naval contribution to the nation's strategic deterrent posture. Changed strategic circumstances including the dissolution of the Warsaw Pact, the breakup of the Soviet Union, the conclusion of START I and START II treaty negotiations and improved relations with Russia were all factors which indicate that the threat of a massive nuclear attack on the United States is lower than at any time in many years. However, a number of other important factors affecting our strategic nuclear posture were also considered including concerns that tens of thousands of nuclear weapons continue to be deployed on Russian territory and the territory of three other former Soviet republics, and that the START II treaty has not yet been ratified. While the nature of strategic deterrence in the new security environment continues to evolve, this year, the final three of the original "41 for Freedom" Poseidon/Polaris ballistic missile submarines will off-load their missiles. The 18 Trident ballistic missile submarines currently in service or under construction will completely assume the sea-based portion of the nation's strategic triad.

REVOLUTION IN NAVAL AFFAIRS

The last time the nation faced as much change in the world as we do today was the late 1940s when, after World War II, our national security system was completely overhauled to meet the Soviet threat. The Naval Service changed then, too, when the Department of the Navy was unified with the other services in the Department of Defense. This previous revolution in naval affairs was at times fractious, due in part to the fact that much of the change was forced from without.

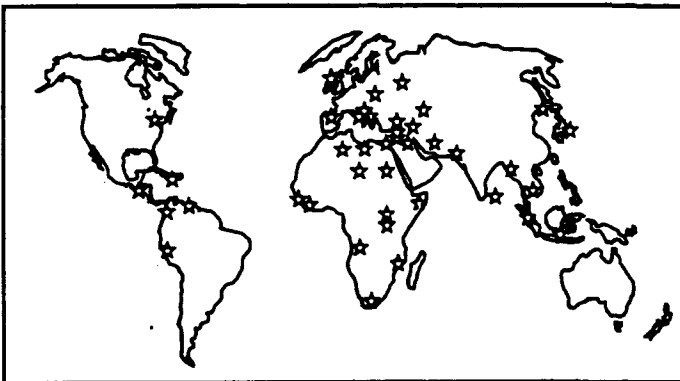
Today, once again, there is a revolution in the Department of the Navy. This time though it is a self initiated renewal. Our own new thinking about what we provide the nation in this time of changing global responsibilities and challenges to our national interests has led to a reorientation of traditional naval functions and missions. Some of this new thinking includes the way we integrate Navy-Marine Corps forces, active and reserve, in joint warfighting. Other thoughts include the peacetime functions of the Naval Service -- how naval forces promote national security and interests through forward presence and crisis response. The end product of these ideas, this new thinking, is our program for a more efficient Naval Service that meets the challenges and opportunities for the U.S. inherent in a changing world.

NEW THINKING

Coherent doctrine is essential to link broad strategic guidance to the way we build, train, and operate our forces. We are significantly strengthening the development of doctrine in the Navy and Marine Corps.

Naval Doctrine Command: The Department established the Naval Doctrine Command in March 1993 in Norfolk, Virginia. Expected to have a broad impact on the future of our naval forces, the Naval Doctrine Command is responsible for translating the strategic vision of ...*From the Sea* into doctrine. Its primary mission is to develop naval concepts and integrated naval doctrine; provide a coordinated Navy-Marine Corps voice in joint and combined doctrine development; and address naval and joint doctrine with respect to training, education, operations, exercises, and war games.

Composed of Navy, Marine Corps, Army, Air Force, and Coast Guard personnel, Naval Doctrine Command has made remarkable progress in developing cogent doctrinal guidance for employing our forces in littoral warfare. Its first publication, Naval Doctrine Publication 1, *Naval Warfare*, is scheduled for Fleet-wide dissemination in 1994.



World Conflicts, Wars, and Terrorists Hotspots, 1992-93; Most in the Littorals

Operational Maneuver from the Sea (OMFTS): The naval white paper ... *From the Sea* highlights our new recognition of the advantages of operational maneuver. *Operational Maneuver from the Sea* is the naval equivalent of maneuver warfare. Implicit in this concept is the ability to apply power projection and sustainable forcible entry from forces which are operating unseen over the horizon. As we look to the future it is clear that maneuver from the sea provides a warfighting edge that is particularly applicable to the types of missions we now envision for naval forces.

Our doctrinal planning and budget request seek to exploit heretofore unavailable improvements

in technology to maximize our lethality and ability to maneuver and operate from the sea. In effect, we intend to use maneuver to pit our strengths against the weaknesses of any potential foe. We are asking for funds which will allow us to develop and field revolutionary advances in speed, mobility, communications, and navigation. Application of new technologies like improved Tomahawk Land Attack Missiles, tilt-rotor aircraft, cooperative engagement, air-cushioned landing and advanced amphibious assault vehicles, emerging satellite communication capabilities, and enhancements to navigation systems will allow us to choose the time and place of any action and thus significantly increase the warfighting options available to Joint Task Force Commanders.

Operational Maneuver from the Sea calls for the creation of task-organized, combined arms, standing forces that provide a wide range of capabilities. These new capabilities open the way for innovative thinking about how we employ Navy and Marine Expeditionary Forces. Careful development of maneuver capabilities will clearly increase the utility of the Naval Service to influence events on land. For example, it will provide the means for Marine Expeditionary Forces to land across 80 per cent of the world's coastlines and permit power projection from well over the horizon. Naval Expeditionary Forces, centered on carrier battle groups and amphibious ready groups, with embarked Marine Air-Ground Task Forces, will train and deploy together, ensuring a robust capability to conduct expeditionary operations. These forces and others enable battlespace dominance and seamless projection of power from the sea.

In addition to *Operational Maneuver from the Sea*, Marine forces will be employed under two additional operational concepts -- Other Expeditionary Operations (OEO) and Sustained Operations Ashore (SOA). Other Expeditionary Operations are naval expeditionary operations conducted independent of major campaigns -- peacekeeping, disaster relief, security operations, mobile training teams, and non-combatant evacuations. SOA are those campaigns in which Marine Air-Ground Task Forces fight not as naval forces, but for extended periods as land forces. Marine forces in this type of campaign are best suited for operations on a theater's seaward flank to take advantage of the sea's maneuver space and also sea based assets like the Amphibious Ready Group and Maritime Prepositioning Ships.

Command, Control, and Surveillance

The Navy and Marine Corps will continue to structure command and control capabilities to promote efficient joint and combined operations as part of an overarching command, control, and communications architecture that can adapt from sea to shore. We will also exploit the unique contributions which Naval Forces bring to littoral operations.

Our surveillance efforts will continue to emphasize exploitation of space and electronic warfare/intelligence systems to provide commanders with immediate information, while denying and/or managing the data available to our enemies.

Battlespace Dominance

Battlespace dominance means that we can maintain access from the sea to permit the effective entry of equipment and resupply. This dominance implies that Naval Forces can bring to bear decisive power on and below the sea, on land, and in the air. We must use the full range of U.S., coalition and space-based assets to achieve dominance in space as well.

Naval Forces must also have the capability to deny access to a regional adversary, interdict the adversary's movement of supplies by sea, and control the local seas and air. For the Naval Service, then, dominating the battlespace means ensuring effective transition from open ocean to littoral areas, and from sea to land and back, to accomplish the full range of potential missions. This is the essence of naval adaptability and flexibility which are the keys to contingency response. *Battlespace dominance is the heart of naval warfare.*

Power Projection

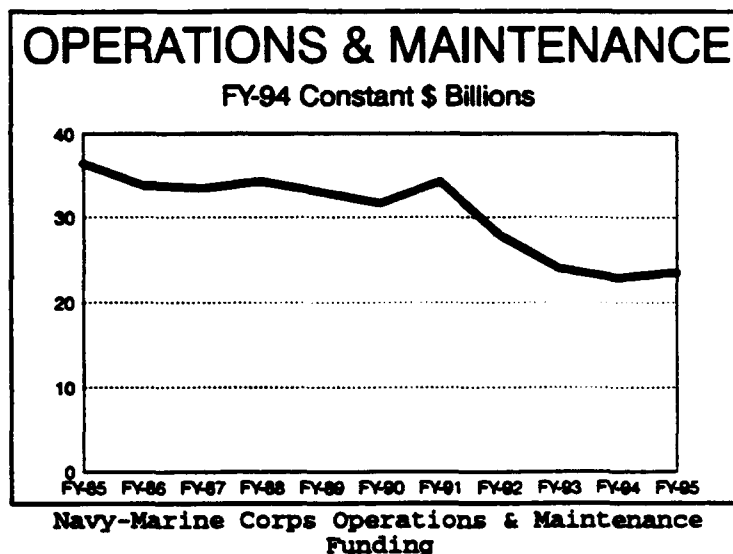
Naval Forces maneuver from the sea using their dominance of littoral areas to mass forces rapidly and generate high intensity, precise offensive power at the time and location of their choosing under any weather conditions, day or night. Power projection requires mobility, flexibility, and technology to mass strength against weakness.

Force Sustainment

America's influence depends on its ability to sustain military operations around the globe. The military options available can be extended indefinitely because sea-based forces can remain on station as long as required. Naval forces encompass the full range of logistics support that is the critical element of any military operation. Forward logistics, prepositioning, and strategic sealift, coupled with strategic airlift, are the keys to force sustainment.

Naval Expeditionary Forces: Naval Expeditionary Forces are central to employing the doctrine and programs described in ...*From the Sea, Operational Maneuver from the Sea, Naval Warfare, Force 2001*, and *Marine Corps Concepts and Issues*. U.S. naval forces have performed expeditionary duties for hundreds of years -- from our earliest wars against Barbary pirates right up through Operations Desert Storm and Restore Hope.

Expeditionary implies a commitment to forces designed to conduct sustained forward operations and respond swiftly to whatever task is at hand. The Naval Expeditionary Force concept facilitates a dynamic, task oriented, building block approach to force building and Fleet operations; one that has significant implications about how we train and operate in the future. We are restructuring our deployed forces to match requirements to actual need. We now can and do tailor overseas forces for the specific circumstances we expect to encounter. Doing so allows us to take advantage of the inherent flexibility and logistic autonomy of seaborne forces, to bring a diverse range of capabilities to bear on specific world events.



Command and Control Warfare (C2W): The Naval Service is a full partner in the Joint Staff's *C4I for the Warrior* initiative and is pursuing other initiatives that will enhance our ability to dominate the information battle. We call these efforts Command and Control Warfare -- or information warfare. Both the Navy and the Marine Corps are active participants in the development of emerging technologies for the Global Command and Control System (GCCS), the replacement for the aging World Wide Military Command and Control System (WWMCCS).

Coherent information management is the foundation of modern warfare. By increasing our capability to attack an enemy's battle management architecture we are significantly increasing the effectiveness of the complete range of joint warfighting. In particular, by exploiting space and electronic warfare, we degrade and eliminate enemy command and control, thus improving our ability to conduct operations at sea as well as *Operational Maneuver from the Sea*.

NEW ROLES

We are reassessing the utility of all our forces for littoral and expeditionary warfare. Some, like Perry class frigates and 688 class attack submarines have significant service life remaining; however, we have chosen to decommission some of them early in order to recapitalize. Others clearly remain applicable to the new security era -- for example, carriers which can be tailored to the new dangers we face. Still others have inherent characteristics that meet the needs of littoral operations, like attack submarines with stealth and long range cruise missiles, and our Marine Expeditionary Forces, who we expect will use the MV-22 and Advanced Amphibious Assault Vehicle (AAAV), which continue to be necessary for power projection ashore. In some cases, the growing dangers of the littoral environment require advanced technologies, such as the capabilities of our new Aegis destroyers and strike fighter aircraft. All of our plans also seek to link the strengths of our Reserves more closely with active forces to create a more efficient Total Force.

Reserve Integration: The Department of the Navy has been highly successful in integrating its Reserve and Active Forces into a capable Total Force package -- a package which functions as a single, cohesive team. A robust, accessible, and flexible Navy and Marine Corps Reserve is essential to mission success and provides an efficient way to leverage scarce resources. We have learned how to use our Reserve forces more effectively -- assigning them increasingly relevant day-to-day responsibilities, upgrading their warfighting capabilities and recasting them from simply a mobilization asset to both a mobilization and direct contributory support asset. In conjunction with the Assistant Secretary of Defense (Reserve Affairs), the Department is conducting a comprehensive review of reserve roles and functions which will examine the present force mix and explore other methods for using the reserves in the future. We are also using a Total Force Seminar Wargame series to study improvements in reserve accessibility and enhanced missions.

Naval Reserve: Examples abound of our greater attention to Naval Reserve forces. We are in the process of shifting our first aircraft carrier to the Naval Reserve Force -- USS John F. Kennedy. This operational reserve carrier will provide a readily available surge capability, as well as unique training opportunities for our active and reserve forces. Our Reserve mine countermeasures capabilities are far better than they were in the past due to the delivery of new Avenger and Osprey mine countermeasures ships. We are proceeding with our plans to convert the amphibious assault ship USS Inchon into a Mine Countermeasures Support (MCS) ship. We have moved our most modern P-3C upgrade III aircraft into the Reserve. And we are shifting newer, more capable gas turbine powered guided missile frigates into the Naval Reserve Force.

Additionally, the Naval Reserve is providing robust support of Navy medicine, Naval Intelligence headquarters and field activities, providing increased adversary and electronic warfare support, Combat Search and Rescue, and an expanded airborne logistics capability. The Navy has paid particular attention to improving Reserve capabilities for joint operations across a complete range of contingencies from counterdrug operations, to humanitarian aid, to the promotion of other national objectives.

A notable example of our efforts to improve Total Force integration has been the shift of both active and reserve SEABEES into the Fleet operational chain of command. This partnership facilitated an increase in SEABEES efficiency and resulted in a savings of over \$10 million in repair and maintenance projects this past year.

Marine Corps Reserve: The Marine Corps Reserve Component has been integrated into the Total Force and has been reformulated based on the Marine Corps Reserve Force Structure Plan (also known as USMCR 2001). Upon activation, this plan provides Selected Marine Corps Reserve units to augment and reinforce Active Component warfighting capabilities. Our success at achieving wholesale integration of Active/Reserve Components was well documented in Operation Desert Storm.

We are establishing a Marine Corps Reserve information network to enhance communication and coordination between our geographically dispersed Reserve sites. This plan rapidly activates selected Marine Corps reserve units when necessary to augment and reinforce Active Component warfighting capabilities. As demonstrated in Desert Storm, Marine Reserve units after activation are virtually indistinguishable from active units. When activated, members of our Individual Ready Reserve are integrated into active Marine structure to bring Marine levels to 100 per cent and provide a depth of experience in differing specialties from the civilian community, further sharpening combat readiness. We continue to refine command, control, and administration of reserve units and personnel through innovative training, real-world crisis assistance, and efficiencies resulting from increased use of automated information

systems, consistent with the *Defense Planning Guidance*.

The Marine Corps Reserve is also increasing its emphasis on joint and combined training, using simulators purchased through the National Guard and Reserve Equipment Appropriation. We are conducting joint training with other services and combined reserve exercises with the United Kingdom. Our Reserve Component members participate individually and in units to assist resolution of national and international crises such as the passenger train wreck near Mobile, Alabama, Operation Restore Hope, and joint counterdrug operations.

