

REPORT OF THE SECRETARY OF THE NAVY

The Navy and Marine Corps provide the Nation with a flexible and joint instrument of security policy with which to promote stability, project maritime power landward, and exercise American sovereignty abroad. Naval forces shape the global security environment; help assure access to regions of vital interest; and permit timely, and frequently, the initial crisis response from the sea. The ability to reassure friends and allies, deter, and, when called upon, engage in combat at all levels of intensity makes the Navy-Marine Corps team especially useful to the Nation in peace, crisis, and war.

JOINT FORCE COMMITMENT

Naval forces are an important component of the Joint Force. While independent naval operations will at times be appropriate, most crises and conflicts will involve Joint Task Forces to achieve the most effective use of all the Nation's military forces.

THEATER ENGAGEMENT SUPPORT

In peacetime, including times of “violent peace,” the Navy and Marine Corps are an important and visible part of the *engagement* element of the National Security Strategy (NSS). Likewise, they contribute tangibly to the *shaping* aspect of the National Military Strategy (NMS) that supports the NSS. Forward-deployed naval forces are present continuously around the world, regularly using the sea-lanes through which international commerce and key resources like oil flow. They interact frequently with their overseas counterparts, building and sustaining friendly relationships with regional partners. As theater Commanders in Chief (CINCs) develop their comprehensive Theater Engagement Plans (TEP) in support of the NSS and the NMS, the Navy and Marine Corps play particularly important roles in TEP execution by virtue of their regular forward presence.

COMPONENTS OF THE JOINT FORCE

Naval forces are committed to and are an indispensable part of the Nation's Joint Forces. The warfighting concepts and capabilities of potential future adversaries—especially anti-access strategies—are of special concern, should the United States become engaged in overseas conflict. Asymmetric and conventional threats, many stemming from the ever-growing availability of commercial technologies with direct military applications, have the potential to make projection of joint forces increasingly challenging, particularly during the early phases of a conflict as these forces flow from the continental United States to the theater involved.

Projecting U.S. power and influence from the sea, to directly shape events ashore, while maintaining freedom of the seas is the essence of the Navy and Marine Corps' contribution to national security. At their core, naval forces are a potent and, indeed, deadly warfighting asset for the theater CINC. These forces can be scaleable, such as in the form of cruise missile/air strikes or in the form of Marine Air Ground Task

Forces (MAGTF) that can be rapidly inserted ashore. Because they are readily sustained on the scene, either visibly, over the horizon or under the seas, they give our National Command Authorities hours, days, weeks, and even months to gain intelligence, conduct diplomacy, avert crisis, build coalitions, or, if necessary, act decisively. Further, naval forces can exploit the freedom of maneuver afforded by the seas to respond to contingencies around the world.

In helping to shape the theater environment through ongoing engagement with regional partners—facilitated by nearly constant presence and the inherent ability to rapidly and forcefully respond in the event of crisis or conflict—naval forces underpin access as a prerequisite for the timely and secure arrival of other joint forces. Absent sea-based naval forces to maintain or seize access venues promptly, U.S. options in response to crisis or conflict are constrained.

The role of joint force enabler is but one operational contribution. Improving the ability to access and protect air- and seaports of debarkation, intermediate staging bases, strategic “hub” ports and other important assets are all important operational requirements. Continued investments in sea-based defense against ballistic and cruise missiles, effective counter-mine and anti-submarine capabilities, the ability to rapidly locate and strike important adversary forces, weapons and sensor systems, and control of the seas and the airspace over them are essential for the Joint Force to operate effectively. And, the Navy assures the flow of the vast majority of logistics to sustain forces once ashore. To this end, the Navy has made, and continues to make, a significant investment in sealift.

The Navy and Marine Corps have a long history of operating jointly, and are working in a variety of ways to foster even closer integration. Both also are deepening their links with sister Services. The Marine Corps is working closely with the Army on future land warfare issues, while the Navy and Air Force conduct regular warfighter conferences and other activities to improve interoperability as part of the larger goal of seamless, coherent joint operations.

