

STATEMENT OF  
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COMMANDER IN CHIEF, U.S. PACIFIC FLEET  
BEFORE THE  
READINESS SUBCOMMITTEE  
OF THE  
SENATE ARMED SERVICES COMMITTEE  
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Mr. Chairman and distinguished members of the committee, it is an honor for me to appear before you. My purpose is to update you on the readiness of the Pacific Fleet. I will do that by talking about both readiness and people because the two are inter-related. I'll describe where our problems are, what we're doing about them, and what our funding will allow us to do and not do. I appear before you on behalf of the 132,000 active duty Navy, 35,000 reserve, and 31,000 civilian personnel who make up the U.S. Pacific Fleet.

Earlier this year, the Chief of Naval Operations testified that we cannot sustain the Navy we need with our current budget, and that to maintain the Quadrennial Defense Review (QDR) force at the proper readiness levels, we need to increase our top-line. He cited that funding in addition to pay and retirement increases would be necessary to fully meet our operational, modernization and recapitalization requirements. Subsequently, he has provided a detailed list of additional unfunded requirements not included in the fiscal year 2000 budget, which total about \$2.3 Billion. These funding levels are necessary to support our required level of readiness. My number one readiness priority is recruiting and retaining quality personnel.

## **OPERATIONS**

### **Strategic Importance of Asia**

In his 1997 State of the Union address, President Clinton defined six strategic global objectives. One objective was maintaining a strong, stable, integrated Asia-Pacific community. Even with today's turmoil, many believe as I do that the 21<sup>st</sup> century will be the "Century of Asia and the Pacific". Most of the future economic opportunities—and potential threats—are there. The region contains six of the world's largest militaries, 56%

of the world's population and the second and third largest economies, Japan and China. It is responsible for 35% of the two-way trade conducted by the U.S. The past two years notwithstanding, Asian countries have experienced unprecedented economic growth in the past several decades because of market-oriented economic policies and a secure environment in which to carry out these policies. This secure environment did not happen by accident; it is the direct result of decades of U.S. commitment to engagement in Asia through forward and rotationally deployed Naval forces.

### **Forward Presence and Engagement**

With most of its 102 million square miles covered by ocean, it is no surprise that Naval Forces are far and away the predominant military component in the Pacific Theater. Navy and Marine forces bring continuous forward presence and engagement, flexible crisis response capability, and indefinite sustainment to the table. The combined elements of maritime superiority, strike, expeditionary Marines operating from the sea, and sea-based transport provide credible reassurance upon which regional countries rely, and upon which regional stability depends. Naval Forces don't need anyone's permission for strategic positioning or aircraft landing rights, nor are they constrained by logistics re-supply. Our men and women are on station at all times facilitating regional stability, enhancing cooperation, and protecting national interests. More importantly, history teaches that engagement in peacetime reduces the likelihood of the tragedy of war.

Our pro-active engagement strategy includes a program of multi- and bi-lateral exercises, maintenance and quality of life port visits, training exchanges, humanitarian assistance projects, and a routine dialogue with friends and allies in the Pacific. In calendar year 1998, Pacific Fleet forces conducted 873 port visits, staff discussions with

11 navies of the region, and more than 189 exercises and joint training opportunities. A highlight was the biennial Rim of the Pacific (RIMPAC) exercise, held this past summer in Hawaiian waters. It brought together maritime forces totaling 25 ships and 25,000 personnel from Australia, Canada, Chile, Japan, the Republic of Korea, and the United States. Five other countries sent observers, including China. It was the largest RIMPAC ever.