Carrier Force: Our aircraft carrier and aircraft procurement plans have been extensively scrutinized and we are convinced that our current plans are the best way to proceed. Our carrier battlegroups with their flexible and mobile firepower are a crucial national asset to meet regional threats. Therefore, we have accepted significant reductions in other important parts of our Fleet in order to preserve this core capability.

Our planned force of 12 aircraft carriers -- 11 active and 1 operational reserve -- along with 10 active and 1 reserve carrier air wings, is designed to meet warfighting requirements and the level of overseas presence now deemed necessary. We intend to request authorization for CVN-76 this fiscal year. Our analyses are buttressed by over 50 years of day-to-day empirical evidence. Every President since sea based aviation was developed has called for combat ready carriers in times of crisis. We have sized our force to be there when called.

Naval Aviation: Our aviation request seeks to recapitalize our air wings with aircraft capable of meeting littoral threats well into the next century -- and do so in an affordable manner. We recognize and share congressional concerns about the turbulence this area has experienced in recent years. The *Bottom-Up Review* validated our thinking, and we are confident that our plan is affordable and fields the right mix of aircraft. Our plan will:

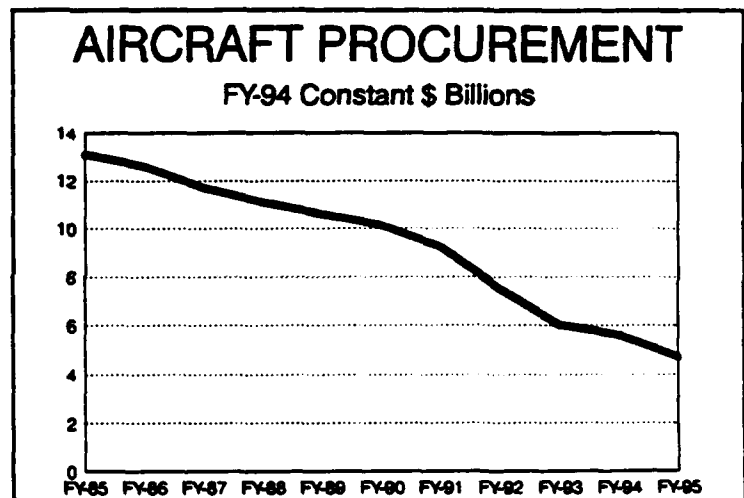
- procure enhanced multi-mission F-18 E/Fs.
- add night attack capability to AV-8B remanufacture.
- upgrade the F-14 multi-mission capabilities.
- modify P-3Cs from a primarily ASW focus to a littoral surveillance focus.
- coordinate with the Air Force to develop Joint Advanced Strike Technology (JAST).

In order to accomplish the above we are:

- disestablishing all of the single mission A-6 aircraft squadrons.
- eliminating all P-3A and P-3B aircraft.

We have a requirement for a stealthy strike/fighter to complement the FA-18 in our future airwings. We anticipate the technology demonstrations fielded in the JAST Program will lead us to the correct aircraft.

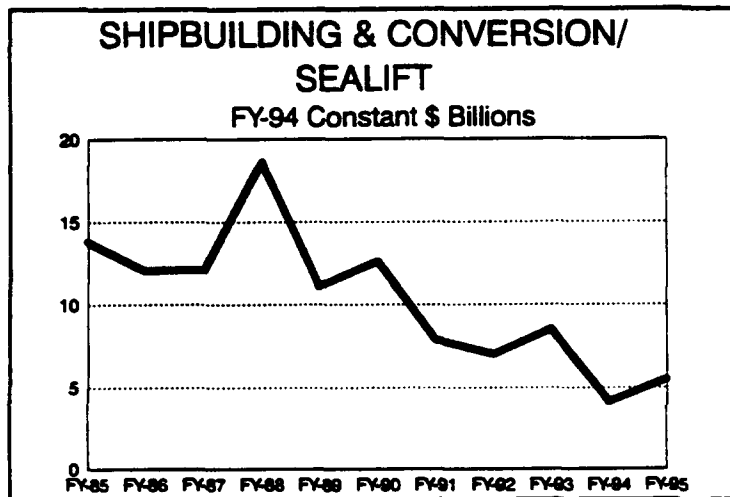
Surface Combatants: The Surface Combatant force (cruisers, destroyers, and frigates) has



experienced the greatest reduction of any area in the Department since the end of the Cold War. From a force high of 218 ships in 1987, we now plan for a force of between 120 - 126 active and reserve surface combatants. To put this in perspective, we have reduced the size of the surface combatant force by more than the combined combatant force size of the British and French navies together. We have done so because many of our surface combatants were either single mission Cold War specific platforms (Knox class antisubmarine frigates) or near the end of their useful service lives (older cruisers and destroyers). In a few cases it was also necessary to decommission relatively new, highly capable ships -- such as our nuclear powered cruisers -- in order to reduce the total number of ship classes we maintain (and thereby reduce platform unique logistical support infrastructures). Our conscious decision to accelerate retirement of a large number of ships is critical to our ability to marshal necessary funds for selective modernization and recapitalization of the force with far more capable Aegis warships.

No other area of our Navy is making as large a technological leap forward as our surface combatant force. Arleigh Burke (DDG 51) destroyers are a generation ahead of the ships they replace.

State-of-the-art area air and self defense capabilities, increased capacity for vertical launched land attack cruise missiles, greatly improved damage control capabilities, and changes incorporated into our latest hull design to allow embarkation of the superb LAMPS MK III helicopter weapon system, are a few of the reasons why the Aegis ship construction program is the largest procurement area of the Department. The threat we now see from theater ballistic missiles gives our Aegis building program new importance because it offers superb prospects for defending against this danger. We seek support to recapitalize the force by building three destroyers per year. This



affordable plan meets our warfighting needs, fits within our Shipbuilding and Conversion budget, and preserves industrial capacities.

Attack Submarines: During the Cold War, our attack submarine force was our most important capability for open ocean warfighting. The independent, open ocean operations of U.S. attack submarines provided a foundation for sea control necessary to reinforce Europe and an essential counter-force to Soviet submarines and surface combatants.

The past two years have seen a renaissance in attack submarine thinking within the Department. Attack submarines are critical to our ability to dominate the battlespace in the littorals. With their inherent stealth they can arrive early in the theater and stay in touch with the Joint Task Force through call ups on the Extremely Low Frequency communications system -- a system originally designed for Cold War communications with strategic ballistic missile submarines. Conducting their anti-submarine and anti-surface warfare functions, covert mine warfare/countermeasure activity, land attack strikes with long range cruise missiles, and covert surveillance/insertion, nuclear attack submarines can enable the follow-on entry of joint forces, including surface combatants, amphibious landing forces, and aviation forces. The New Attack Submarine (NSSN) is designed to be a follow-on to the Los Angeles (SSN 688) class attack submarines. The emphasis in the NSSN is on affordability, maintaining most of the capabilities found in the Seawolf class submarine while reducing costs through a smaller platform. The operational characteristics of this class include increased emphasis on Special Operating Forces

and other littoral operations.

Our new thinking about attack submarines has also identified several enhanced surveillance functions:

Covert intelligence collection, including surveillance of coastal and air defense systems, as well as investigation of enemy command and control procedures.

Covert mine detection, including observation of mine laying operations and covert mapping of mine fields using unmanned underwater surveillance vehicles.

Covert insertion of Special Operations Forces (SOF), including aggressive improvements to our submerged capability to deploy and recover Special Operations Forces. The New Attack Submarine (NSSL) will be compatible with the dry deck shelter, SEAL delivery vehicle and Advanced SEAL delivery vehicle.

Amphibious Ships: Early retirements and block obsolescence will sharply reduce the total number of amphibious ships. In FY 1994, thirty nine amphibious ships comprise the inventory. During FY 1995-99 we expect to receive 4 LSD-49s and 3 LHDs while decommissioning 3 LPHs and 4 LSTs. Current recapitalization plans project a future amphibious ship force structure composed of LHA/LHDs, LSD-41/49s, and the new LXs.

The LX program (recently named LPD-17) is designed to replace four current ship classes (LPD, LSD, LKA, LST). Starting LPD-17 in FY 1996 as scheduled, and attaining a big-deck ARG capability, are critical elements to meeting our nation's future amphibious operational requirements in the littoral areas of the world.

Maritime Prepositioning Force (MPF): The proven utility of this multi-role proven national asset is well established in this new security era. Whether employed as an over-the-horizon deterrent, or as a supporting infrastructure during large-scale humanitarian assistance operations like Somalia, or as one of our most substantial deployment options to get us to a fight in a major regional conflict like Desert Storm, our MPF brigades reflect the Marine Corps vision -- a balanced, sustainable, multi-role, middleweight, combined arms crisis response team. The National Command Authorities will then have at their disposal 50,000 Marines, 350 tactical aircraft and helicopters, 90 tanks, 30 days of sustainment with a capability of individual ship, squadron, or force employment to deliver on-scene humanitarian assistance or a fully combat-ready Marine Expeditionary Force.

Expeditionary Warfare: The *Bottom Up Review* determined that an end strength of 174,000 Marines in the active component and 42,000 Marines in the reserve component is appropriate to provide the kind of power projection capabilities required for naval operations in the world's littorals. Approximately 67 per cent of Marine Corps funds are dedicated to recruiting, training and paying our Marines. The remaining funds are programmed for the readiness and training of our operating forces, maintenance of our bases and stations, and careful procurement expenditures for the modernization and recapitalization of equipment. We continue development of the MV-22 and aggressive research and testing of the Advanced Amphibious Assault Vehicle. With the support of Congress we intend to achieve Initial Operating Capability at the beginning of the 21st century for these two revolutionary power projection systems.

RIGHT-SIZING THE FORCE

The new direction in ...*From the Sea* means we are looking carefully at our capabilities and force structure as we *right-size* the Naval Service. That is, while prudently downsizing, we are retaining those key capabilities that provide the foundation for joint warfighting, quick response, and forward presence. One essential ingredient to ensure *readiness and sustainability* under any current or predicted scenario is a Total Force of quality, well trained, active, reserve, and civilian personnel. Another is the Department of the Navy's long range program to recapitalize naval forces with fewer, but more capable, high quality platforms and equipment.

OUR GUIDING PRINCIPLES

The role of the Naval Service is to promote and defend U.S. national interests by maintaining maritime superiority, contributing to regional stability, and conducting prompt, sustained and decisive expeditionary operations on land and from the sea. Through our vision ...*From the Sea*, we are well into an affordable, executable, solid program with new doctrine that brings unique naval capabilities to joint warfighting. However, right-sizing the Naval Service while maintaining an effective warfighting force within fiscal constraints and simultaneously carrying out a major role in the nation's military overseas presence missions will require still more difficult decisions and hard sacrifices. To guide us, we have articulated four principles. They are: (1) maintaining the quality and morale of our personnel, (2) preserving readiness for warfighting and crisis response, (3) promoting efficiency of resource allocation and (4) keeping our warfighting edge by incorporating advanced technology and innovative operational concepts.

Personnel – to keep faith with our people: At the center of our readiness to respond quickly and decisively in regional conflicts throughout the world are our people -- active duty, reserves, and civilians. It is our responsibility to select, motivate, and thoroughly train personnel in an environment of respect and equal opportunity. Every day, our Sailors and Marines and their families make thousands of personal sacrifices in the defense of our country. The members of this fighting team trust us to plan for their service in situations that could cost them their lives. We must keep faith with that trust. We will do so by ensuring they have the proficiency and modern tools of combat to enable them to go confidently in harm's way. We also earn it by ensuring our Sailors and Marines have a reasonable standard of living, a decent work environment, and proper family support services.

Readiness – to perform our mission: Measuring readiness is not an easy thing to do. Later in this statement we describe some indicators that help us to measure readiness status, but the best indicator is what our people in uniform tell us. Today, they tell us that the Navy and Marine Corps are ready to go in harm's way to defend American interests. Likewise, future readiness depends on having the right forces and personnel to meet future challenges. The President's FY 1995 budget is designed to support a Department of the Navy program that preserves our readiness. However, our out-year budget could cause readiness to degrade. Today, we believe that our readiness programs are carefully balanced with little margin for reductions without significantly degrading readiness.

Efficiency – to use resources responsibly: Our program is a responsible use of public resources. Thoroughly consistent with the Vice President's *National Performance Review*, it is founded upon efficiencies gained from reorganization around core functions, restructuring, acquisition reform, and a commitment to Total Quality Leadership. It efficiently right-sizes naval forces to provide the nation with the right Navy and Marine Corps for the next century. It retains those key capabilities that underpin forward presence, rapid response, and joint warfighting, while altering

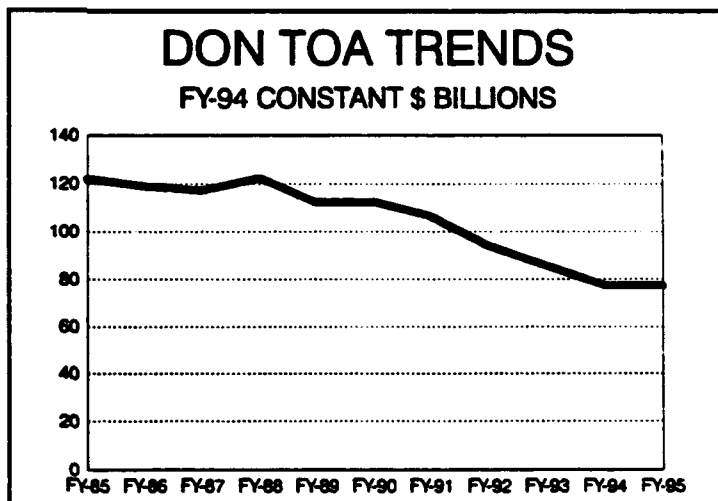
funding profiles to upgrade capabilities imperative for the littoral environment. Looking to the future, it recapitalizes naval forces, with fewer, but more capable, high quality platforms and equipment.

Keys to recapitalization are our deliberate decision to reduce present force structure and our proactive approach to ensure a quality shore support establishment through infrastructure reduction and realignment. Through faith in our ability to meet current fiscal guidance and hard sacrifices that free funds to build new ships, submarines, aircraft, and weapon systems relevant to joint littoral warfare, we are executing a program today that will provide the nation with a capable, ready, modern, and efficient Navy and Marine Corps for the 21st century.

Technology – to enhance our warfighting edge: Our program is designed to bolster the technological edge of our fighting forces. In the face of new regional dangers, and despite fiscal constraints, it is especially important for our weaponry and equipment to remain at the cutting edge of technology so our forces can "fight smart" and minimize battlefield casualties. To ensure we move capabilities from the drawing board to the Fleet quickly and efficiently, we have streamlined and restructured our entire science and technology program. Additionally, we place increased emphasis on dual-use technologies so the technology base that supports America's Naval Service also supports America.