OPERATIONS IN 2000

The year 2000 saw rotational naval forces constantly “on station, on call” worldwide, supporting ongoing joint operations and theater engagement efforts.

As in 1999, five Aircraft Carrier Battle Groups (CVBGs) and five Marine Expeditionary Units (MEUs), embarked in Amphibious Ready Groups (ARGs) deployed during the year, manned by more than 55,000 Sailors and Marines. Similarly, 30,500 Marines were deployed or based forward in support of other operations.

Although there is undeniable risk while engaging in Southwest Asia—as evidenced by the terrorist attack on the *USS COLE*—the presence of naval forces provides a strong symbol of support and stability for our allies while also signaling resolve to those who potentially threaten our regional interests. We maintained a continuous carrier presence in the Arabian Gulf throughout 2000. Importantly, all of the CVBGs that operated in the Gulf last year, and, along with shore and sea-based Navy and Marine Corps aircraft, conducted combat operations in support of Operations NORTHERN and SOUTHERN WATCH, striking numerous targets in the respective “No Fly” zones. Similarly, Fifth Fleet surface combatants continued Maritime Interdiction Operations in support of the United Nations' economic sanctions against Iraq for the

tenth straight year. Marines from the 15th and 22nd MEUs, embarked in the *BONHOMME RICHARD* and *WASP* ARGs respectively, participated in training and exercises with friends and allies throughout Southwest Asia.

Likewise, our forward-deployed naval forces based in Japan continued to project U.S. influence in East Asia, the Indian Ocean, and the Arabian Gulf through overseas presence and visible engagement activities. Operating forces from Marine Forces, Pacific (MARFORPAC) supported the U.S. Liaison staff to the U.N. Transition Assistance program in East Timor, transporting thousands of tons of humanitarian supplies and building materials. Navy Seabees from Navy Mobile Construction Battalion 40 and Navy Medical Corps personnel deployed to East Timor and conducted various humanitarian and civic action activities. MARFORPAC and Sailors from the Navy's Seventh Fleet also exercised and operated with the forces of several nations in Southeast Asia.

In other activities, combat-ready Marines, deployed in ARGs assigned to the Sixth Fleet, provided peacekeeping forces in Kosovo and served as the Joint Task Force Commander's ready reserve. Marine Fleet Anti-Terrorist Security teams deployed to Cuba, Yemen and Bahrain on short notice to provide enhanced force protection to forward-deployed forces during high threat periods. Other Marine elements deployed to several South American countries, participating in riverine and small unit training with host nations.

Navy and Marine Corps Reserves provided more than two million man-days in support of the Active force in 2000. Reserves, including Reserve aviation units and Special Operations Reserve personnel, contributed significant support to counter drug operations, both from bases in the United States and overseas. Navy and Marine Reserves also supported many other efforts, including support to Operations NORTHERN WATCH and SOUTHERN WATCH, civil affairs and other activities in Bosnia and Kosovo.

READINESS

QUALITY OF SERVICE

Quality of Service is a balanced combination of both Quality of Life and Quality of Work. Some aspects are tangible, such as adequate compensation, a guaranteed retirement package, comprehensive health care, and other benefits associated with traditional Quality of Life programs. Others, however, are intangible—and in some ways more important. Indeed, they are cardinal factors that make a career in the Naval Services attractive to talented people relative to other options they may have.

These intangibles—job satisfaction, ongoing professional growth, high quality training and education, personal recognition, confidence that they will have the tools necessary to succeed in combat, and a belief that the Nation will fulfill its promise to them and their families—comprise crucial elements of the Quality of Service. Sailors and Marines draw great personal and professional pride and satisfaction from what they do throughout their service to the Nation. In turn, they deserve the unambiguous support of the Nation they serve so that they know that what they do is important and worth the personal sacrifices they make and the opportunity costs they incur.