The centerpiece of our forward presence mission is the forward-deployed naval forces (FDF) in Japan. The 17 ships in Japan make up the KITTY HAWK aircraft carrier battle group in Yokosuka and the BELLEAU WOOD amphibious ready group in Sasebo. Having ships in this strategic location gives a great deal of capability for the dollar because the Japanese government funds over 70% of total U.S. military support expenses as host nation support, which totaled approximately \$5 Billion this past year. FDF is also a force multiplier that gives us significant leverage in these asset-limited times. It would take three to five times as many ships from mainland U.S. bases to provide the same presence and crisis response capability as we get from the FDF. Although FDF ships normally combine with rotational deployers from Hawaii and the west coast to engage Western and Southern Pacific countries, their strategic positioning makes them fully capable of providing initial and substantial response to other theaters. The BELLEAU WOOD amphibious ready group made an unscheduled deployment to the Arabian Gulf last year, and the Kitty Hawk battle group arrived in the Gulf on 18 April, responding to the current world situation.

For our own interests, and in the interest of global stability, we must remain active and engaged in the Asia-Pacific region. But that comes with a price. The price is ready

forces, achieved and sustained by motivated men and women who take pride in their Service and their work. Our men and women are working hard.

## **READINESS**

Recent events in the Arabian Gulf have demonstrated that our deployed forces are still able to get the job done when called upon. For instance, following a high-speed transit to the Arabian Gulf last December for Operation DESERT FOX, the CARL VINSON Battle Group immediately took assigned launch stations and sent Tomahawk Land Attack Missiles down range within a few hours. The carrier launched a 20-plane strike package, during which aircraft availability and performance was excellent. An outside observer, viewing this episode in a vacuum, might conclude that things are “okay”. But things are not okay. Such success stories, made possible through the hard work and dedication of our people, mask serious underlying readiness downtrends that must be reversed. I would like to summarize for you some of the problems I am seeing.

### **Surface Ships Readiness Concerns**

**Material condition.** We now have hard evidence of a drop in surface ship material readiness. During CART II inspections (the first look at a ship early in the training cycle) in 1998, 63% of the PACFLT ships inspected were assessed as not effective in material condition, and seven ships were assessed as not ready to begin training due to significant material problems. This latter assessment was made only six times in 1996 and 1997 combined. 1998 Inspection and Survey (INSURV) data shows disturbing downtrends in several categories, including full power demonstrations, boiler and generator readiness, and ship preservation.

**Manning.** Overall we had 5560 gapped billets in PACFLT as of 2 April 1999, of which 2784 were in the surface fleet. These gaps are forcing us to use “just in time” manning to get deployers ready. To get ships up to minimum C2 manning for deployment we’re having to cross-deck personnel from other ships. And, because shortfalls tend to occur in certain specialties, many of the same people get cross-decked more than once. Currently, I have to use as many cross-decks, diverts, and temporary duty assignments to man PACFLT ships to a readiness rating of C2 as I did in 1997 to get to C1. Under manning causes a kind of death spiral—the harder people have to work to make up the difference, the less likely they are to stay in the Navy, the fewer people we have to fill jobs, the more undermanned we are, and so on. And this does not even address the question of whether C2 readiness is good enough. Continuing readiness challenges may force us to revisit the C2 readiness criteria. However, focused management attention has resulted in improved manning for GENDETs (non-designated personnel in the rates of Seaman, Airman and Fireman) and for FDNF ships, and we expect this positive trend to continue.

**Maintenance funding.** Managing the ship maintenance program has been a great challenge in spite of efficiencies we’ve achieved, and I believe our material condition degradations to be a direct result of not funding maintenance to 100% of requirements. We have done our absolute best to do the necessary maintenance to keep our ships ready, but limited funding combined with challenging real world operations has taken its toll. Due to competing requirements, surface ship maintenance funding has suffered more in recent years than submarine and aircraft carrier maintenance. As you would expect, and as INSURV inspections have validated, surface ship material condition has degraded more

than submarine and aircraft carrier material condition. Although over the past year we have worked hard to better define ship maintenance requirements, I still expect a gap between all of our requirements and budgeted funding. I appreciate the additional money from Congress for ship maintenance but because of the downward trends in material readiness, this continues to be my number one readiness account concern.