SACRIFICES AND RECAPITALIZING NAVAL FORCES

The *Bottom-Up Review* states a requirement for the United States to maintain the military capability to fight two nearly simultaneous Major Regional Conflicts, engage in expeditionary operations like peace enforcement or crisis intervention, and meet overseas presence taskings. The *Bottom-Up Review* confirmed our thinking that we should accelerate the retirement of older ships and equipment – right-size the force -- in order to preserve and recapitalize with capabilities most suited to these requirements. Specifically, the *Bottom-Up Review* determined that we need a Fleet and Marine Corps of twelve aircraft carriers (11 active and 1 reserve), three Marine Expeditionary Forces, 120-126 active and reserve surface combatants and 45-55 attack submarines. Our reductions over the rest of the decade will provide a right-sized Fleet of about 330 ships and a Marine Corps of 174,000 Marines (down from the "Cold War" Fleet of nearly 600 ships and Marine Corps of 197,000 Marines). We will also reduce to ten active and one reserve carrier air wings with a total inventory for tactical air, antisubmarine warfare, and tactical support aircraft that is more than 1200 aircraft fewer than we had a decade ago.



HARD DECISIONS

Last year, the Navy successfully streamlined and restructured its Washington Headquarters staff in order to improve the Department's fiscal programming process. This shift moved the Navy's planning focus from a platform specific orientation (aviation, submarine, and surface warfare) to a

more appropriate cross warfare orientation (littoral and expeditionary warfare). But the Navy found that restructuring its Headquarters staff was not enough.

Following through on the reorganization, the Navy introduced a totally new fiscal assessment process. This new process, called Joint Mission Area assessments was used for the Department's FY 1995 budget development. Our budget plans were driven by our determination to operate more effectively in a joint war fighting environment. It significantly strengthens the link between the operational capabilities described in *...From the Sea* with our programming and budget efforts. With this new assessment process firmly in place, the Department has now fundamentally improved the way it matches war fighting needs with resource allocation. In short, we have now institutionalized the shift from resource allocation for Cold War warfare at sea to post Cold War warfare from the sea.

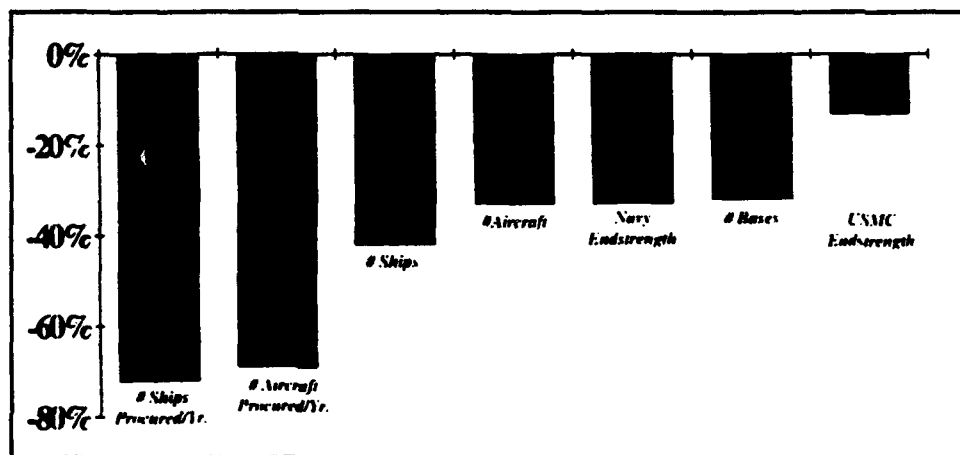
To execute new Joint Mission and Support Area assessments, specific cross functional flag and senior officer-civilian teams involving key members of the Navy headquarters staff were stood up. Through inter-active, open discussion of all issues, under a Total Quality Leadership approach, they were able to analyze all programs thoroughly, wring out new efficiencies, and ultimately find economies by eliminating unnecessary or redundant capabilities.

Once the assessment teams achieved consensus on the programs under their review, their deliberations and recommendations were forwarded to the operational commanders and other more senior decision review bodies. A Resource and Requirements Review Board was the principal body validating the assessment effort and produced a master plan called the **Investment Balance Review**. These results went before the Navy Staff Executive Steering Committee. Decisions then went to the CNO Executive Steering Committee ensuring review by top Navy leadership with participation as appropriate by Marine Corps leaders.

In 1992, the Marine Corps revised its **Combat Development Process**. This refined process parallels and is complementary to the Navy's assessment process. It also develops inputs for Navy programs that support Marine Corps requirements. The Combat Development Process determines battlefield requirements to produce combat ready Marine Air-Ground Task Forces. It is an iterative process composed of three systems. The **Concept Based Requirements System** analyzes guidance such as the *Defense Planning Guidance* and *The National Military Strategy*. This analysis helps to develop operational and functional concepts and, thereby, identifies required combat capabilities.

Shortfalls between required and existing capabilities are identified in the categories of doctrine, organization, training and education, equipment, and facilities and support. The **Solution Development System** presents methods for overcoming deficiencies identified through the **Concept Based Requirements System**.

Once a requirement need is established and resource allocations are approved to address this need, formalized support systems in each requirement category are put in place to ensure that the solution remains relevant and sustains the capability for which it was developed. Through the **Capability Support System** we are able to update, maintain, and review fielded capabilities throughout their life cycles. This process establishes an audit trail for new requirements and identifies methods of achieving warfighting capabilities in addition to buying new



Reduction Reality, FY 1987 - Present

equipment. The results of this process are published annually in the Marine Corps' *Concepts and Issues*.

All of our budget plans were coordinated and validated by several detailed, Department wide littoral and expeditionary war games. These games included participation by officers of the other Services, Reserves, Congressional staffers, and other civilian experts. Virtually all aspects of our program and budget were closely reassessed before the Secretary of the Navy decided on final recommendations at the Department of the Navy Program Strategy Board.

APPROPRIATION SUMMARY FY 1993-1995

Department Of The Navy FY 1995 Budget Summary By Appropriation (in Millions of Dollars)

| | FY 1993 | FY 1994 | FY 1995 |
|---|-----------------|-----------------|-----------------|
| Military Personnel, Navy | 19,349.5 | 18,350.4 | 17,581.0 |
| Military Personnel, Marine Corps | 5,904.2 | 5,772.3 | 5,778.6 |
| Reserve Personnel, Navy | 1,655.8 | 1,555.8 | 1,392.4 |
| Reserve Personnel, Marine Corps | 340.3 | 350.9 | 353.9 |
| Operation and Maintenance, Navy | 21,248.0 | 20,142.0 | 21,227.2 |
| Operation and Maintenance, Marine Corps | 1,968.8 | 1,857.7 | 1,918.4 |
| Operation and Maintenance, Navy Reserve | 864.3 | 763.1 | 827.8 |
| Operation and Maintenance, Marine Corps Reserve | 79.6 | 83.1 | 81.5 |
| Aircraft Procurement, Navy | 5,391.1 | 5,565.1 | 4,786.3 |
| Weapons Procurement, Navy | 3,629.8 | 2,975.6 | 2,400.0 |
| Shipbuilding and Conversion, Navy | 5,807.9 | 4,133.8 | 5,585.4 |
| Other Procurement, Navy | 5,217.4 | 2,983.0 | 3,319.4 |
| Procurement, Marine Corps | 823.1 | 440.2 | 554.6 |
| Research, Development, Test & Evaluation, Navy | 8,867.5 | 8,301.3 | 8,934.7 |
| Military Construction, Navy | 339.3 | 681.6 | 320.5 |
| Military Construction, Navy Reserve | 15.4 | 20.6 | 2.4 |
| Family Housing, Navy and Marine Corps | 1,044.5 | 1,142.3 | 1,082.9 |
| National Defense Sealift Fund | 2,463.5 | 1,540.8 | 608.6 |
| Base Closure and Realignment | - | 789.0 | 1,827.3 |
| Payment to Kaho'olawe Island | - | 60.0 | - |
| Subtotal | 85,010.0 | 77,508.6 | 78,582.9 |

This table summarizes the Department of the Navy (DON) estimates by appropriation for the FY 1995 Budget Submission.

The total direct program estimates of \$77.5 billion in FY 1994 represent a steep drop from the FY 1993 program. The FY 1995 request increases slightly to \$78.6 billion. In real terms, after normalizing for price escalation, the DON budget decreases 10.9% in FY 1994 and 0.7% in FY 1995.

RISKS

To meet the directions specified in the *Bottom Up Review* and *Defense Planning Guidance*, and meet the fiscal limits set for the Department, it was necessary to take aggressive positions in force structure and infrastructure reductions as we right-size. We are making these reductions and have put together a balanced program that meets our planned needs. However, we are concerned that tight fiscal constraints will impact the executability of our plan. In particular, we have identified several areas of risk. The following four represent the most serious: unforeseen changes in the world security environment that require more than currently programmed assets; unanticipated cost growth in future systems and programs due to rising inflation or industrial base problems; increased readiness costs due to unforeseen contingency operations; and underestimated costs arising from the Base Closure process.

- We have programmed for a much smaller Fleet than we had at the peak of the Cold War. If international geo-political conditions change in ways we have not anticipated or if a significant threat emerges, our planned force levels may prove inadequate.

- Unforeseen growth in the rate of inflation or loss of the industrial base required to build our weapons and systems could significantly raise the cost of all or some of our programs. In this period of transition as the Department right-sizes, we are particularly concerned about the industrial base because we are procuring fewer systems than we have in the past. Our procurement plans were carefully developed with this in mind.

- Readiness costs could increase due to unforeseen contingency operations which will make us unable to live within programmed funding levels; in particular, programmed levels of ship steaming days, aircraft flying hours and ship and aircraft maintenance funds might prove inadequate. In addition, changing domestic conditions and the speed of the drawdown risk impacting our ability to recruit and maintain the proper skill and seniority mix in our personnel — something that could ultimately impact readiness. We also risk increases in the rates paid for industrial work in our shipyards and Naval Air Depots (NADEP) due to fiscal pressures in the Defense Business Operations Funds (DBOF). In addition, out-year maintenance shortfalls are a concern that could impact our plans.

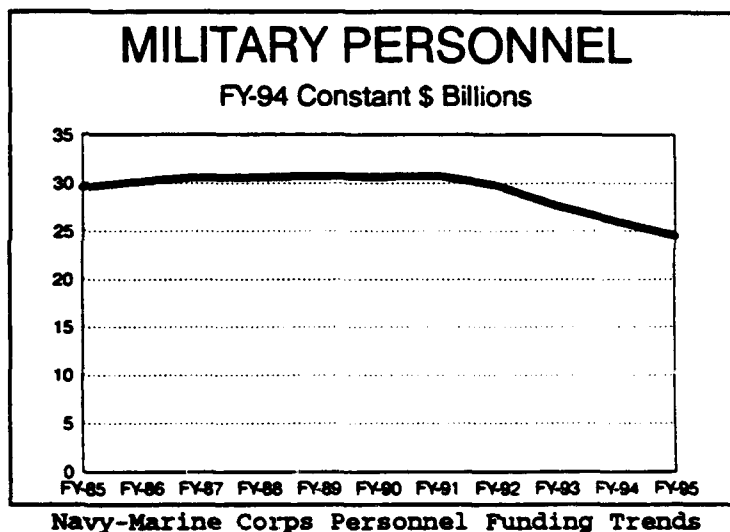
- Accounts to implement previous BRAC rounds are underfunded and we have been unable to realize expected savings. We anticipate a significant amount of savings from the next round of base closures. If the next closure process is delayed, underfunded, or if our estimates are not accurate due to emergent requirements, the savings we have projected will not be realized. Our experience in previous base closure rounds indicates that unanticipated costs will arise (such as emergent environmental clean up costs). This potential must be accounted for if we are to responsibly return excess facilities to other productive uses efficiently and in a timely manner. In addition, loss of previously programmed base closure money for completed closure rounds will generate other execution problems.

We have made the difficult, painful decisions to right-size the Department in a forthright, determined manner. However, we know there are significant risks in executing this program. Any of the factors described above could upset the carefully crafted balance we have achieved to meet our current obligations with a combat ready force that is recapitalized for the future.

PERSONNEL

Hardware is important, but the people who operate our Fleet and Marine Corps are the heart of our warfighting readiness. The Department's leadership is committed to attracting and retaining sufficient talented, motivated and capable people to properly man our ships and Marine Air Ground Task Forces. Last year the Navy's active end strength dropped below 500,000 and the Marine Corps below 180,000 for the first time since 1951. Our planning calls for the number of active personnel in the Department to continue to decrease to 394,100 Navy and 174,000 Marines by 1999. Reserve end strengths are decreasing from a high in 1989 of 151,500 for the Naval Reserve and 44,500 for the Marine Corps Reserve. Reserve levels in 1999 will be about 98,000 for the Naval Reserve and 42,000 for the Marine Corps Reserve. These Total Force levels represent the largest drawdown of military personnel in decades. These carefully measured end strengths will ensure that we are able to provide the nation with Naval Expeditionary Forces and balanced Marine Air-Ground Task Forces.

Maintaining properly motivated Sailors and Marines in the face of these dramatic reductions is the most important element of our fiscal planning; personnel affect all areas of our Fleet and Marine Corps and are the strong foundations that form the core of our combat readiness. We are convinced that keeping faith with our career personnel is the only way to convince the best -- those with a broad range of other employment options -- to continue to serve the nation. Doing so is absolutely essential if we are to retain our combat readiness and emerge from this period of restructuring as the world's finest naval power. Sensibly reducing the number of personnel within the Department is achievable but difficult. We are on a steep but controlled glide slope for right-sizing. Simply stated, the faster we are required to right-size the more difficult it is to remain combat ready. Acceleration of this slope, as some argue, would mean foregoing necessary replenishment and retention of vital core experience -- inevitably leading to a far less combat ready force. Therefore, our manpower strategy seeks to:



- Recruit quality personnel.
- Protect our high quality active, reserve, and civilian career Total Force.
- Provide adequate compensation for the job we ask our personnel to do.
- Preserve and where feasible, enhance the quality of life we provide our Sailors, Marines and their families.
- Maintain a tolerable personnel operating tempo of overseas deployments of about six months; with about a year of training between deployments.
- Achieve necessary personnel reductions through a responsible plan that utilizes a variety of expanded management tools provided by Congress.
- Sustain our combat readiness by maintaining reasonable promotion opportunities and judiciously using bonuses to maintain necessary skill profiles.

The Department of the Navy puts great store in its policy to **avoid involuntary separation of mid-career personnel before they are retirement eligible**. This commitment is a solid foundation for keeping faith with the quality personnel who have dedicated their lives in defense of America. Most importantly, it is the principal means whereby we protect Fleet and Marine Corps readiness, and retain a vital core of operational experience.

The Department requires steady upward career progression to attract and retain our best officers, Sailors, and Marines. In this time of drastic manpower reductions, we intend to continue to use tools such as Selective Reenlistment Bonuses, Aviation Continuation Pay, Nuclear Officer Incentive pay, temporary promotion authority, 15 Year retirement, Variable Separation Incentive, Selective Separation Bonuses, and Selected Early Retirement to help manage our career force.

CIVILIAN PERSONNEL

By the end of FY 1995, the Department's civilian end strength will be nearly 50,000 less than FY 1993 levels consistent with the Vice President's *National Performance Review*. Reductions are being carefully planned to minimize the number of involuntary separations, assist employees with transition to private sector employment, and achieve a balanced work force. Our efforts include the use of congressionally approved separation incentives such as separation payments to eligible employees who elect to resign or retire, and outplacement subsidy payments to other Federal Agencies which offset a portion of relocation costs incurred in hiring an eligible Department of the Navy employee. We plan to continue seeking funds available under the Joint Training Partnership Act to provide retraining, relocation, and transition assistance for affected eligible employees. Transition centers will continue to be established and staffed to provide counseling on available transition benefits, entitlements, and private sector employment opportunities. Eligible employees will receive hiring preference for certain contractor jobs and registration in the DOD Priority Placement Program and the Defense Outplacement Referral System.