RETAINING OUR BEST PEOPLE

Improving the Quality of Service, including enhanced financial compensation, greater advancement opportunities, and personnel tempo kept within established goals, is fundamental to higher retention. Through training and education, the Nation has invested a great deal in our Sailors and Marines, enabling them to operate and maintain complex systems and, if called up, to win in combat. A healthy retention rate reduces training costs, lowers recruiting requirements, and contributes heavily to operational readiness. So, it is important that we give our people compelling reasons to stay—and not to lose them early in their service. Programs such as the Navy's Center for Career Development and the Bearings program, and the Marine Corps' Crucible and Unit Cohesion programs have been developed to increase our first term attrition posture.

Although Navy enlisted retention during 2000 was below the Department's annual target, the Navy retained enough Sailors to end the year about 1000 personnel over end strength. Short-term extensions, however, contributed to a higher retention rate, especially among first-term Sailors. Current enlisted retention for the Marine Corps is relatively stable. In 2000, the Marine Corps achieved reenlistment rates necessary to meet its goals for transition of first-termers to the career force. Improved retention tools, including the triad pay package, higher reenlistment bonuses, and better advancement opportunities all are contributing to the Department's retention efforts. Additionally, the Navy has continued to reduce the number of gapped billets at sea from a peak of 18,000 to less than 8,000 by the end of 2000.

In FY 2000, Marine Corps officer retention improved substantially, due to targeted incentive pay programs. For the Navy's officer corps, low retention rates, coupled with smaller than normal junior officer year groups, have resulted in required retention levels significantly higher than the historical norms, particularly in our warfighting communities. As a result of increases in special and incentive pays which targeted specific problem areas such as aviation, surface warfare, and special warfare, we are seeing some early positive indicators. However, we must remain concerned that submarine and surface warfare officer retention continues to fall short.

RECRUITING OUTLOOK

The Marine Corps has met or exceeded its accession goals since June 1995. Aggressive recruiting techniques allowed the Marine Corps to exceed its quotas and to improve its delayed program numbers. To maintain a successful recruiting stance in the future, the Marine Corps is restructuring the locations of its recruiters to more effectively solicit target populations. The Navy met its accession mission and end-strength requirements in FY 2000. Several initiatives contributed to this positive trend, including increasing the recruiting force; expanding the number of recruiting stations; increasing financial and educational incentives, such as the Navy College Program; and re-focusing the Navy advertising plan. The recruiting environment, however, remains challenging. While the Navy met its accession requirements for FY 2000, it was not able to improve its recruiting posture entering 2001 as the Delayed Entry Program numbers continue to remain lower than desired.

CIVILIAN RETIREMENT BOW WAVE

In the next five years, 47 percent of the Department's engineers, 55 percent of its scientists, 70 percent of its computer specialists, and 64 percent of its contract specialists will be eligible for retirement. In an age of rapid technological change, the Department must attract top-notch talent, especially in areas such as

Research and Development. Multiple, innovative recruitment and retention strategies designed to attract and retain young college graduates are needed. As an example, the Marine Corps chartered a Civilian Career Advocacy Board to focus senior level attention on workforce development and management issues. The Board is designing civilian career tracks within functional specialties.

SMART WORK

Smart Work encompasses a host of initiatives that capture new technologies, seek better ways of doing business, and follow through on commitments the Department has made to its people. For example, the Smart Manning concept seeks to achieve workload reduction through better use of manpower and enhanced training improvements. Substitution of capital for labor for example, allows the Department to commercially contract labor-intensive tasks such as painting, food and hotel services, and some administrative tasks. Last year, the Navy contracted paint and preservation availabilities for 50 ships, saving over 50 man-years of labor. Sailor and Marine time is reserved for high value-added work and combat training—the sorts of things they joined the Naval Service to do.

The imperative to work smarter continues to be addressed by the Navy's Inter-Deployment Training Cycle (IDTC) Workload Reduction Initiative. Training and inspection requirements, while worthwhile, over the years became a burden on Sailors' time, generating a major Quality of Service issue for them and their families. This highly successful initiative has helped to relieve the load on non-deployed crews. As more measures come on line, Sailors can expect more time to focus on developing unit and individual readiness.