**Maintenance initiatives.** As in the case of aviation readiness, we are working to address our surface ship readiness problems. The drop in surface ship readiness is not a result of a lack of effort on the part of our people. We have devoted much attention and innovation toward becoming more efficient and effective in our management of ship maintenance. One example is reducing the length of 13-week maintenance availabilities to 9 weeks while accomplishing the same level of repair. I'm also pleased to report that the Pearl Harbor Pilot project is doing well. In support of the Navy's Regional Maintenance Initiative, we merged the Pearl Harbor Naval Shipyard with the Naval Intermediate Maintenance Facility on 1 October 1998. This initiative has moved shipyard funding from the Navy Working Capital Fund under Naval Sea Systems Command to Operations and Maintenance, Navy funding under the Pacific Fleet. The program is headed for success as a more efficient and effective way of doing ship and submarine maintenance. But despite our best efforts, we are finding our initiatives are insufficient to compensate for the growing shortfall in maintenance funding levels.

**Ordnance.** Although I cannot get into specifics because of classification, ready for issue inventories of Tomahawks and precision guided munitions is a growing concern, particularly due to the expenditure of over 500 TLAMs in the last eight months. I am also concerned over the impact these ordnance shortfalls are having on our people. As with

personnel, crossdecking ordnance to deploying ships to meet Theater CINC's requirements adds to our people's already heavy workload. The availability of weapons frequently drives the schedules of our ship and shore stations and has necessitated a redistribution of assets. To ensure that our ships have the right types and quantities of precision guided munitions, we schedule training, operations, and other events around weapons movements. Crews are frequently required to double-handle ordnance unnecessarily, interfering with more productive activities and diminishing their quality of life both when deployed and when in homeport.

**OPTEMPO.** We are currently exceeding budgeted deployed ship OPTEMPO of 51 days/quarter due to operations and the heightened threat condition in ports in the Arabian Gulf, which has forced ships to stay at sea, hence burning more fuel. Current OPTEMPO in COMFIFTHFLT stands at 78 days/quarter. This unexpected increase above the budgeted 51 days/quarter will contribute to an estimated shortfall of \$15 Million in the ship operations account this year. This number is expected to increase with the Kitty Hawk Battle Group return deployment to the Persian Gulf, due to the Roosevelt remaining in the Mediterranean, and because of increasing Y2K costs. Sailors don't mind working hard at the front lines to support U.S. vital interests, but when they see us continually robbing the rest of the force to do it they wonder where the health of their Navy is heading. A concern for fiscal year 2000 is anticipated funding shortfalls for supplies and equipage (S&E), the account that funds our shipboard spares, quality of life and port costs. As in aviation, funding for spare parts is becoming a concern in the surface fleet, and would be a priority for spending if additional funding is received.



## Aviation Readiness Concerns

**Spare parts and aircraft availability.** I recently visited two of our largest air stations, NAS Lemoore and NAS Whidbey Island. I met with lots of people, from E-1 to O-6. I made it a particular point to meet with maintenance personnel. The concerns varied somewhat from one aircraft community to another, but they were centered in five areas: aircraft availability, engine availability, parts shortages, people shortages, and quality of life. At Lemoore, for instance, 42% of their F/A-18 aircraft were not flyable awaiting spare parts. They were 61 engines short of even being able to fill the firewalls in their assigned aircraft, let alone maintain the sustainment pool needed to support combat level operations. 23% of their allowed repairable components were not-in-stock—shortages which drive ever increasing cannibalization rates as well as expedited repair orders which, in turn, stress our already taxed intermediate maintenance crews. Now, as we all recognize, there are various reasons for these parts shortages, which include everything from unanticipated reliability problems, increased failures related to aging aircraft, improper diagnostics by inexperienced or undermanned maintenance crews, and funding shortfalls. The reason for the shortage is not nearly as important as the impact. In aviation readiness, everything is inter-related. A shortage of spare parts lowers the number of aircraft available and increases cannibalizations. Fewer aircraft hurts aircrew training, which lowers their morale and retention. Increased cannibalizations cause frustration for maintenance personnel, lowering morale and retention. It also means that personnel are doing more than twice the amount of work to make the repair—they must first remove the required part from the cannibalized airframe, then install that part in a new airframe, and finally, when it comes in, replace the part in the original airframe.