ETHICS, CHARACTER, AND LEADERSHIP

Ethics, character, and leadership have always been fundamental to effective service in the Navy and Marine Corps, and they are more important today than ever before. We draw our personnel from our nation's broad and diverse culture, with members coming from various educational backgrounds, family situations, and economic standards. As a result, it is important to continue to work hard to imbue all our Sailors and Marines, active duty and reserve, and our civilians with the same strong core values: honor, courage, and commitment. Only by doing so can we develop the teamwork and strong sense of dedication we need in the Naval Service. Our people thirst for these core values and want to see them displayed in their leaders, their contemporaries, and themselves. We are firmly dedicated to doing just that. Furthermore, our core values then lead to moral and ethical behavior, positive character development, and strong

"I view the ethics of moral behavior as one of the cornerstones of military leadership. . . . During my tenure as Secretary of the Navy, it is my intention to work towards reaffirming our traditional emphasis on the moral foundations of the Navy and Marine Corps."

- John H. Dalton 27 January 1994

THE CHARACTER OF READINESS

leadership ... all of which form the "Character of Readiness".

Training and education in our core values and their import on ethics, character, and leadership is now being reinforced in all our basic Navy and Marine Corps "boot camp" training syllabi as well as in advanced leadership training schools. A significant increase in the amount of time we dedicate to this all important subject has occurred. The Naval Service is, and will remain, at the forefront of setting standards, educating, and training all our personnel in this crucial area.

JOINT OFFICER MANAGEMENT

The Department consistently has made progress in meeting the joint qualification requirements of the Goldwater-Nichols Act. Joint education has grown from about 300 officers per year in 1987 to over 500 last year. In 1987, joint officer promotion rates averaged about 28 per cent. Today that average has grown dramatically and is approximately 71 per cent. Starting this year, we expect 75 to 95 officers a year to be designated Joint Service Officers. However, despite these dramatic gains one area needs special mention -- many of the officers in our nuclear community will not have had the opportunity to complete a joint duty tour prior to receiving their primary consideration for promotion to Rear Admiral. This is because a substantial portion of them must serve in critical reactor safety billets which compete with joint duty assignments. Additionally, officers selected to serve as Commanding Officers of nuclear aircraft carriers must complete an eight year training and career progression that often precludes them from joint assignment until after they reach flag eligibility. Retaining the current exemption of joint duty requirements prior to flag selection for nuclear trained officers is essential to ensure competitive fairness for these top quality officers.

QUALITY OF LIFE PROGRAMS

We are acutely aware that Quality of Life is critical to the readiness and well being of our forces and that meeting the expectations of our Sailors, Marines and their families is vital to garnering their full commitment and productivity; we are determined to do so. When individual and family needs are met, our Sailors and Marines will devote their total energy to military duties without undue concerns for their families.

The Department's efforts to support personal and family readiness include a myriad of programs -- family housing and bachelor quarters; Morale, Welfare and Recreation programs; Family Service Centers and other support programs like child care and voluntary off-duty education programs. Requirements for these programs and services have steadily increased over the past decade as commanders have recognized their many benefits.

Housing: Recognizing the substantial aging of our current housing inventory, a major emphasis is being placed on satisfying contemporary dwelling needs. Prudent major repair and renovation projects in existing housing assets are proposed for a number of locations. Construction of new bachelor quarters and family housing is proposed for those areas where the housing shortage has the greatest negative impact on the quality of life for our personnel.

Morale, Welfare, and Recreation (MWR): MWR programs are an indispensable part of our full commitment to the Quality of Life of our Sailors, Marines, and their families. Our programs enhance force readiness by improving morale, promoting retention, increasing physical fitness, and, in particular, providing healthy alternatives to substance abuse and boredom. We support a wide range of activities, including social and community activities, as well as off-duty recreational programs like camping, sports and other outdoor events.

MWR programs are a cost effective means to improve the lives of all our personnel, but most

importantly, they are central to the well being and health of our young, single Sailors and Marines -- generally our most junior personnel who are often far from home and families for the first time in their lives.

Continued use of non-appropriated funds to shoulder an inordinate share of the program funding will not ensure long term viability. We feel strongly that the nation has an obligation to meet the Quality of Life needs of these dedicated young men and women as they serve.

Family Service Centers: Family Service Centers are a major element of our support to service members and their families. The mobile lifestyle required of military service and the demands inherent in going to sea, levy unique tolls on our personnel and this makes both personal and family readiness critical aspects of any unit's success. Working with individual command ombudsmen and key volunteers, chaplains, family support groups and other support organizations, Family Service Centers provide essential family support to members, spouses and children. They offer a wide variety of programs ranging from marital counseling and stress relief to financial management training. Last year, our Family Service Centers answered more than 3 million calls for assistance.

Family Advocacy Program (FAP): The FAP is a critical Quality of Life initiative dealing with spouse and child abuse through prevention, intervention, treatment, follow-up, and reporting. In the Marine Corps, FAP intervention is a coordinated community response of inter-disciplinary professions. The Navy program is administered by personnel at Medical Treatment Facilities and Family Service Centers. Intervention in both programs focuses on victim safety and offender accountability. The Navy has 16 teams trained to respond to complex child abuse cases and 13 New Parent Support Teams. The Marine Corps has trained crisis response teams at all Marine Corps installations and 18 New Parent Support Teams providing world-wide service to Marine Corps families.

Drug and Alcohol Programs: The objective of the Department's substance abuse program is to prevent illegal drug use and alcohol abuse, and to return former alcohol abusers to full duty status as soon as possible. The key element of the program is enhanced detection and deterrence at all levels. The Department's policy of zero tolerance of drug use and alcohol abuse is implemented through firm, constructive use of discipline, aggressive drug screening, preventive education, counseling and rehabilitation for members who reject further alcohol abuse, and expeditious processing for separation of those abusing members who possess little or no potential for future useful service.

MEDICAL SUPPORT

We continue to place a priority on the medical care we provide our people, their families, and retirees. Medical support programs are essential to ensure physically capable men and women to man the Fleet and Marine Corps. High quality, readily accessible care is a key Quality of Life factor for our personnel. In particular, we are working aggressively to improve our health care delivery methods; our managed care philosophy allows us to properly assess the care our people require and determine who can best perform required treatments. We continue to improve partnership agreements under which civilian physicians treat beneficiaries in Navy facilities under CHAMPUS contract. Our Family Practice Program has been extremely successful at improving the quality of care received by family members.

Recruitment and retention of medical personnel continues to be a challenge because of higher pay and better stability in the civilian sector. Although FY 1993 end strength figures showed improvements in most medical communities, specialty mix was still uneven and the Dental Corps was extremely short. While we anticipate reaching our overall medical end strength goals in FY 1994, we will still have shortages of dentists and some other specialties: general and orthopedic surgeons,

primary care physicians, certified registered nurse anesthetists and operating room nurses, as well as optometrists and pharmacists. Our medical reservists continue to play an greater role in Navy Medicine's peacetime mission and in reducing overhead costs by increasing access to care, opening after hours clinics, providing critically needed specialists and integrating with hospital and clinic staffs at treatment facilities.

Navy medicine's operational and humanitarian efforts in 1993 included support of relief efforts in Somalia, and Fleet operations off Haiti, the Adriatic and in the Persian Gulf. In order to meet future medical needs we are taking the following actions; forming two 100-bed fleet hospital sets to respond to limited contingency and humanitarian missions, identifying incremental staffing for the hospital ships, and adding the capable Casualty Receiving and Treatment capabilities on our new large deck amphibious ships. In addition, health service support provided to the Marine Expeditionary Forces are being restructured to ensure high-quality health care is available at every stage in the medical evacuation process. The reorganization will enable Fleet Marine Force medical units to operate effectively in future, highly mobile battlefields, as well as flexibility in "Contingency Operations Other than War" environments. Navy dental support of the Fleet and Fleet Marine Force is also changing through consolidation of activities to maximize delivery of dental services while reducing non-productive overhead.

EQUAL OPPORTUNITY AND AFFIRMATIVE ACTION

The Department of the Navy will continue to provide opportunities for all our men and women to achieve personal success and fulfillment, even as we decrease the total number of Sailors and Marines in the force. Our Affirmative Action and Equal Opportunity Program efforts will continue to support achieving a balanced force, both in the uniformed services and in our civilian work force. We are eliminating discrimination and providing equal opportunity regardless of race, national origin, religion, or gender. We are conducting a sweeping Departmental review of our equal opportunity policy and programs. The intent is to visibly enhance our equal opportunity programs and improve the readiness of our forces. The six point review focuses on the following areas:

- Accessions.
- Recruit training/Officer commissioning programs.
- Career management: Assignment/Promotions.
- Performance evaluation system.
- Retention.
- Affirmative action/Command Managed Equal Opportunity (CMEO) plans.

The new leadership training continuum we are developing will incorporate significantly greater Equal Opportunity training at all stages of a naval career for both officer and enlisted personnel. Personal honor and respect for individual dignity are a vital part of the job description of each Sailor and Marine in the Department.

RECRUITING

With increasing advances in technology, high quality recruits are more important than ever. The Navy enlisted recruiting goal for FY 1994 is 56,500. The Marine Corps' total accession requirement exceeds 45,000 in FY 1994. Right-sizing our forces has actually made recruiting more difficult. A smaller military is perceived as one with fewer career opportunities. Survey data accumulated in the Spring of 1993 confirms that up to 40 per cent of America's youth will not consider joining any branch of the service. The survey results apply to a recruiting age population that has already shrunk

by 25 per cent since 1985.

To recruit enough quality young men and women, we maintain a solid corps of recruiters. We must maintain a credible advertising program to both inform and attract youth to the service of our nation -- an effort that is being made more difficult by shrinking advertising resources. As available young Americans have grown less disposed toward military service, congressional mandates restricting resources for recruiting are a concern. This works against our efforts to provide recruiters a quality of life comparable to other personnel. Recruiting duty remains arduous, particularly because we must remain vigilant to avoid declines in force quality, specifically in terms of aptitude and education. Retaining the ability to meet our nation's security needs begins with a well-supported recruiting program.

WOMEN IN THE NAVAL SERVICE

In November 1993, Congress rescinded the statutory restrictions of Title 10, section 6015 and opened exciting new career opportunities for female personnel. Today, there are over 55,000 women serving in the Department -- up from about 9000 in 1972. Over 13,000 of these women serve at sea or are attached to aviation squadrons. These numbers will grow in the coming years. We are committed to moving ahead and advancing the opportunities available for women. Habitability modifications have begun on three nuclear powered aircraft carriers, our most modern surface combatants, and our newest amphibious warships. We also expect to introduce women into carrier air squadrons and naval construction battalions. Additionally, we expect that the reserve aircraft carrier, USS John F. Kennedy and mine countermeasure command ship USS Inchon will be opened to women in FY 1995 and FY 1996, respectively. Our plans call for opening an additional aircraft carrier, four surface combatants, and two new amphibious assault ships (LSDs) to women annually. By FY 1996, we also expect to open two large deck amphibious ships (LHA/LHDs) per year. Working with the Congress through the required notification process, our intent is for the first several hundred women to report to combatants later this year. For the Marine Corps, the legislative relief opens specialties in 33 of 36 occupation fields to women -- all fields but those involving assignment to direct ground combat units. Women Marines will deploy aboard ships consistent with their assignments.

READINESS

Staying combat ready is the Department's number one priority because it is the key to winning wars. In close partnership with Congress, we have been able to maintain combat ready forces that have properly trained, motivated people; and safely operating well maintained, state-of-the-art equipment. Measuring or predicting combat readiness is sometimes difficult because it requires an assessment of both tangible and intangible components. Tangible components include resource areas like the numbers of people, pieces of equipment, or operational status of our ships or aircraft. Intangible components include morale and leadership, and the level of training of our forces. These intangible areas are far more difficult to assess and often require a subjective analysis based on unit commander appraisal, exercise performance, war games or other tests which attempt to approximate actual wartime situations.

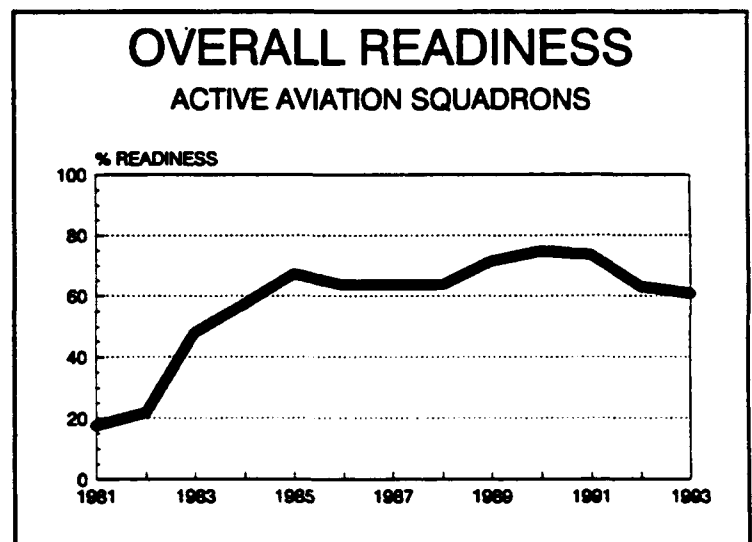
Operational commitments still require extensive forward deployment of Navy and Marine Corps forces throughout the world. While the readiness of these forces today requires investment in the traditional categories of training, maintenance and personnel, their readiness in the future is not without risks as discussed earlier. It will depend upon consistent investment in all categories as well as in long term recapitalization of the force.

High quality people and training, coupled with well-maintained and recapitalized equipment, are essential to combat readiness; yet, they cannot fully compensate for the cumulative effects of obsolete technology. Despite our current lead in many technologies, we cannot rest on our laurels and assume that potential adversaries will not make the effort to catch up with and surpass us. Thus readiness must, over time, also include prudent technological modernization.

NAVY

Our funding is sufficient to meet today's readiness needs. However, as our overall funding levels decline, we have chosen to reduce aggressively force structure and infrastructure in order to preserve future readiness through recapitalization. As has been adequately addressed in the previous section on risks, Navy future readiness is of real concern. Nevertheless, today's readiness remains adequate to execute the National Security Strategy.

As shown on the aviation, surface ship, and submarine overall readiness graphs, the percentage of units fully ready to perform their primary missions (i.e. those reporting C1 or C2 in overall readiness) as reported in the Status of Resources and Training Systems (SORTS) is well above levels of the early 1980s. It is noted that the low overall readiness percentages during that period (end of "hollow force") are the result primarily of personnel shortfalls caused by low retention. Maintenance backlogs, equipment degradations and weapon shortages caused by funding cutbacks during the post-Vietnam period influenced this readiness as well. There is also a slight decline in recent years in C1 and C2 reporting percentages. Today, this decline is manageable as a day-to-day matter. If need be, it can be rapidly reversed; however, again we are concerned about readiness in the out-years.



We have also reduced FY 1993 programmed personnel manning levels from the previous wartime manning level of 91.5 per cent to 90 per cent for our ships and aircraft squadrons. All of these are acceptable risks that we will continue to monitor closely.