Commanding Officers have enhanced control and flexibility to maintain combat readiness. Placing authority and decision-making at the appropriate levels both enhances combat effectiveness and increases the attractiveness of a naval career. This heightened sense of responsibility at all levels lies at the heart of job satisfaction. It is key to retaining our best and brightest people.

PROFESSIONAL DEVELOPMENT

The likely tempo of future operations will test our Sailors' and Marines' abilities to innovate, adapt, and apply their knowledge and experience to dynamic situations. Continuous learning will be necessary for keeping Sailors and Marines on the cutting edge as well as maintaining a high Quality of Service. Programs such as the Navy College Program, the Marine Corps' Lifelong Learning Program, the Department of the Navy's International Affairs Program, and the Defense Leadership and Management Program reflect the Department's emphasis on career-long education and training.

DEPLOYED VERSUS NON-DEPLOYED READINESS

The Navy and Marine Corps provide forward deployed, combat-credible expeditionary military forces on a rotational basis using a Joint Chiefs of Staff-led apportionment process. We do that and do it well. But there are indicators that point toward less ready forces in the IDTC. In the broad view, IDTC readiness is partly a result of fiscal constraints as well as management decisions necessary for a rotational force. While the Department expects non-deployed readiness to be lower than our deployed forces, it has become more and more apparent that deployed readiness is being maintained, to a greater or lesser degree, at the expense of non-deployed forces.

The Naval Service's focus is to ensure deployed readiness remains high. Consequently, non-deployed forces bear the brunt of any shortfalls in funding and other readiness-related decisions. For example, non-deployed units often have to defer ordering parts, delay or down-scope maintenance, and remain lower on the priority list for critical personnel. Sometimes, these units are forced to cross-deck both properly trained personnel and operationally significant material to support those units that are next in line for deployment. Although the readiness of non-deployed forces will never equal deployed forces, a negative trend in non-deployed force readiness will eventually affect deployed force readiness, not to mention surge force capability.

MODERNIZATION

Modernization, the upgrading of existing systems, enables the Department's older forces to continue to be valuable assets. Similarly, shore infrastructure rehabilitation and modernization is needed to maintain adequate support levels to the operating forces, reduce maintenance costs, and take advantage of new technologies to realize efficiencies and reduce costs.

Although the Department is placing renewed emphasis on exploring how it can optimize current modernization efforts and extend the life of several proven platforms and systems, the Navy and Marine Corps are still not able to meet many important modernization objectives. For example, the combined challenge of meeting current readiness requirements and investing in key future capabilities has slowed the pace of the Navy's modernization efforts to all but safety-of-flight, safety-of-ship, and relatively near-term readiness-related Navy programs. To cover all of its modernization programs, the Marine Corps projected that a sustained topline increase of \$1.8 billion per year through FY 2007 would be required. These requirements cover ground equipment maintenance and procurement, modernization of aviation platforms, research and development, and infrastructure, including family housing, Military Construction (MILCON) and BMAR.

RECAPITALIZATION

The Department continues to invest in new capabilities, provide systemic replacement for aging platforms, and, to some extent, maintain the economic viability of the industrial base that supports the Armed Forces. There is evidence, however, that in recent years the Department has maintained its near- and mid-term readiness at the expense of investments in longer-term capabilities. Resolving this tension between current imperatives and long-term requirements has been, and will remain, a challenge. In fact, what was once a far-off issue is now a matter of some urgency. The Department is challenged to find funding to keep current and future shipbuilding and aviation plans on track.

Nonetheless, substantial investments are being made in those programs that will make up the core of the Department's forces in the next ten to fifteen years. The *ZUMWALT*-class destroyer, F/A-18 E/F Super Hornet, Joint Strike Fighter, CVN-77, CVN(X), MV-22 Osprey assault support aircraft, *VIRGINIA*-class SSN, LHA replacement, the *SAN ANTONIO*-class LPD-17, and the Advanced Amphibious Assault Vehicle (AAAV) are examples of important naval assets for the near future.