**Manning.** As with surface ships, aviators are working harder to make up for shipmates who should be there but aren't. As of 2 April, there were 1600 gapped aviation billets at sea, almost half of which were GENDETs. Also, about 75% of the 1176 PACFLT shortages in shore units were concentrated in aviation training and maintenance units. These gaps in and of themselves don't tell the whole story. For instance, in at-sea aviation units, gaps exist at every pay grade, with 1 in 16 positions unfilled. These Sailors are already picking up the load for the shortages in grade, and are being asked to do even more to compensate for the lack of GENDET Sailors as well. The aviation shore picture is not any better. In fact, with the priority on manning the fleet, our GENDET and E3 to E4 manning ashore is 75.1%. One in every four billets is gapped, and the strain in these units is just as great as our sea going ships and squadrons. It is not hard to understand their frustration, nor why our retention is suffering.

**Funding.** Although the shortfall this year is not as severe as in previous years, we still carried a "bow wave" of approximately \$30 Million in aviation depot-level repairables (AVDLRs) from fiscal year 1998 into fiscal year 1999. We have budgeted funds to buy back that bow wave in fiscal year 2000. However, I anticipate that this bow wave is likely to grow due to trends experienced this year such as actual cost per flight hour being higher than budgeted, Y2K requirements, continuing involvement in contingency operations, and must fund aircraft support requirements (material transportation, organizational maintenance equipment, flight simulator contract costs).

**AMSR.** We are pro-actively addressing solutions to our aviation problems through the Aviation Maintenance-Supply Readiness (AMSR) Study Group. This is a prime example of an approach that brings together the right experts at the right place at

the right time to solve complex issues. Our AMSR effort originally met in April 1998 to identify the actions needed to address aviation maintenance and supply readiness deficiencies. Since that time the Fleets, NAVAIR, NAVSUP and the Navy and Marine Corps headquarters staffs have been working to address the 18 issues and 71 actions identified by the original Study Group members. Progress is being made, but the needed turnaround in readiness will not happen overnight. It will take continued emphasis across the full spectrum of AMSR action areas, together with the necessary funding, to complete the recovery.

### **Submarine Readiness Concerns**

**Material condition.** Although submarine maintenance has been a priority, I am concerned about downward submarine material readiness trends. In the PACFLT submarine community, Casualty Reports (CASREPs) have trended upward from 1.2 per SSN in January 1995 to 2.8 per SSN in December 1998. The average CASREP duration has increased from 25 to 81 days during that time. Monthly departures from specifications have trended upward from 30 to 41 per month during this time. As I mentioned before, submarine maintenance requirements will dramatically increase in the next few years.

**Asset limitations.** The submarine force is being stretched as never before due to increasing commitments and the continued draw down toward the QDR-mandated force structure. We can no longer add new requirements without consequences, such as PERSTEMPO busts, delayed maintenance, or gapped presence. The total Navy submarine force has drawn down from 100 fast attack submarines (SSNs) since the end of the cold war to only 58 SSNs today enroute to 50 SSNs by the end of 2003. The end result is that forward-deployed presence will be reduced to about 11 submarines per year

from the 15.8 average in 1997. Fewer submarines deployed will mean that emergent tasks will strain OPTEMPO, reduce presence in another region, or displace priority tasks. Even with today's fleet of 58 attack submarines, the force is over-tasked. For example, Commander, Submarine Forces Pacific has historically maintained five or more submarines in the western Pacific at all times. However, due to the shrinking force levels, there will be a growing number of gaps in SSN coverage. PACFLT SSN force structure has dropped from 30 SSNs in 1996 to a projected 25 subs in 2003. Despite the reduction in available assets, mission, contingency tasking and engagement demands continue to grow. National tasking has also remained constant despite the reduced force size. While the number of attack submarines has been drastically cut, the volume of intelligence, surveillance, and reconnaissance missions for submarines has more than doubled.