We continue to review our Operations and Maintenance (O&M) budget and the programs they support for possible efficiencies. We are confident that we can sustain readiness at present funding levels. However, the rigorous review we have given to O&M has left little slack for dealing with further reductions, or for meeting unforeseen contingencies.

Our depot maintenance program provides an example of our strategy of seeking overhead reductions and management efficiencies while budgeting the maximum fiscally executable maintenance program. We have carefully reviewed the projected levels of ship and aircraft maintenance backlogs and are comfortable that they are manageable and represent an acceptable level of readiness risk.

In addition to SORTS, today we also assess readiness in the following four specific categories:

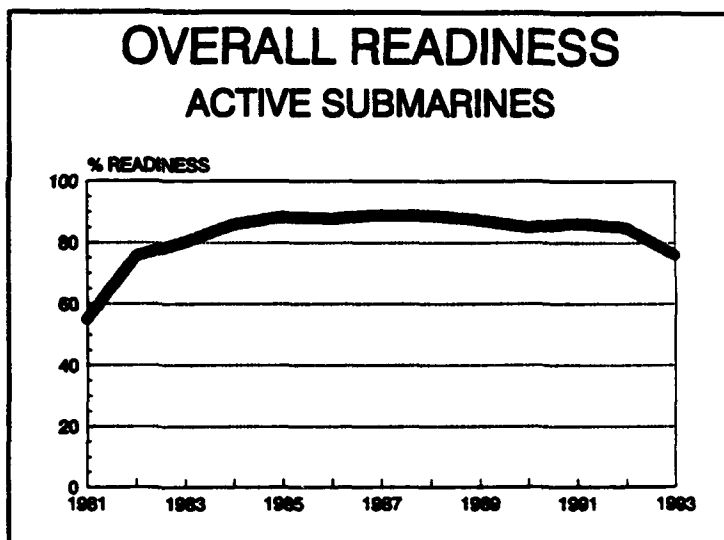
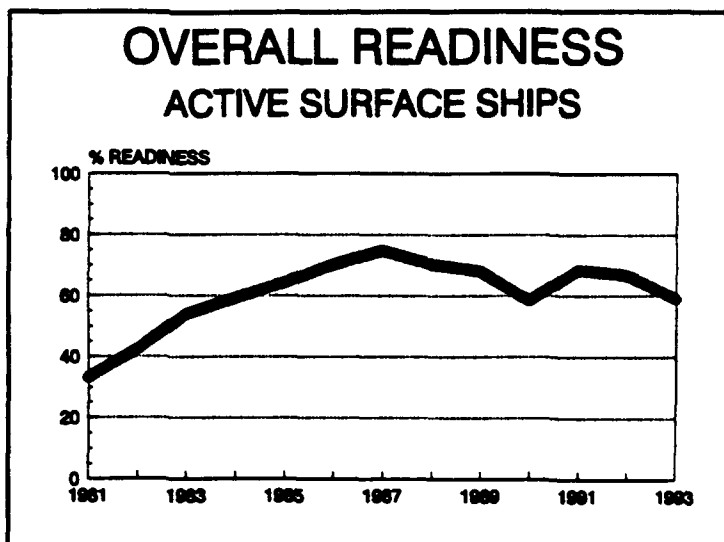
Personnel: The most critical element in all readiness indicators is clearly personnel. Having the right number and quality of

motivated personnel in the right place, at the right time, and with the right training is the foundation for combat readiness. Ship/Squadron Manning Document (SMD/SQMD) programmed manning levels reflect manning percentages compared to wartime requirements.

Operating Levels: Ship Operating Tempo (OPTEMPO) and the aviation Flying Hour Program, while more an input rather than output measure of readiness, provide an indicator of the potential to conduct unit training and therefore contribute to unit readiness. Aircraft Primary Mission Readiness (PMR) rates reflect the minimum number of hours required to keep the average TACAIR (Navy CV-based and USMC combat aircraft) and ASW flight crew qualifications current.

Maintenance Backlogs: Backlogs reflect delayed depot maintenance for aircraft (air frames, engines) and surface ships (overhauls, restricted availabilities/technical availabilities (RATA)).

Material Condition: Percent Operating Time Free (POTF) of critical mission-degrading (C3/C4) equipment casualty reports (CASREPs) is a short-term measure of ship material condition. Mission Capable/Full Mission Capable (MC/FMC) rates are a similar short-term measure of aviation



material condition.

Measured against the criteria in the above four categories, our experience in the year just concluded was as follows:

FY 1993 Navy Readiness Indicators

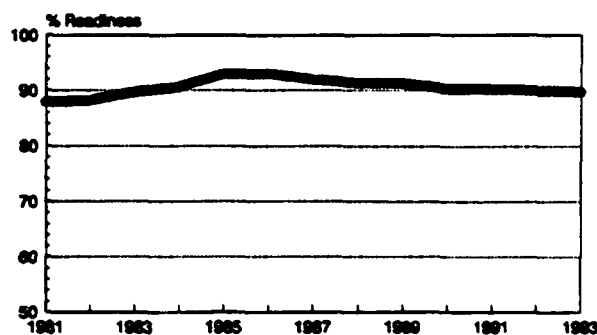
| | <u>Programmed/Actual</u> |
|---|--------------------------------|
| <u>Personnel</u> | |
| Ship Manning Document (SMD) | 91.5% / 91.1% |
| Squadron Manning Document (SQMD) | 91.5% / 90.0% |
| <u>Operating levels</u> | |
| Operating Tempo (days/quarter) | |
| Deployed | 50.5 / 53.7 |
| Non-deployed | 29.0 / 28.2 |
| Flying Hour Program (hours/crew/month) | 24.0 / 23.8 |
| Aircraft Primary Mission Readiness (Note 1) | 85.0% / 82.4% |
| <u>Maintenance Backlogs</u> | |
| Airframes (aircraft) | 100 / 39 |
| Engines (aircraft) | 250 / 249 |
| Ship Overhauls | 0 / 0 |
| <u>Material Condition</u> | <u>FY 1982-92 Mean/FY 1993</u> |
| Percent of Time Free of C3/C4 CASREPs (POTF)(ships) | 73% / 68% |
| Mission Capable Rate (aircraft) | 71% / 71% |
| Fully Mission Capable Rate (aircraft) | 60% / 61% |

MARINE CORPS

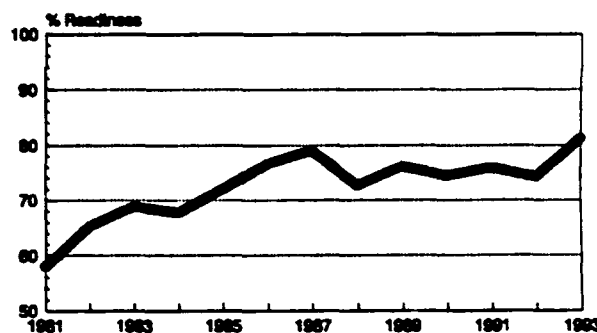
The Marine Corps also remains ready and capable of executing the full range of assigned missions and tasks. Readiness, which is being maintained at the expense of modernization and support establishment improvements, was a central concern in the recently completed Program Review for Fiscal Years 1995 through 1999. Readiness programs encompass operating forces, base operations, training and exercises, the Maritime Prepositioning Forces, and depot maintenance. We are continuing to focus on providing full quality support to the Fleet Marine Force with highly trained, quality personnel; well-maintained equipment; and adequate levels of supply. Even though the requested funding for readiness for FY 1995 should maintain current levels, we have concerns that the present balance could be easily upset by unprogrammed commitments, and that the backlogs of maintenance and repair will continue to grow.

While the overall quality, morale, and personnel and training readiness of the Marine Corps remains high, we are seeing indications of eroding material readiness in certain areas as budgetary constraints and competing fiscal requirements force hard choices. In most units, maintaining the highest state of material readiness is simply not possible at this time. While Marine aviation material readiness trends are in general positive as shown, (i.e. approximately 80% of all Marine aircraft are mission capable), for the first time in over a decade, overall ground equipment readiness (i.e. combat ready) has fallen slightly below 90 per cent. The substantial backlogs at ground equipment depot repair facilities, \$216.1 million in FY 1994 and \$360.5 million in FY 1995, resulting from Operation Desert Shield/Storm, will make it difficult to reverse this trend. At the same time, the backlog of maintenance and repair aboard our bases and stations, grew from 624.5 million in FY 1994 to \$758.7 million in FY 1995 and continues to rise, while available funding continues to decrease.

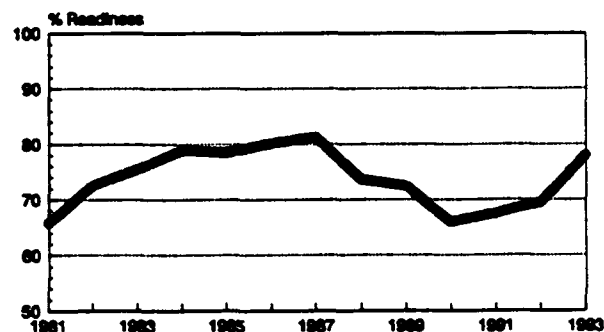
USMC GROUND EQUIPMENT READINESS TREND



USMC FIXED WING MATERIAL READINESS TREND



USMC ROTOR WING MATERIAL READINESS TREND



OCCUPATIONAL HEALTH AND SAFETY

Across all environments, last year was the safest year the Department has ever achieved. So far this year we are doing even better. For example:

* Total Navy-Marine Corps military fatalities (operational and non-operational) in FY 93 were the lowest on record at 301. The Navy with 203 had its best year ever -- a 50 per cent drop in fatalities from a decade ago and a 12 per cent decline from 230 in FY 92. Total Marine Corps fatalities dropped to 98 in FY 93 -- also lowest on record -- down from 123 in FY 92.

* Total Navy operational Class A mishaps -- those involving loss of life, total disability, or over \$1 million in damages -- also continued a dramatic decline. A decade ago there were 140. In FY 92 there were 80. Last year we achieved a record low of 69 -- a 51 per cent reduction over the past decade and a 14 per cent reduction over FY 92.

* Private motor vehicle fatalities, the largest killer of Navy and Marine Corps military personnel, continued to decline to a record low of 162 in FY 93.

* Navy/Marine Corps Class A flight mishaps decreased to 53 in FY 93, from 55 in FY 92 and 79 a decade ago. The mishap rate, which was 3.90 mishaps per 100,000 flight hours a decade ago, has decreased to a 2.92 average over the past three years.

* We've also significantly reduced the number of serious injuries that occur on the job. Over the last five years, work-related injuries declined over 20 per cent. The improvement in reduced lost time has resulted in hundreds of millions of dollars in cost avoidance. These improvements remain impressive (and at record low levels) even when adjusted for the decreased number of personnel in the Department.

The Department is absolutely committed to making the Navy and Marine Corps safe for our people. The support provided by the Congress in this area -- especially protecting operations and maintenance funding -- directly corresponds to a safer service and protects the lives of the men and women in the force. We are committed to doing even better. Our goal is zero mishaps and zero fatalities; any injury or loss of life is unacceptable. Challenges, like further reductions in Navy/Marine Corps Class A flight mishaps or off duty motor vehicle fatalities, remain.

New initiatives to make the Department safer include teaching and applying rigorous principles of risk assessment and risk management, technological improvements such as aircraft Ground Proximity Warning Systems, and continued emphasis on human factors. The Marine Corps has established a Safety Division at Marine Headquarters. This division, reporting directly to the Assistant Commandant, provides central policy and direction for all Marine Corps safety programs. These actions and vigorous command attention to prevent accidents, disseminate lessons learned, and quickly take remedial action, will produce the continuous improvement in Fleet and Marine Corps safety we deem essential.

SHORE TRAINING

Shore Training received a comprehensive look this past year under the Navy's Zero-Based Training and Education Review (ZBT&ER). This year long effort examined the complete range of Navy shore based training and education programs to ensure that we are properly positioned to meet the requirements of our strategic vision ...*From the Sea*, and that our Navy training assets are appropriately sized for a smaller Fleet. The review made extensive recommendations to focus our training on core missions; create a training structure with fewer control systems; eliminate unnecessary management layers; increase collaboration and cooperation between various organizations in the Navy; and perhaps most important, promote a new, robust leadership training and education program.

The ZBT&ER consisted of five major working groups each chaired by a Navy flag officer. More than 300 representatives from approximately 100 different organizations throughout the Department participated in the review. Each group examined various training functions, made suggestions on needed improvements and recommended specific follow-on studies or actions. A Shore Training Assessment core working group and a newly formed training Quality Management Board will work the ZBT&ER recommendations to further improve Navy training and education programs.

The Marine Corps will continue to focus and build upon training as the key element in force readiness. To this end, we will continue to fully fund and support Marine training requirements. Our efforts in this regard will focus on eliminating redundancies where and whenever possible, using new technology, and implementing innovative new training methods.

MODELING AND SIMULATION

The Department of the Navy is looking forward to expanding and refining its use of Modeling and Simulation (M&S) over a wide spectrum of activities. Management personnel at all levels are aware of the value of M&S and encourage its use throughout the Department. Examples of cooperative development of M&S include designs of war games, joint participation in various M&S working groups, collection and dissemination of information about new technological advances and common M&S data base development. Growth and accountability of M&S systems and data in the Department will be strengthened through improved verification/validation/accreditation processes conducted by Navy Test and Evaluation.

EFFICIENCY

The primary objective of the Department's fiscal efforts this year were to develop a deeper understanding of how naval forces contribute to the nation's joint warfighting capabilities and to strengthen the link between our strategic vision and our budget. In this way, the Department went to great lengths in its Joint Mission Area assessment process to ensure efficient allocation of resources.

JOINT STRIKE

Ultimately, the key to future warfighting for the Naval Service is our ability to successfully conduct and sustain power projection operations. Joint strike is defined as a joint/allied action which is intended to inflict damage on, or destroy, an objective at sea, or ashore by force. In other words, our ability to project devastating power from the sea at a place and time of our choosing.

The Naval Service provides many power projection options for joint strike. The most important of these are: precise, "smart" munitions delivered from sea based aircraft; various robust Marine Air-Ground Task Force (MAGTF) combat assault packages; and the distributed strike available from increasingly accurate Tomahawk Land Attack Missiles (TLAM).

CVN - 76: We intend to maintain 12 aircraft carriers by fully funding CVN 76, our tenth nuclear powered carrier, this year. FY 1994 appropriations made \$1.2 billion available for CVN-76, once authorized. Authorization of CVN-76 in FY 95 is fiscally responsible because it will ensure considerable cost savings from uninterrupted series construction of nuclear powered aircraft carriers. Our detailed analysis shows that delay of even one year will add nearly half a billion dollars in additional cost because we will fail to take advantage of the extensive skills and efficient manufacturing capabilities developed over decades of unbroken construction. Such a delay would increase the likelihood that we will experience a bottleneck in CVN construction early in the next century as our older carriers come up for replacement. If we incur this avoidable cost increase, we will reduce the funds available in the out years for other necessary ship recapitalization and risk the fiscal health of other important construction capabilities. Our ship construction funds are at the lowest level in nearly half a century and our Shipbuilding and Conversion plan is based on a realistic assessment that an increase in future years is not likely. We have carefully crafted a balanced, long term plan to meet our future needs.