LIFT REQUIREMENTS

The Marine Corps amphibious lift requirement remains at 3.0 Marine Expeditionary Brigades (MEBs). The current plan focuses on the formation of 12 ARGs, which achieves the fiscally-constrained

amphibious lift goal of 2.5 MEBs. It shapes the future amphibious force with the number and type of ships required for a flexible, crisis-response capability. The planned force ultimately will form 12 integral ARGs or smaller sized elements operating independently when required.

The Department's strategic sealift assets include ships earmarked for rapid surge deployment of forces from the U.S. and ships designed to maintain afloat prepositioned stocks worldwide. These sealift assets support all four Services as well as the Defense Logistics Agency. To complete the Department's strategic sealift program, twenty Large Medium Speed Roll-on/Roll-off ships are being delivered through FY 2002, adding approximately five million square feet of lift to current surge and prepositioning capacity.

Each of the three Maritime Prepositioning Squadrons carry unit equipment and supplies to support a Marine Expeditionary Brigade for 30 days of combat. The Department continues to pursue our Maritime Prepositioning Force Enhancement (MPF(E)) and Maritime Prepositioning Force Future (MPF(F)) programs. With the fielding in FY 2000 of the first of three ships, the MPF(E) program is adding one ship to each squadron enhancing Navy Fleet Hospital, Naval Mobile Construction Battalion and Expeditionary Airfield capabilities. MPF(F) will combine the capacity and endurance of sealift with enhanced speed and flexibility of airlift to marry-up forces and equipment in a forward area. With onboard cargo handling systems compatible with existing MPF ships and commercial systems, we will increase the speed and efficiency with which we reinforce our assault echelons ashore.

INFRASTRUCTURE AND ENVIRONMENTAL CHALLENGES

The overall quality of infrastructure has declined. Only select facilities (bachelor quarters, utilities, and waterfront, airfield, and training facilities) are maintained at high conditions of readiness. Projects intended to replace aging infrastructure or allow for facility consolidation are often deferred to support more pressing near term requirements. Shore support structure is too large for the combat force levels directed by the 1997 Quadrennial Defense Review (QDR). Critical MILCON and Real Property Maintenance projects have been deferred which will result in increased out-year funding requirements. The backlog of Maintenance and Repair Projects is projected to grow by 237 million dollars, crossing the four billion dollar threshold in FY 2001.

The Department continues its active program of environmental compliance and stewardship both afloat and ashore. We are pursuing research and development of technologies and innovative pollution prevention strategies to effectively meet our environmental requirements. This research recently focused on marine mammal protection, contaminated site cleanup, and hull paints/coatings. Environmental considerations are weighed when acquiring weapon systems and platforms, and are reviewed periodically throughout each program's life cycle.

THE FUTURE FORCE

21st century technology offers enormous opportunities to enhance warfighting capabilities. Even though expensive, we cannot afford to ignore emerging technology, both to mitigate risk and to take advantage of new possibilities. Seizing these opportunities at a reasonable cost requires efficient organizational alignment, systematic innovation, resolution of difficult interoperability and integration problems, and the steady pursuit of promising scientific and technological initiatives.

ORGANIZATIONAL ALIGNMENT

The Navy and the Marine Corps are taking measures to ensure they are properly *aligned*. By that we mean having all our organizations acting coherently—or in alignment—to achieve our overall objectives. The Department is shaping itself to extract the maximum advantage from the resources it is provided, and demanding a higher rate of return on its investments. For example, a separate staff now leads the Navy’s warfare requirements generation process while the traditional resources and assessment group leads the requirements validation and programming and budgeting processes. The Navy has also established advocate organizations for Fleet and ashore readiness, to ensure that readiness issues have a higher profile in the Planning, Programming and Budgeting System process. Similarly, with the establishment of the Marine Corps Materiel Command (MARCORMATCOM), the Marine Corps is optimizing the ground materiel readiness of the operating forces. As the single point of contact for all readiness and materiel support issues, MARCORMATCOM provides the Marine Corps with “cradle to grave” management of all ground materiel assets.