### **Shore-based Readiness Concerns**

**Funding.** To cover funding shortfalls for higher priority readiness programs, our ashore infrastructure (base operations and real property maintenance) continues to be the bill payer. We currently project shortfalls in every U.S. and overseas region totaling \$99.5 Million in fiscal year 1999 and approximately \$115 Million in fiscal year 2000. The backlog of maintenance continues to grow while the condition of our shore infrastructure declines. Readiness implications are most evident on the direct fleet support elements of our infrastructure including runways, piers, and utilities. In addition, we continue to neglect the very area that is one of the greatest drivers of the retention of our people, their quality of life. As opposed to private industry, we have not adequately taken into consideration the impact of quality of life in the work place on morale and productivity of our workforce. We are paying the price for that lack of attention in decreased retention

rates. Any additional money I receive for ashore infrastructure would be spent on the backlog of maintenance to help re-build our degraded infrastructure. I would also place a high priority on giving people a quality work environment. Where the private sector is building “Campuses” for their people to work in, we still have the notion that “infrastructure should be minimized.” This notion must be changed.

**Regionalization.** We are getting more efficient in how we do business, but not fast enough to keep up with our fiscal challenges. Our efforts to consolidate and restructure facilities and services in San Diego, Hawaii, the Pacific Northwest, and overseas regions are successful and ongoing. Since fiscal year 1997, we have implemented many cost reduction initiatives through our base operating support (BOS) programs to reduce shore infrastructure operating costs. Through these initiatives and by regionalizing base operating services through our six regional commanders instead of managing BOS support through 37 separate stand alone activities, we have realized more than \$95 Million in savings/cost avoidance, but our base budgets have been reduced more than this. My base commanders spend more time trying to fix budget shortfalls than they do effecting positive changes. Initiatives that fall under our regionalization concept include: consolidations of adjacent activities under one central management function (for example, Naval Station and Submarine Base, Pearl Harbor); reducing the infrastructure footprint; partnering with public works centers to reduce utilities costs and purchasing more services with the same amount of funds; reducing/scrubbing current BOS contracts to fulfill mission needs only; and expanding better business practices. But no amount of cost saving and consolidation can make up for the continuing fiscal challenges we face in this area.

**FIDA.** Another major base support improvement initiative is the Ford Island Development Authority (FIDA), an innovative, business-like approach to redeveloping Ford Island into a world class Navy community with a mixed use of operational facilities, high quality family and bachelor housing, community facilities, recreational and open space areas, and a Navy square. Legislation has been proposed to reduce the time needed to program, fund, build, and accomplish this vision from an estimated 30 years to just 12. Once approved, this authority will help us leverage private sector investment through public-private partnership to share both risks and benefits. It builds on previous experience of the Veteran's Administration and public-private ventures under oversight of Congress and the Secretary of the Navy; I request your support of this initiative.

### **Y2K**

The Y2K issue is only a one-time event but it has come at an inopportune time. I'm concerned about its impact on readiness and retention. The current cost estimate for the Y2K problem is over \$90 Million for PACFLT, which is a must pay bill. It is projected that the funding the fleet will receive to address this issue will be less than the actual costs and therefore a fleet readiness degrader. This shortfall will become an additional tax on fleet readiness. The shortfall will come out of the fleet readiness programs and can be expected to add to the spare parts, real property maintenance, and ship maintenance shortfalls I have already mentioned.