We know what CVN-76 can and will do for our nation's security over the next fifty years. We know what it will cost and when it will be delivered. We know what other ships we will need to build in the out years. And we know that any delay in authorization of CVN-76 will raise the final cost by hundreds of millions of dollars and degrade an increasingly brittle nuclear shipbuilding industrial base. CVN-76 will provide the longest return on investment of any combat capability in America's arsenal -- fully 50 years of service.

Arleigh Burke Class Destroyer (DDG 51): Our joint strike capability is significantly strengthened with the Tomahawk Land Attack Cruise Missile capability of our new DDG 51 Class Guided Missile Destroyer. We have developed an affordable plan which procures three destroyers per year in order to fully recapitalize the surface combatant force. This multi-mission destroyer is a generation ahead of the ships it replaces.

New Attack Submarine (NSSL): The New Attack Submarine will have the capability to launch long range land attack cruise missiles as well as enough modularity to be able to support other aspects of joint strike. The operational flexibility of this submerged platform -- its ability to conduct covert surveillance and special operations missions ahead of the rest of the joint task force -- will minimize

potential losses of aircraft, pilots, and other seaborne forces.

F/A-18 Hornet: The F/A-18 Hornet is the backbone of naval aviation strike. We seek funding for 24 F/A-18 C/D aircraft per year through FY 97. In FY 97, we plan to commence initial production of an improved version, the F/A-18 E/F. This improved version will build on the proven technology of earlier models. In particular, the F/A-18 E/F will have greater payload flexibility, an increased capability to return to the carrier with unexpended ordnance, room for growth, and enhanced survivability features. It will increase our capability to conduct Close Air Support, fighter escort, air interdiction, and Fleet and Landing force air defense.

F-14 upgrade: We intend to increase our ability to improve our air wings' multi-mission capabilities, including Close Air Support, by upgrading 210 F-14 air superiority fighters with a precision ground attack capability. This will increase the total number of multi-mission, precision strike capable aircraft in our carrier air wings -- a key step as we restructure for warfare ashore.

AV-8B remanufacture: We are greatly increasing our ability to conduct joint strike operations around the clock by remanufacturing the AV-8B Harrier with a night attack/radar configuration. Besides giving the Harrier night attack capability, this upgrade provides significant operational and safety enhancements and resets the service life baseline.

Joint Advanced Strike Technology (JAST): Former Secretary of Defense Aspin initiated the JAST program to serve as the Department of Defense's focal point for defining future strike systems. Using a joint Navy and Air Force integrated product team of war fighters and technologists, the JAST program will explore and demonstrate affordable technologies and manufacturing processes. By reducing the life cycle cost of future strike systems and promoting joint service use and commonality, JAST will support successful development and production of next generation strike weapon systems for the Navy, Air Force, Marine Corps, and our allies.

Advanced Short Takeoff and Vertical Landing (ASTOVL): The ASTOVL demonstrator project is a joint Navy-Marine/ARPA program to investigate the technical feasibility of developing a lightweight, affordable aircraft with short takeoff and vertical landing capabilities. We are examining the feasibility of freeing a major portion of the Department's tactical air from the need to use catapults and arresting gear and/or long runways. Additionally, through modularity, a conventional takeoff and landing version will be examined. ASTOVL will also be assessed as a candidate for one of the JAST flying concept demonstrators based on joint service application.

Tomahawk Baseline Improvement Program (TBIP): The core strike capability provided by modern surface combatants and attack submarines is the ability to launch precision strikes with Tomahawk Land Attack Missiles (TLAM). Twice during 1993, the Naval Service used Tomahawk missiles against Iraq. The reason for this choice is clear: Tomahawk missiles provide our National Command Authority a potent, responsive, precision strike capability, rapidly available from forward positioned forces. This is a particularly valuable strike option when the targets are fixed. Our budget request seeks to fund the TBIP program which will make Tomahawk even better by improving missile accuracy and reliability, thus limiting undesirable collateral damage.

Joint weapons initiatives: Joint weapons development and procurement programs are critical, especially in this era of high-cost technology. Although there are still some service unique weapons requirements because of differing mission needs and types of launching platforms, a large number of new requirements and plans can be developed jointly. We have an updated Joint Standoff Weapons

Master Plan and a Joint Air-to-Air Missile road map to do so.

The two most significant joint weapons development initiatives for the Department are Joint Standoff Weapon (JSOW) and Joint Direct Attack Munitions (JDAM). JSOW is a Navy lead program with the Air Force that will provide an air-to-ground standoff attack capability against a variety of targets during day, night and adverse weather conditions. JDAM, an Air Force lead program, will develop adverse weather guidance kits and multi-function fuzing for general purpose bombs.

The Departments of the Navy and Air Force have also been working closely together developing joint plans for air launched weapons. The Tri-Service Standoff Attack Weapon System (TSSAM) is a cooperative development program between the Navy and Air Force. Navy and Air Force also are working together in the development and production of improved Advanced Medium Range Air-to-Air Missile (AMRAAM) and Sidewinder missiles. To prevent gaps and unnecessary duplication in capability, the improved AMRAAM and Sidewinder programs were constructed using a total systems approach. This close working relationship includes coordination of basic technology projects that feed umbrella weapons programs. For example, Navy is concentrating on development of advanced seeker, guidance, and sensor-fused weapons technologies to enhance precision strike. We will continue to seek opportunities to develop all weapons systems jointly and thus responsibly execute our budget authority while meeting the nation's defense needs.

JOINT LITTORAL WARFARE

Today, since no nation can challenge our ability to control the seas, we have concentrated our planning on winning the contest for control of the land and sea areas of the littoral. Joint littoral warfare is defined as the use of joint and allied forces, in concert with naval forces, to influence, deter, contain, or defeat a regional power through the projection of maritime power. The area of control necessary to support joint littoral operations will be dictated by the actual tactical situation faced but generally extends from the shore to open ocean, and inland from the shore over that area that can be supported and controlled directly from the sea.

Joint littoral warfare has an inherently greater emphasis on fighting over land than over open ocean. This fact drives a significantly greater need for seamless warfighting with other services and less emphasis on isolated naval missions. During the Cold War, we worried about coordination between the services. Under our new vision of the future, we seek to achieve full tactical integration.

Maritime Prepositioning Force: Employment of the three Maritime Prepositioning Force (MPF) squadrons during Operation Desert Shield/Desert Storm decisively demonstrated the utility of these expeditionary assets to the Nation. Coupled with fly-in Marines, MPF provided the first substantial ground defense capability in theater and the margin of deterrence that discouraged Iraqis from continuing into Saudi Arabia. Further, MPF squadrons provided sustainment for U.S. Army units in the first month of Operation Desert Shield.

MPF assets were most recently used in Somalia to support the humanitarian relief and security missions of Operations Restore Hope and Continue Hope. Somalia's infrastructure proved extremely limited and required extensive engineering efforts to enable additional forces and equipment to arrive. During that initial 50-day build-up period, Marine MPF assets provided required logistics support for all United Nations forces ashore. The three current MPF squadrons, composed of a total of 13 ships, provide our Nation a geo-strategically positioned capability and are consistent with ...*From the Sea*, providing a unique capability in joint littoral operations.

Amphibious Lift: Naval amphibious forces remain the nation's only self-sustainable forcible entry capability. These forces will enable further introduction of military forces when required. To transport, provide presence, and deploy highly capable Marine Expeditionary Forces effectively, the

Department is modernizing and tailoring its amphibious forces to provide an over the horizon launch capability in support of the Naval Service's strategic vision, ...*From the Sea*. The capability of 11 Amphibious Ready Groups (ARGs) meets forward presence requirements. Vital to this capability is the continued modernization of the Navy's amphibious shipping. The Department of the Navy has programmed amphibious lift for 2.5 Marine Expeditionary Brigade (MEB) equivalents, in accordance with *Defense Planning Guidance*. With the scheduled decommissioning of the remaining LSTs and LKAs during FY 1994 and FY 1995, we will temporarily dip below 2.0 MEBs lift in the vehicle square footage category.

It is our assessment that a short term degradation is an acceptable risk pending the introduction of the new LPD-17 (LX) class which will incorporate the capabilities currently provided by the aging LPD, LKA, LST, and LSD-36 class amphibious ships. The LPD-17 procurement is programmed to begin in FY 96 with first delivery in FY 2002, and it is critical that this program not be delayed. In addition to LPD-17, the Department continues to plan for a seventh LHD.

MV-22: Effective application of *Operational Maneuver From The Sea* requires the capability to project forces deep inland from positions over the horizon. To realize this capability, which will vastly complicate an opponent's defensive problem and will substantially reduce friendly losses, we must replace the existing fleet of slow, aging medium lift helicopters, many of which are older than the pilots flying them.

We expect to replace the CH-46 fleet with the MV-22 Medium Lift Alternative, which will serve as the backbone of the Marine Corps' assault support force well into the 21st century. This aircraft will provide a quantum improvement in mobility and tactical flexibility, complementing the revolutionary technology incorporated in the Advanced Amphibious Assault Vehicle and permitting unprecedented maneuver by amphibious forces. The MV-22 is the Department's highest aviation priority for the Marine Corps.

Advanced Amphibious Assault Vehicle (AAAV): The AAAV will provide the Marine Corps with its primary means of amphibious surface assault. Currently in the Concept Exploration and Definition Phase of the acquisition process, it is a companion to the MV-22 within the *Operational Maneuver from the Sea* concept. It is a critical component of future naval power projection. The AAAV is designed for high speed transit ashore from vessels standing well out to sea, but will also permit embarked troops to maneuver deep inland in a single, seamless stroke against the depth of the enemy's defenses. As it replaces the 30 year old LVTP-7, the AAAV will provide the Marine Corps with one of the most versatile, capable weapons systems in the world, and will materially enhance the Naval Service's ability to project decisive combat power ashore.

Close Air Support: The new security environment allows us to devote relatively less attention to Fleet Air Defense and more attention to Close Air Support. Our aircraft modernization program, including AV-8B remanufacture, AH-1W mid-life upgrade, F/A-18, and F-14 upgrade will enhance our ability to conduct Close Air Support. Operational commanders are exploring various ways to increase the amount of training dedicated to Close Air Support. We are also upgrading our Command and Control architecture to improve coordination of air support with forces ashore.

Expeditionary Air Support: Essential to the sustainment of our expeditionary assets are both the Marine Aviation Logistics Support Program (MALSP) and the Expeditionary Airfield 2000 (EAF 2000). MALSP is a structured but flexible method of organizing, deploying, and employing Marine aviation logistics capability. Incorporation of the International Maritime Satellite (INMARSAT) has improved the responsiveness of MALSP with the capability to accommodate the timely reordering of aircraft parts from anywhere in the world. The EAF 2000 program provides the means to construct an

airfield at an austere site with a 3800 foot runway, associated taxi-ways, arresting gear, lighting, and parking for 72 tactical aircraft. An EAF 2000 can be constructed and operating within days.

Theater Ballistic Missile Defense (TBMD): As Operation Desert Storm clearly demonstrated, the proliferation of theater ballistic missiles (TBMs) poses increasing danger to the national security of the United States and our allies. This is true whether these missiles carry crude, conventional warheads to demoralize populations or governments, or whether they have the greater destructive capacity made possible by arming them with weapons of mass destruction (WMD).

The Navy Department is aggressively pursuing improved capabilities for countering this threat. Our sea-based initiative seeks to build on the proven technology of our Aegis surface combatant force. In the near future, Aegis cruisers and Arleigh Burke (DDG 51) destroyers will provide a somewhat limited, but nonetheless highly mobile and credible TBMD capability. When Aegis SPY-1 radar software improvements are combined with improvements to the Standard Missile, these ships can provide endo-atmospheric (lower tier) defense against incoming ballistic missiles. The Department of Defense is also requesting funding to continue development of a more capable theater wide (upper tier) defense. This upper tier capability would permit a highly mobile theater, rather than area, defense.

We are also looking at a more limited near term TBMD upgrade for the Marine Corps. This program consists of improving the TPS-59 radar for ballistic missile cueing, improving the ability to broadcast cueing to other forces via JTIDS, and upgrading Hawk missile capabilities.

To augment these capabilities and provide over the horizon early warning, we have embarked on a joint program with the Army to develop and field Joint Tactical Ground Stations (JTAGS). JTAGS vans will allow in-theater processing of space based warning data, greatly enhancing the abilities of active theater defenses.

Regardless of their individual components, our systems will seek inter-operability with those under development by our service counterparts to maximize their synergy, and will be developed in strict compliance with the ABM Treaty provisions.

Cooperative Engagement: Cooperative Engagement is a system that will significantly enhance capabilities in Joint Theater Air and Self Defense missions against reduced signature cruise and theater ballistic missiles by combining tracks from dispersed force sensors into a real time, accurate, fire control quality Anti-Air Warfare (AAW) picture shared force wide. Cooperative Engagement's high data rate and real time exchange of fire control sensor data will greatly expand our mission effectiveness in the littoral.

Combat Identification: Congestion in littoral war zones combined with the complexities of the sea, air, land, and space interface increases the difficulty of identifying and sorting the dispositions of friendly, neutral, and hostile forces. Doing so has become increasingly critical as weapon lethality has increased and target engagement response times have decreased. Enhancements to the current Position Location Reporting System and increased fielding of the Global Positioning System have provided greater capability for the positive identification of friendly ground forces. The Department of the Navy has the lead for the Department of Defense's Cooperative Aircraft Identification program and is also coordinating with the Army on the Battlefield Identification program. Future emphasis will be placed on joint combat identification doctrine and systems that can be used without broadcasting the location of friendly forces to enemy surveillance.

Naval Surface Fire Support: Naval Surface Fire Support (NSFS) includes those capabilities needed to suppress, neutralize, or destroy enemy targets that interfere with or prohibit our ability to conduct combat operations ashore. Our fire support capability currently consists of five inch naval guns on many of our surface combatants. Given our intent to conduct combat amphibious operations

from over the horizon, we are aggressively examining ways to improve the range of our capabilities. A Cost and Operational Effectiveness Analysis (COEA) is ongoing to assess options in this area. The COEA is looking at a wide range of new capabilities in gun and missile systems. Some promising areas are adaptation of the Army Tactical Missile System (ATACM) for maritime use and development of new naval gun systems with extended range capabilities. We are also working to improve our ability to coordinate NSFS with Close Air Support.

Mine Warfare: The Gulf War showed that inexpensive, readily available mines will persist as a major warfighting concern. The Department of the Navy is aggressively upgrading and modernizing the mine countermeasures force, both active and reserve. Our commitment is showing results; delivery of the new AVENGER Mine Countermeasure (MCM 1) class is nearing completion -- the last of 14 authorized ships, 10 active and 4 reserve, will be commissioned this year. The first OSPREY Mine Hunting Coastal class vessel has been commissioned and the full inventory of 12 ships, 11 reserve and 1 active, will be in service by 1997. Conversion of USS Inchon to a Mine Countermeasures Support ship (MCS) in the reserve force, scheduled for completion by 1996, is on track. This ship will provide command, control, communications and logistic support to air and surface mine countermeasures operations. Our New Attack Submarine (NSSN) planning will incorporate several design initiatives that improve our countermine posture. In addition, we are exploring innovative utilization of Air Cushioned Landing Craft (LCAC) in countermine warfare (called MCACs).