EFFICIENCY AND INTEGRATION

With the awarding of the Navy Marine Corps Intranet (NMCI) contract in October 2000, the Department has embarked on a path to purchase information technology services similar to a utility, where a commercial team will build and maintain all aspects of the network. NMCI represents a consolidation of over 150 separate and stovepiped local area networks into a single, privately managed network, accessible to all certified users throughout the Department. The contractors will be responsible for updating the technology, resulting in our ability to keep up with emerging information technologies. Through economies of scale, the Department will acquire greatly improved intranet services for the same funding previously spent on numerous incompatible networks. With NMCI, we will establish a common end-to-end information system capability for voice, video, and data communications, increasing access, interoperability, and security for the Department.

In addition to the advantages leveraged by NMCI, the Department continues to pursue integration efficiencies in other areas such as warfighting doctrine, procurement strategies, and headquarters staffing. Our carriers and large-deck amphibious ships are being fitted with identical or similar communications and command and control subsystems resulting in improved speed of information flow between CVBGs and ARGs.

INNOVATION

The Navy and the Marine Corps continue to pursue initiatives to translate capstone concepts like *Network-Centric Warfare* and *Expeditionary Maneuver Warfare* into joint warfighting reality. The Naval Warfare Development Center’s Maritime Battle Center and the Marine Corps Combat Development Command’s Warfighting Laboratory explore candidate concepts, tactics, techniques, and procedures for the application of advanced technologies. Navy Fleet Battle Experiments and Marine Corps Advanced Warfighting Experiments test these new doctrines and ideas in the field, assess the utility of new technologies, and explore new operational capabilities and organizational arrangements. The empirical results are returned to the Development Commands or joint offices for further evaluation.

INTEROPERABILITY IMPROVEMENTS

The Services are making significant investments in fielding interoperable systems and migrating legacy systems into the netted world. Some key C4ISR systems in development include NMCI, Information Technology for the 21st century, the Cooperative Engagement Capability, the Single Integrated Air Picture, the Common Command and Decision System, the Global Command and Control System–Maritime, and the MAGTF Software Base Line. C4ISR systems for joint, allied, and coalition forces are being developed and coordinated to make interoperability a reality. Use of COTS technology, international standards, and common architectures offer opportunities to avert technology gaps with allies and provide the most economical course for achieving required capability.

RESERVE INTEGRATION

The effective integration of the Reserve component with active duty components is more important as demand for military forces increases and the active force stabilizes at 1997 QDR levels. The Department is starting to leverage the great potential in our Reserve communities better by identifying scenarios/roles that could cause short- or long-term activation of the Reserves. Many Reservists possess skills gained in the civilian workforce that can be called on when required by our Active forces. The Department is introducing a mechanism to identify the skill areas for which there is no active Departmental occupation counterpart. In addition to the value of their military specialty training and training for mobilization, Reservists provide an essential link to American society.

ADVANCED TECHNOLOGIES

Application of advanced technologies will yield warfighting and cost benefits for tomorrow's platforms. By using advanced technologies in our next generation aircraft carrier program, we anticipate total life cycle cost savings of 30 percent for the second carrier of that class compared with today's *NIMITZ*-class carrier, including a 20 percent reduction in manpower. The *ZUMWALT*-class destroyer will be the first major U.S. surface combatant designed as a single integrated power system with the potential to reduce manning, as well as operating and support costs by up to 70 percent. The design/build program being used in the *VIRGINIA*-class submarine program resulted in a stable design at the start of lead ship construction and should preclude costly design changes during construction. Additionally, the Department is making substantial investments in programs such as Unmanned Aerial Vehicles, Unmanned Undersea Vehicles, and integrated electric powering of propulsion, combat systems and ship services.

CONCLUSION

The recent past has shown that now, as ever, the Navy and Marine Corps play a critical role in the protection and advancement of U.S. interests around the globe. On-scene naval forces conducting peacetime presence or crisis-response missions frequently provide the first hard evidence of the Nation's national security policies and political will. To deter aggression, foster peaceful resolution of dangerous conflicts, underpin stable foreign markets, encourage democracy, and inspire nations to join together to resolve global problems, the United States must have, and in fact does have, a multi-dimensional, fully joint-capable maritime force that is ready to shape and respond anywhere, anytime around the globe.