### **Execution Flexibility**

The Operations and Maintenance (O&M) budget for the Pacific Fleet is provided to operate, train, and maintain the readiness of 189 ships, 1422 aircraft, 36 shore activities, and 132,000 active duty personnel in an area of responsibility that covers half of the globe.

Naval operations—and therefore operational requirements—are by nature dynamic and hard to predict, especially when we’re trying to determine our budget two years in advance. The challenge of managing readiness in an asset limited and dynamic environment is further complicated by limitations on transferring O&M money from one readiness account to another. Because this year’s budget, as in recent years, is not adequate to cover all requirements without risking further readiness degradations, we need the flexibility to move reasonable amounts of money from one account to another

### **Long-Term Readiness**

Asset limitations today foreshadow increasing strain in the future unless we make recapitalization and modernization of the 300-ship fleet a priority. We have recently borrowed from modernization to try to cover shortfalls in readiness accounts, but we should not allow this to continue. Many of our future programs already have been slowed or deferred from the original intention, and any further delays will only complicate our efforts to improve near-term readiness. Key to avoiding even greater strain on force structure demands will be your decisions to support our aircraft and shipbuilding programs. From my perspective, our force structure needs exceed the planned deliveries now. Simply said, we can no longer afford to cover shortfalls in readiness accounts by shortchanging modernization and recapitalization efforts. This includes programs like: the F/A-18 E/F and CH-60 procurement; continuing production of DDGs and an additional LHD; development and production of T-ADC (X) logistic ships and LPD-17 amphibious ships; planned weapons upgrades of Aegis cruisers; and production of the Virginia class new attack submarine. On the horizon, two critical programs include the future CVNX

and the DD-21. We must make wise investments now in these key recapitalization programs to help avert significant problems in the future.

## **PEOPLE**

The legendary Admiral Arleigh Burke once said: “If anybody has a choice between choosing an organization and choosing people, they should choose people and the organization will take care of itself.” My sentiments exactly. If my 33-year career has taught me anything it’s that the most important investment we can make in the future is an investment in people.

What has enabled us to meet the formidable fiscal and readiness challenges we’ve faced in recent year is the dedication, sacrifice, and innovation of our Officer, Sailor, and Civilian personnel. Only through the strength of their commitment have we been able to steam our ships the required number of days and fly our aircraft the required number of hours to meet every demand the nation has placed upon us.

### **Retention**

People have been feeling the strain of doing more with less in every warfighting community for some time now, and the proof is in the retention metrics. The Pacific Fleet first term enlisted retention rate was 29.2% for the year ending 31 January 1999, nearly 3% below the Navy’s goal. Navy-wide, second term retention is lower than at any time since 1978-79 at the height of the “hollow” force. Third term, or career, retention Navy-wide is lower than at any time since 1977.

Officer retention is just as troubling. In the aviation community, pilot and naval flight officer retention is below requirements by 5-10%. In the SEAL community we are



experiencing the worst junior officer retention in history, down from historical rates of about 80% to the current 58%. Surface warfare officer retention is far below requirements and must improve from the current 25% rate to 38% to man all of our department head billets at sea, where we are already experiencing serious shortfalls. Submarine Officer retention must improve by 11% prior to fiscal year 2001 to meet department head manning requirements for fiscal years 2001-05.

### **QOL at Home and in the Work Place**

I wish to express my appreciation for the attention that Congress has recently focused on pay and benefits. The triad of a substantial pay raise to help people in the short term, the repeal of REDUX for long term compensation, and pay table revision to reward promotion instead of longevity is an essential step. It will start to level the playing field and give us a chance to compete with industry for young talent, and it's the right thing to do. But we must recognize that no single solution will fix the current retention problem. As with all important issues there are no easy answers. I find debate about the pay gap between military and their civilian counterparts interesting because I know of no job in industry comparable to that of seagoing Naval Officers and Sailors. Getting the pay triad approved this year is the number one retention item. At the same time, we must also support the other detractors mentioned above by providing safe and affordable housing, quality work environment, adequate spare parts to meet readiness standards, and accomplishing all maintenance to maintain material condition standards. Some reasons for our currently unsatisfactory retention are beyond our control. Certainly the strong economy is. So we must concentrate our efforts in areas where we can have a direct impact. One thing we can do to improve morale is to move forward promptly with