An aggressive Navy and Marine Corps research and development effort is underway to improve our ability to find and neutralize mines in the shallow water zone, in the surf and on the shore. We call this our Shallow Water Mine Countermeasure (SWMCM) program. Improved reconnaissance, detection and avoidance of mines are near term goals, with in-surf clearance the ultimate aim of this initiative. Concurrently, we are also integrating mine countermeasures training into all amphibious exercises.

Several other countermine warfare initiatives include the establishment of a dedicated Mine Warfare Center of Excellence at our new facility in Ingleside, Texas; reorganization of our operational command structure to place all mine warfare forces under a single commander, and concurrent stand-up of a Program Executive Office for all mine warfare procurement actions. We fully recognize that continued improvement in this area is vital to mission success. Under Public Law 102-190, we will report annually to Congress on our mine warfare posture.

Ship Self-Defense (SSD): One of the highest priorities in the Department is to strengthen significantly our SSD capabilities. Our programs will fully integrate ship, force and other service sensors in order to achieve 24 hour, extended range, three dimensional coverage; improve early detection and cumulative information hand-off about hostile targets; strengthen single ship and multi-unit tactics including full integration of joint systems in order to enhance rapid response, and where needed, develop new capabilities (both hard and soft kill).

For example, we are improving our PHALANX close-in weapon system, procuring the Rolling Airframe Missile, and developing the Evolved Sea Sparrow Missile. Additionally, we are pursuing a new soft kill capability with an active off-board countermeasures system called Nulka. A SSD system will integrate these defensive weapons as well as interface with our planned Cooperative Engagement capability. In related areas, we are moving ahead with plans to purchase a mix of improved integrated air to surface weapon systems for the SH-60 helicopter (Penguin and Hellfire anti-ship missiles) and improved electronic surveillance capabilities which will extend significantly ship self defense capabilities against surface, subsurface and air threats.

Shallow Water Anti-Submarine (ASW) initiatives: Shallow water ASW initiatives are also a priority in our budget request. We continue to improve acoustic and non-acoustic ASW technologies

necessary to counter a diesel submarine threat. Development of the Advanced Deployable System and fleet introduction of the new Small Waterplane Area Twin Hull (SWATH) and Surveillance Towed Array Sensor System (SURTASS) vessels will improve our shallow water ASW capabilities. Airborne laser system development continues to show promise. Operationally, we are refining the way we use attack submarines in shallow water and littoral areas. For example, closely integrated submarine support with other Naval Expeditionary capabilities, which used to be relatively uncommon, has been significantly improved and is proving highly effective. Battle Group Commanders have demonstrated rapid and flexible communications through "call ups" using the Extremely Low Frequency (ELF) system that was originally developed for our strategic submarines. This is a good example of how we have taken advantage of existing systems designed for the Cold War and applied them to emerging roles. In addition, our New Attack Submarine (NSSN) will have a significantly improved torpedo capability for shallow water ASW.

We have several new surface ship initiatives to improve our shallow water capability against diesel submarines. Foremost among the sensor improvements are digital upgrades to the SQQ-89 ASW Combat System designed to incorporate newer shallow water waveforms developed for the AN/SQS-53C Sonar. Weapons initiatives include a dynamic new concept to evolve a hybrid torpedo based on the best attributes of the MK-50, MK-46 and MK-48 ADCAP weapons systems. Additionally, we are augmenting ship survivability by pursuing the Joint US/UK Surface Ship Torpedo Defense program which includes the introduction of improved counter-torpedo decoys.

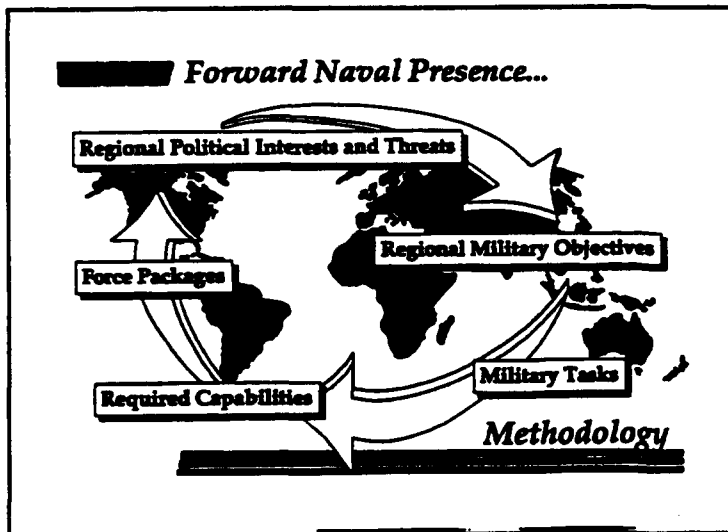
Our aviation community is developing an updated SH-60 multi-mission helicopter which will have an Advanced Low Frequency Dipping Sonar, infrared detection capabilities, acoustic processing and an Inverse Synthetic Aperture Radar capable of detecting a snorkeling diesel submarine. All data will be fully integrated onboard surface combatants via a directional two-way data link. Furthermore, we have instituted an aggressive site-specific SHAREM/AIREM program to gather detailed environmental data and provide stressing exercise opportunities in littoral areas of interest. We recognize the challenge posed by shallow water submarine threats and intend to work closely with Congress to ensure we maintain the ASW edge necessary to prevail in combat along the littoral.

FORWARD PRESENCE

In September 1993, the Secretary of the Navy directed the assessment of forward naval presence as a Joint Mission Area within the Navy Department's budget review process. The

Secretary's direction stemmed from the *Bottom-Up Review* determination that unique naval force structure requirements be based upon the demands of overseas presence as well as major regional contingencies. The *Defense Planning Guidance* established the strategic linkage of overseas presence to the national security tenets of engagement, partnership, and prevention.

The goal of the forward presence assessment is to define the concept of overseas presence and its linkage to force requirements and programs. The intent is to determine, by region, specific strategic and political interests and to translate them into military objectives and supporting tasks



necessary to achieve those interests. Naval forces are then derived to fulfill the military objectives and tasks. These task-derived naval forces are then validated against the original political interests with specific regard for their size, shape, and constancy of presence.

Naval presence forces -- in support of our national security strategy -- are *engaged* in operations in regions of the world where U.S. interests lie, in order to *prevent* dangers to those interests. Presence forces enhance these efforts through U.S. *partnership* with friends and allies to support both deterrence and timely initial crisis response. We must remain mindful that the ultimate purpose of naval forces is combat: to deter and defeat the enemies of the United States. Forces created to perform that role, however, can be -- and have been throughout history -- employed in noncombatant uses. By using an assessment approach which structures naval forces in a presence role for well-defined military objectives and tasks, the forward presence assessment ensures that forces for presence are shaped for combat.

JOINT SURVEILLANCE

The lessons of Operation Desert Storm indicate that accurate surveillance is essential for modern combat. Recognizing that effective surveillance is a force multiplier, the Department is actively identifying and seeking to acquire systems which enable a Joint Task Force Commander to locate, identify, and engage the enemy effectively through the exploitation of imagery, telemetry, and the electromagnetic and acoustic spectrums. Joint surveillance is defined as the systematic observation and exploitation of the multi-dimensional theater battle space by all available sensors -- from national assets to battlefield systems. These systems conduct observation of aerospace, surface and subsurface areas, and places or things by visual, aural, electronic, photographic or other means. Land, sea, air, and space systems provide this capability.

Along with other mission area assessments, our objective was to improve our ability to work jointly, and seamlessly process and transmit data in near real time to Joint Task Force Commanders. We were guided by the recognition that joint surveillance must extend across time, from before the start of hostilities, through the attack, until a decision to terminate or recommence the attack is made.

As we conducted this assessment, we also recognized that requirements for fighting along coastal areas are often different from those needed to win control of deep ocean areas. The land-to-sea interface is a complex, confusing, often crowded environment. For example, surveillance systems must now operate effectively over both land and sea, and support both the Fleet and Marine Expeditionary Forces ashore. We must better learn to manage and identify friendly, neutral, and hostile shipping in the confusion along the shore. We must account for dangerous in-shore mine threats and diesel submarines. And our weapons must increasingly be smart and able to differentiate between inter-mixed platforms. Of particular concern is the lack of a manned tactical aerial reconnaissance system; however, the Marine Corps, in conjunction with the Navy, is vigorously working to field an all-weather, stand-off manned tactical surveillance and reconnaissance capability.

Maritime Patrol Aircraft (MPA): The Navy's P-3 MPA aircraft program is being refocused so that it remains applicable for littoral warfare. In particular, we are improving the surveillance systems of the P-3 to make it more useful in the missions we now envision. Upgrades include addition of long-range optical systems, radar upgrades and improved command and control systems.

Unmanned Aerial Vehicle (UAV): We are rapidly developing a follow-on to the successful PIONEER UAV. This follow-on is a naval version of the U.S. Army Short Range block 0 UAV (UAV-SR). We envision using this UAV for improved intelligence collection, detection of mine fields, pre-strike reconnaissance, multi-sensor targeting, battle damage assessment, electronic warfare, NBC detection, extended communication, and data links. Our first at-sea demonstration was

successfully conducted in December 1993 on board USS Essex and additional at-sea trials are scheduled for later this year. Ultimately, we intend to deploy this system on all aircraft carriers and large-deck amphibious assault class ships.

Unmanned Underwater Vehicle (UUV): A program is being developed to allow surface combatants and attack submarines to use unmanned underwater vehicles for reconnaissance of choke points, harbors, and mine fields. Attack submarines with this capability will provide unique covert surveillance of littoral areas including amphibious landing areas.

JOINT SPACE AND ELECTRONIC WARFARE/INTELLIGENCE

Joint Space and Electronic warfare/Intelligence (Joint SEW/I) combines command and control warfare (C2W), and supporting communications and computer networks (C4I), to enhance warfare operations. Joint SEW/I is both a primary assessment area and implementing area that provides an information architecture to compliment other warfare areas. For example, it encompasses sensor information necessary to carry out other warfare mission areas. Our plans seek to encompass national systems through tactical systems. Our intent is to develop an architecture which provides our forces with real time significant information when our war fighters need it.

Communications Upgrades: We are also pursuing a number of communications upgrades including expansion of the number of satellite communications channels available to our forces and increasing the bandwidth and data rates of our communications systems. We are placing an SHF capability on every carrier, amphibious flagship, and selected cruisers in the force. EHF capabilities are being added on surface combatants and submarines; and UHF satellite capabilities are being added to airborne early warning and maritime surveillance aircraft. We are working to standardize demand assigned multiple access (DAMA) SHF systems with other services and further improve UHF DAMA. We are improving our ability to use digital information -- particularly imagery and data base transfer information.

Joint Maritime Command Information System (JMCIS): The capability to develop a fused, real-time tactical picture -- and share that picture with throughout our forces is an absolute necessity in modern, joint operations. The JMCIS is our most important initiative to do so. This system will process, display and share intelligence and sensor information to all units and commanders and will allow software integration with other service capabilities.

Data processors: Data processors and links to other service surveillance systems have also been given priority in our fiscal planning. For example, the Joint Tactical Information Distribution System (JTIDS) will provide a common joint data link.

STRATEGIC DETERRENCE

The Strategic Deterrence assessment examined various naval nuclear and conventional systems and policies which contribute to the nation's ability to deter potential foes. Most important was the strategic ballistic missile submarine force and supporting systems and policies. After ratification of the Start II treaty, our planned force of eighteen Trident submarines will constitute over 50 per cent of the U.S. strategic nuclear capability. These submarines and their supporting infrastructure, including robust connectivity links such as the Extremely Low Frequency (ELF), Very Low Frequency (ELF), and TACAMO Airborne VLF communications systems, will provide a survivable, flexible, modern capability to deter potential foes. Our planned Trident submarine force,

along with procurement of sufficient Trident II D-5 missiles to outfit the ten Atlantic Fleet Trident submarines, is essential to ensure a fully modern capability for the future.

Working in concert with other assessment teams, this assessment also examined a wide range of conventional platforms and systems which contribute to deterrence. Naval forces, operating unfettered on the high seas, in key regions of the world, provide a wide range of tailored force options which can be used to deter potential foes.

STRATEGIC SEALIFT/PROTECTION OF SEALIFT

Based on our experiences and post-war assessments of Operations Desert Shield and Desert Storm, the Navy developed a strategic sealift/protection of sealift assessment. This mission area is defined as the employment of joint/allied forces to control deep ocean areas, assure access to littoral regions, and transport and sustain those forces, equipment, and supplies necessary for joint/combined success in combat. This mission extends from the point where forces embark shipping through arrival at the point of debarkation in the region of conflict. The protection of sealift requires sufficient naval capabilities, supported by land and air forces, to assure safe transit and access to the region of conflict.

The tasks associated with this mission are afloat prepositioning, and the seaborne movement of surge land forces and equipment, as well as necessary sustaining supplies. Additionally, Combat Logistics Forces (CLF), which carry out underway replenishment of operating forces, are included in this assessment due to their movement to and from, and within the combat theater. Salvage forces which provide battle damage repair assistance, off ship fire fighting, combat salvage, and towing are also included.

Sealift Conversion/New Construction: The Department has made significant progress during FY 1993 toward modernization of the nation's sealift capability. Contracts were awarded for converting five existing commercial container ships to Large Medium Speed Roll-on/Roll-off (LMSR) vessels, and for new construction of two LMSR vessels with an option for ten more follow-on ships. These seventeen ships, plus two to be awarded later, will carry Army vehicles and cargo, fully meeting the requirements outlined in the Mobility Requirements Study. The Navy's National Defense Sealift Fund (NDSF) has been adequately budgeted to acquire this new capability.

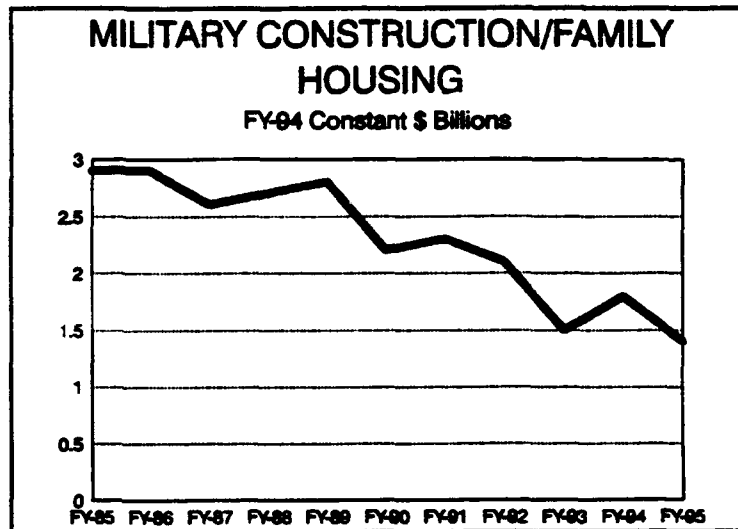
Maritime Prepositioning Squadrons: Expeditionary operations are enhanced by the 13 ships in three MPS squadrons. Each MPS squadron carries thirty days combat equipment and sustainment for 16,500 Marines. Positioned strategically around the world, the three MPS squadrons, when married up with associated Marines and supporting naval forces, provide Unified Commanders with a new dimension in mobility, readiness, and global responsiveness. Within 28 days, one of the two aviation logistics support ships carrying the necessary intermediate level assets to support a Marine Aviation Combat Element (ACE) can arrive in theater to sustain aircraft operations. Pending results of the new Mobility Requirements Study, we are considering an initiative to provide greater capability for combatant CINCs with respect to MPS.

Addressing the concerns at the 1992 CINC's conference, and with the endorsements of CINCEUR and CINCTRANS, we are pursuing an initiative to relocate MPS Squadron 1 from the east coast of the United States to the Mediterranean Sea. This location will vastly reduce the closure time required to move the squadron to potential crises and provide the combatant CINC with greater responsiveness.

QUALITY INFRASTRUCTURE

Two primary goals shaped our infrastructure assessments this year. First and foremost, was our determination to operate and maintain our infrastructure efficiently to provide quality support to our operating forces and the personnel who use base services. Secondly, we prepared for the difficult decisions necessary to right-size the Department's infrastructure to match expected Fleet and Marine Corps size.

Quality: Quality base infrastructure is a critical readiness concern and a primary factor in the quality of life experienced by our personnel. With reduced resources, emphasis has been placed on the maintenance of existing facilities instead of new construction. Also, environmental compliance projects have been fully funded. We have several out-year concerns that will require attention unless we can rationalize our overall infrastructure. They include:



- Increasing environmental and health hazard compliance costs.
- Replacement of aging high maintenance/high operating cost facilities.
- Costs associated with base closures and realignments.
- Family and bachelor housing deficits.
- Modernization of base communication and information technology infrastructure.

Two near term benefits of right-sizing infrastructure to force structure are an overall budget savings and the ability to concentrate scarce base support funding at remaining installations. Without right-sizing and needed investments, the shore establishment will deteriorate with attendant losses in readiness and quality of life.

Base Realignment and Closure Commission (BRAC): We are in the process of responsibly implementing the decisions of BRAC 89, 91, and 93. In these rounds of base closure and realignment, 94 Navy and 5 Marine Corps bases have been designated for closure and 37 Navy bases for realignment. Of these we have already accomplished 16 closures and realignments. The funds needed to implement earlier base closure decisions are currently underfunded and this is slowing the realization of planned savings.

We are in the early stages of the detailed analysis necessary to prepare for the FY 1995 BRAC. We have created an executive level Base Structure Evaluation Committee (BSEC), which is provided staff support by a Base Structure Analysis Team (BSAT). Together, these two organizations have ensured a thorough decision making process. Decisions are based on certified data collected from installations at activity level and intermediate commands. This framework will remain in place through the 1995 BRAC process.

As directed by the President's Five Point Plan, we are carrying out Fast-Track Cleanups and putting emphasis on Job-Centered Property Disposal. We will see to it affected communities have

easy access to transition and redevelopment information, and we will continue to assist the Secretary of Defense in providing Economic Adjustment Planning Grants.

Base closures facilitate the conversion of existing installations to new civil uses that contribute to local economic development. Significant strides have been made in accelerating and complying with environmental cleanup, obtaining interim uses for property pending final disposition, and in forming effective partnerships with federal, state, and local agencies to expedite economic recovery of affected communities. We know that base closures are difficult for the affected communities but they continue to be a necessary step to bring our infrastructure size in line with Fleet needs.

ENVIRONMENTAL SECURITY

The Department is fully committed to protecting our nation's environmental security at home and abroad. This commitment not only covers strict compliance with all applicable legal requirements, but also includes our responsibility as good citizens to protect and enhance the environment. The goal of our environmental program is to ensure that our shore installations and operational commands worldwide are able to accomplish their assigned missions while meeting our environmental obligations.

In order to achieve this goal, the Department has outlined a strategy that includes budgeting and funding for environmental programs, providing sufficient numbers of qualified, well-trained people to work environmental issues, implementing a comprehensive environmental training program for military and civilian personnel, and establishing excellent communications and outreach programs to foster good community relationships at our installations.

Under Department of Defense leadership, the Navy and Marine Corps have several initiatives underway to improve our environmental responsibility. Our programs for cleanup of contamination from past activities, compliance with environmental requirements, conservation and protection of natural and cultural resources, and pollution prevention technology and process improvements match the best programs found in the private sector. Our outreach efforts to Federal regulators, state and local governments and environmental groups are educating us and earning new understandings with old and new partners in environmental protection.

While we have already achieved a 51 per cent reduction in hazardous waste disposal over the last five years, the President's Executive Order 12856 opens new opportunities to prevent pollution, use recycled products, and be a good neighbor to the environment and the communities in which we live and work.

Recognizing the health benefits associated with environmental remediation and pollution prevention, we are also making major strides incorporating health and safety concerns into our efforts. Our partnership with the Agency for Toxic Substances and Disease Registry shows promise for identifying environmental and health risks and incorporating them into our pollution prevention and cleanup efforts.

Several other key initiatives are also under development: this past year Navy activities identified their underground storage tanks and actions necessary to bring them into compliance with environmental regulations. A study to identify necessary actions and costs to upgrade sewage systems and waste water treatment plants was also completed in FY 1993. An evaluation of the expected cost of the Clean Air Act Amendments of 1990 was completed in FY 1993. And finally, an appropriation for FY 1994 was established to clean up Kaho'olawe Island, a former weapons range.

For the Department to achieve a high state of combat readiness, training must take place in geographic areas with significant natural and cultural resources. To ensure that these resources are protected, we closely coordinate with the U.S. Fish and Wildlife Service, the U.S. Forest Service, State Historic Preservation Offices, and other interested parties. This coordination results in our ability to conduct military training exercises while minimizing the impacts to flora and fauna on land and at sea.

Environmental Quality Research and Development: A number of Department of the Navy laboratories, each with specific expertise, participate in a "requirements driven" multidisciplinary program from basic research to full development. Coordinated under a tri-service environmental R&D strategic plan, the work is executed by the Naval Warfare Centers, Support Centers, and the Naval Research Laboratory. Focused to a large extent on vessels and marine issues, the Department's efforts produce dual purpose technology of value to the private sector. Technology transfer occurs through industry and university participation. The Small Business Innovation Research Program and various cooperative agreements contribute and encourage commercialization. A few of the important initiatives include:

- * Replacements for ozone depleting substances.
- * Solid and plastic waste reduction/processing for vessels.
- * Membrane filtration and thermal destruction of liquid wastes for vessels.
- * Sensors and modelling for marine environmental quality assessment and remediation.
- * Fiber optic, laser induced florescence sensors for contaminated site characterization.
- * Remote sensing of pollution and global changes through radar, laser, and hyper-spectral imagers.
- * Treatment for sodium nitrite waste water from shipyards.
- * Treatment of soils contaminated with PCBs, fuels, and heavy metals.
- * Marine biochemistry and remediation of harbor sediments.
- * Vessel anti-fouling coatings based on environmentally benign compounds.
- * Naval aviation coatings and industrial processes which prevent pollution.

TECHNOLOGY

We must preserve our technological lead if we are to win future wars. Two primary concerns guide our technological planning. First is *recapitalization*, which requires that we maintain an adequate industrial base and that we achieve savings from acquisition reform. Second is having our Science and Technology programs focused and consolidated to meet the needs of our new vision ..*From the Sea.*

ACQUISITION REFORM

One of the biggest challenges facing the Department of the Navy will be restructuring the Acquisition process to meet defense requirements within the parameters of a declining defense budget and reduced military industrial base. We must maintain and sustain a technologically superior force that is ready to meet the threat and ensure there is an industrial base to meet our present and future needs. To accomplish these objectives, we must have access to the latest state-of-the-art technology that is being produced in the commercial sector and establish an integrated defense and commercial industrial base.

The Department of the Navy has been actively involved with the newly established Office of the Deputy Under Secretary of Defense (Acquisition Reform) on various initiatives to restructure the acquisition process. Proposed legislation has been developed based on recommendations contained in the Section 800 Panel report which would remove legislative impediments to the purchase of items. These changes would make it easier for firms to sell their products to the Department of Defense, thereby allowing the Department of the Navy to take advantage of lower priced goods already in the market place and obtain the latest commercial technology.

An ongoing acquisition reform initiative designed to promote the establishment of an integrated defense and commercial industrial base is the development of alternative approaches to increase the use of commercial specifications and standards. Requirements for systems, subsystems, and non-systems acquisitions should not include defense-unique product specifications that inhibit the purchase of commercial items or dictate to a contractor how to produce a product, unless defense unique product specifications or process standards are the only way to ensure that the user's needs are met. An expanded use of commercial specifications and standards will increase the number of suppliers who can meet the needs of the Department of Defense through integrated production of both commercial and government products in the same business unit while utilizing their commercial business practices.

The Department of Defense has identified seven candidate pilot programs along with recommended statutory waivers which will enable these programs to achieve efficiencies through the use of commercial products and commercial practices. Two of these pilot programs, Joint Direct Attack Munition (JDAM) and Joint Primary Training Aircraft System (JPATS), are joint Navy and Air Force programs.

INDUSTRIAL BASE

There are numerous defense industrial base issues, but only three major issues are unique to the Department of the Navy -- nuclear shipbuilding, warship design and construction, and torpedo production. While the Department is concerned about many of the other issues, these three are critical to our ability to recapitalize the finest Naval Service in the world.

The Department of Defense and the Department of the Navy have a substantial interest in developing and preserving essential industrial capabilities needed for sustaining the cost-effective design, production and support of weapon systems and material for the smaller, highly capable armed

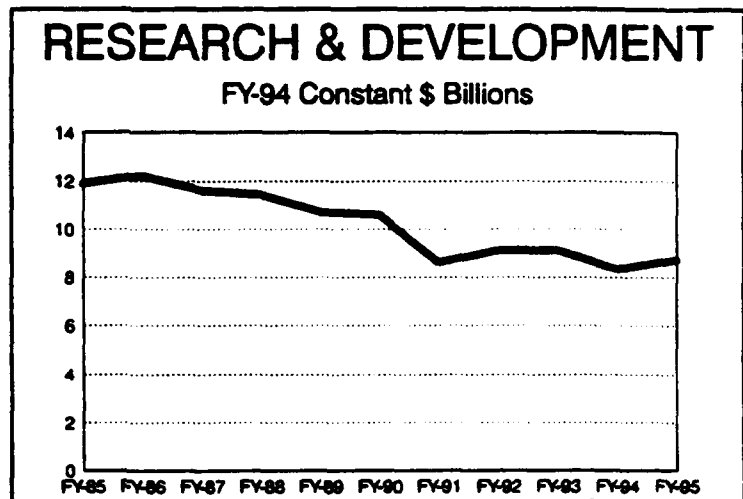
forces planned for the future. A major goal of the Department is the integration of defense and civilian industrial capability into a single dual use entity when possible. Successful execution of this plan is based upon the development of critical dual use critical technologies, facilitating the conversion of defense industries, and encouraging the free flow of technologies between the civilian and military sectors. This is also an important element of the acquisition reform program outlined by the *Bottom-Up Review*. In support of that effort, the Department of the Navy has shifted its research and development emphasis to investing more in dual use opportunities, brokering defense conversion partnerships which maximize return on investment and encouraging cooperative Research and Development Agreements using commercial off-the-shelf (COTS) and non-developmental items (NDI). Our Strategic Sealift program is an excellent example of our maximum use of commercial standards in sealift awards. In recognition of the importance of Research and Development to the future Navy and Marine Corps, our total obligation authority in this area has leveled out and is now an increasing share of our total budget.

As we examine our industrial base needs for the future, we must examine the defense unique sector as well as opportunities in the commercial sector. During the *Bottom-Up Review*, the Department actively assessed the nuclear shipbuilding industrial base from the vantage point of identifying the

actions required to preserve the critical process, product and long term capability to build nuclear submarines and aircraft carriers. We, therefore, propose to construct CVN-76 in 1995 and a third Seawolf submarine in 1996, the latter to avoid the adverse consequences of attempting to shut down a nuclear capable shipyard and then, at a later date, having to reopen it. Pending completion of ongoing Department of Defense reviews, construction of a new nuclear attack submarine is planned for 1998 to meet long term Joint Chiefs of Staff warfighting requirements. Our plan will also allow preservation of important warship design capabilities.

The Navy has completed an extensive study on the impacts caused by budget reductions within the specialized and unique torpedo industry. We are currently examining ways to optimally preserve those elements of the torpedo industry necessary for the future.

We also recognize our changing operational priorities and resultant right-sizing of the Fleet are impacting the long term business outlook of many of our key platform and equipment suppliers. In response, we have established a working group on the industrial base to address these issues, such that we can minimize the impact on the industrial base while maintaining the readiness levels needed to support our forces.



SCIENCE AND TECHNOLOGY

Today's U.S. naval forces have the ability to deploy anywhere in the world and to sustain forward presence indefinitely. That ability is the direct result of past science and technology (S&T) successes. Keeping in mind that tomorrow's naval forces will be greatly reduced, our FY 1995 S&T program continues to provide the technology base to guarantee our Sailors and Marines have the leading edge weaponry and equipment they need to continue winning -- anywhere, anytime.

In his inaugural address, President Clinton pledged to keep America's military the best-trained, best-equipped, best prepared fighting force in the world. Recently, the Navy completely integrated its S&T program. With science and technology more closely aligned, we are able to increase overall efficiency and effectiveness, while ensuring innovative, affordable, and technologically superior products are available for naval systems -- tomorrow and into the 21st century -- as President Clinton pledged. The new program will continue to work closely with our sister Services, academia, industry, and our foreign allies to support naval S&T needs.

The *Bottom-up Review* recognized that in order to stay on the cutting edge of technology, we must look beyond our traditional defense contractors and subcontractors because modern weaponry relies heavily on advanced electronics, software, telecommunications, flexible manufacturing techniques, and other advanced technologies where commercial companies are often making the most significant advances. The Department of the Navy will not only continue to encourage dual-use technologies through programs such as the Manufacturing Technology Program (MANTECH) and Cooperative Research and Development Agreements (CRDAs); but we will also participate in a new dual-use program modelled after ARPA's Technology Reinvestment Program. The Navy's program will stress close partnerships between government and industry to foster the development and marketability of technologies with particular relevance to the Navy.

The Department of the Navy is basing defense recapitalization initiatives on the continued ability to field technologically superior forces. Because the quality of our future naval forces is directly related to today's S&T program, it is of paramount importance that we sustain our S&T funding -- even as we draw down. To ensure scientific advances transition to affordable military technologies and economic advantages -- today and well into the 21st century -- we intend to fully support and maintain a strong, vigorous Department of Navy science and technology program.

CONCLUSIONS

These are exciting times for the Department of the Navy. We are successfully and rapidly transforming the Navy and Marine Corps from old thinking about the Cold War need for naval forces toward the tasks we see for the next century. We have the vision and determination to shape our forces to meet the future needs of the nation. We are taking substantial actions to right-size the Department, responsibly reducing our number of uniformed and civilian personnel and matching our infrastructure to actual need. All the while as we recapitalize for the future, we are maintaining our combat readiness and limiting the stress we place on our seagoing Sailors and Marines. While the risks involved in successfully executing our program are real and of concern, they are necessary and acceptable given today's security environment. However, any further reductions could place our current levels of overall combat readiness, personnel readiness and long term warfighting capabilities in jeopardy. We are on a steep but manageable slope and ask for your continued support to prepare for the future in a deliberate, responsible manner.