Public/Private Ventures (PPV) initiatives for family housing. Almost, all of the Pacific homeports and bases are located in high cost areas. I don't necessarily see PPV as a way to save money, but a way to leverage money to get more Sailors into better housing. For our initial West Coast phase in San Diego, for instance, PPV will leverage \$21 Million to achieve \$151 Million in revitalization and construction. We will also need to export the San Diego success to other regions or have significantly more housing MILCON.

Another thing we can do to help morale is to consider easing the restrictions on frocking Officers to the next higher grade after the Senate has given its advice and consent.

Currently, Officers must be serving in, or have orders to serve in, a position for which that grade is authorized. Lifting this restriction won't cost the taxpayer a dime but it will accelerate the process of recognizing superior performers and allow them to feel pride in their achievement sooner.

Fixing retention is not a straightforward problem like repairing the material condition of a ship, where well placed funding may quickly correct the problem. You have to keep a steady strain on the reins of retention because it is like a slippery slope; once you start down it it's tough to stop.

### **Retention Initiatives**

Improving retention is the number one priority in PACFLT. Initiatives include reducing attrition, reducing the inter-deployment training cycle (IDTC) workload by 25%, and revamping our training pipeline to put more sailors to sea quicker.

We recently developed a computerized database to keep track of retention and attrition for the entire fleet. It enables us to look at commands where retention is low and focus additional leadership attention on fixing the problem. We're looking especially hard at reducing attrition. If we can get more Sailors to the end of their enlistment it will reduce manning shortfalls and automatically improve retention by giving us a larger pool of potential re-enlistees. To accomplish this requires shifting a mindset. During the drawdown we began to treat people as if they were a readily renewable resource. We needed fewer personnel and had to drastically reduce force numbers so we made little effort to prevent personnel losses. It became easy to get rid of someone who was a "leadership challenge" rather than devoting the extra time and effort to turning them into a contributing member. We are working to shed the drawdown mentality, and I ask you to do the same. We need to keep every quality Sailor in the Navy.

Another area where we are trying to improve quality of life is in the IDTC. Last year, the CNO mandated a 25% reduction in the IDTC workload in order to give more time back to Commanding Officers and reduce their crew's workload. The CNO has kept his promise to the Sailors. In aviation we reduced the number of required inspections and assist visits from 138 to 69. Air squadron Commanding Officers get back 30 days of discretionary time, which reduces the amount of time the squadron is away from home. For surface ships we reduced the number of inspections from 153 to 86. Ships and squadrons will still spend 28 days per quarter underway or away from home station to complete required training requirements but the workload inport will be reduced. (While we are working diligently to meet these goals, the EA-6B and F/A-18 communities are not yet able to achieve them; we have more work to do.) In addition, homeport duty

requirements have been reduced 33-50%. For both aviation and surface ships, the IDTC initiative will significantly reduce the time and effort they spend preparing for inspections, and will reduce the time people spend at work while units are at home. Overall benefits to the Sailor: fewer inport duty days, consolidated and reduced inspections, level loading of inport workload, and less intrusive training.

The IDTC initiative is in keeping with Secretary of the Navy Richard Danzig's Smart Work program. Taking advantage of technology and other options to reduce maintenance requirements and mundane tasks will definitely improve a shipboard Sailor's life at the work place. No one joins the Navy to chip rust and paint the ship or be a mess cook. The answer to solving these problems lies in technology and innovation and giving people the tools and resources they need to do their job. We are just starting to look at the technology in these areas.

## **INFORMATION TECHNOLOGY**

We have come to realize that part of what caused our readiness problems in the first place was that we were slow to change traditional ways of doing business. We had stove-piped processes that focused on buying systems instead of capability. We turned a blind eye to systemic problems and stubbornly held on to broken processes that just won't work anymore. Our world has fundamentally changed in the past ten years. We are operating in a resource- and asset-limited environment as never before. We are also in the midst of a technological revolution where we must scramble to keep up while competing for employees in a full-employment economy.

At PACFLT headquarters we have focused on information technology (IT) as a priority for the past two years because we believe it is the key to solving many of our problems: retaining combat supremacy, improving efficiency and productivity of our support processes, stretching scarce dollars, enhancing warfare capabilities, enhancing the quality of Sailor's lives in the work place, and attracting and retaining quality people. Our effort has taught us many things, most importantly that a revolution in information technology is directly related to a revolution in business and military affairs. We are warfighters first and that's why we began with Network Centric Warfare and Information Technology for the 21<sup>st</sup> Century (IT-21) to revolutionize warfighting. But in today's environment we must also be efficient business managers. We are using the power of information and knowledge to reduce the costs of doing business in order to meet our relentless fiscal challenges.

### **Navy Wide Intranet**

The Navy has recently made a top-driven commitment to build a Navy Wide Intranet (NWI), which is high on the CNO's list of \$2.3 Billion of unfunded requirements in addition to the fiscal year 2000 budget. The \$280.7 Million needed for the Navy Wide Intranet and ashore IT-21 systems is a necessary investment for the future. It is the prerequisite to changing the way we do business. Without the NWI it will not be possible in today's environment to achieve a revolution in business and military affairs. In order to realize a significant return on our investment we must also use bottom-up innovation to change our business processes. The NWI will tie every level of the Navy together so that all of our personnel may share information, make better warfighting *and* business decisions, and be innovative in the future "Knowledge-Centric" environment. It will

insure our information superiority in the new millennium. But to realize this vision we must invest now. There is an exponential effect to the rate of change in technology. The pace is accelerating and if we don't catch the technology wave now, in just a short while we will be too far behind to ever catch it. The \$280.7M is absolutely essential to increased readiness, capability, and retention and I urge your support. Would you join a low-tech organization? Neither would many recruits today!

## **CONCLUSION**

In sum, I'd like to reiterate my priorities for retention and readiness. For this year, I'd apply any additional funding received to ensure that all mandatory ship maintenance is accomplished, prevent a bow wave of aviation and shipboard spares, prevent further degradation in ashore infrastructure, and fund the costs associated with the Y2K problem. For fiscal year 2000, in addition to the pay triad, I urge support for the CNO's recommendation to increase our top line to prevent further declines in readiness and to support the NWI. If I receive additional funding for fiscal year 2000, and I'm given the choice on how to spend it, I would apply it to: ship maintenance to reverse the trends in ship and submarine material condition; the flying hour program to fix spare parts, aircraft availability and support problems; ship operations, particularly for spares and equipage; and start to restore the readiness of ashore infrastructure to provide our people a better quality of life in the work place.

If there is anything I'd like you to take away from this it's that the problems of maintaining readiness and retaining quality people are inextricably linked. You can't have one without the other. We recognize that and are working hard to address both

simultaneously, but as you can see, we are not there yet. Despite our efforts, shortfalls remain which we are unable to address within existing budget limitations. We appreciate the efforts of this committee in attempting to address those shortfalls over the years and ask your continued support in that respect as we jointly work to address the readiness and retention concerns I have outlined here today.

In closing, Mr. Chairman, I'd like to leave you with a quote from a predecessor of mine, Fleet Admiral Chester Nimitz:

"We must make certain now and for the future, that the peace is secure. We must remain strong. Never again should we risk the threat which weakness invites. We owe this to the men who have fought and to the youngsters who are growing up today."

Again, I thank you for the opportunity to tell you about our people and what they've accomplished in the face of significant challenges. I look forward to answering your questions.