

COMMITTEE LANGUAGE FOR FISCAL YEAR 1998

**P-3 SERIES
ACCOUNT: APN**

PRESBUD	HNSC	SASC	CASC	HAC	SAC	CAC
164,907	268,807	182,207	215,207	293,907	226,307	238,207

**EP-3 SERIES
ACCOUNT: APN**

PRESBUD	HNSC	SASC	CASC	HAC	SAC	CAC
4,386	4,586	4,386	4,386	4,386	4,386	4,386

**P-3 MODERNIZATION PROGRAM
ACCOUNT: RDT&E**

PRESBUD	HNSC	SASC	CASC	HAC	SAC	CAC
3,191	15,191	3,191	13,191	3,191	15,191	13,191

HNSC LANGUAGE (Rpt. 105-132)

(Page 64-65)

Lightweight environmentally sealed parachute assembly (LESPA)

The budget request did not contain funding for LESPA. The committee continues to support this initiative, begun in fiscal year 1997, to replace old parachutes in the P-3 and EP-3 aircraft with the LESPA. Due to its longer repack cycle and extended service life, the committee understands that the Navy will realize substantial life cycle cost savings by procuring LESPA compared to continued use of existing parachutes. Accordingly, the committee recommends an additional \$11.0 million to procure LESPA for P-3 and EP-3 aircraft fleets as follows: \$10.8 million for the P-3 and \$200 thousand for the EP-3.

Oil debris detection system (ODDS)

The budget request contained \$164.9 million for the modification of P-3 aircraft, \$49.1 million for the modification of E-2 aircraft, and \$19.2 million for the modification of C-2 aircraft. The budget request did not contain funding for the procurement and installation of ODDS in the T-56 engine, which is common to the P-3, E-2 and C-2 fleets.

The ODDS is an on-board detection system that alerts aircrews to the presence of metal chips in engines and propeller gear boxes, allowing flights to be terminated prior to catastrophic failure of critical components. It also permits the clearing of smaller particles that routinely accumulate in engine oil and cause false impending engine failure alarms,

resulting in unnecessary termination of aircraft missions and costly engine diagnostics. Since the ODDS, which has been successfully integrated into many other Department of Defense aircraft, both reduces aircraft maintenance costs and enhances aircrew safety, the committee recommends an increase of \$1.6 million to incorporate this system on the P-3, E-2 and C-2 fleets as follows: \$1.4 million for the P-3 and \$100 thousand each for the E-2 and C-2 fleets.

P-3 series modifications

The budget request contained \$164.9 million for P-3 series modifications, \$74.7 million of which is for four antisurface warfare improvement program (AIP) kits, and \$41.3 million of which is for 11 sustained readiness program (SRP) kits.

The AIP improves the P-3's capabilities in communications, survivability and over-the-horizon targeting through the installation of commercial-off-the-shelf components. The committee understands that the Commanders-in-Chief (CINCs) of the Atlantic and Pacific theaters require 68 AIP-configured P-3 aircraft by fiscal year 2001, but the future years defense program only provides for 44 aircraft by this time. In the last year alone, these aircraft have played major roles in joint naval operations in Bosnia, Liberia, Central Africa, the Formosa Strait and the Strait of Hormuz by providing littoral and overland surveillance. Consequently, in order to meet CINC requirements and achieve a more efficient production rate, the committee recommends an increase of \$56.6 million for an additional eight AIP kits.

The SRP extends the service life of the P-3C by replacing and refurbishing airframe components. The committee understands that material conditions of the fleet aircraft are deteriorating faster than originally forecast, requiring frequent major airframe repairs in advance of the nominal 30-year expected operational service life. If left unchecked, aircraft could be rendered unserviceable due to corrosion or cracking of major structural components. Accordingly, the committee recommends an increase of \$35.1 million to procure 17 additional shipsets of SRP kits.

(Page 180)

Cooperative engagement capability

The budget request contained \$139.2 million in PE 63658N for the cooperative engagement capability (CEC).

As reflected in the House report (H. Rept. 104-563) on H.R. 3230 and the statement of managers accompanying the conference report on H.R. 3230 (H. Rept. 104-724), the Congress has recognized the CEC program as among the highest priority programs in the Navy and the Department of Defense. In testimony during the defense posture hearing on the fiscal year 1997 budget request, the Secretary of Defense singled out the CEC as a program of high priority that he had chosen to accelerate because of its great potential for linking units from more than one service together and greatly increasing their warfighting capability. The Congressional defense committees agreed with the priority established by the Secretary and recommended significant increases to the CEC

program to accelerate the fielding of the capability to the fleet and to accelerate and expand joint service integration efforts.

The committee notes that the Navy's fiscal year 1998 budget request for the CEC program is significantly less than projected in the fiscal year 1997 Future Years Defense Plan and budget justification, and results in a slip of over one year in the fielding of the capability to fleet units. The committee does not understand the Navy's failure to provide the funding required to maintain the accelerated fielding schedule for a program that has received such a high priority from the Secretary of Defense and from the Congress. The committee believes that the Navy has overemphasized programs for new naval "platforms", at the expense of the warfighting weapons systems that would make existing platforms more effective.

The committee recommends a total increase of \$50.0 million in PE 63658N for the CEC program: \$15.0 million to continue the accelerated development of the low cost common equipment set, \$5.0 million to support transfer of the CEC design and development agent to industry, \$20.0 million to accelerate integration of the CEC into Navy E-2C and P-3 aircraft, \$5.0 million to initiate development of an integrated capability between CEC and the ship self defense program, and \$5.0 million to accelerate joint service integration and demonstration of CEC with the Army's Patriot and the Marine Corps' Hawk air defense missile systems.

(Page 197)

P-3 maritime patrol aircraft modernization program

The budget request contained \$3.2 million in PE 64221N to continue upgrades to the P-3C aircraft system to enhance surface and surface tracking, classification, and attack capabilities.

The committee notes the continuing disparity between the operational requirements of the regional commanders-in-chief and the Navy's plans for modernization of the P-3C fleet, and believes that the Navy must increase the priority given to the P-3C modernization program.

The committee recommends an increase of \$12.0 million to continue acceleration of the integration of anti-surface warfare improvement program (AIP) sensors to reduce operator workload, modernize the operator-machine interface, provide additional sensor integration/enhancements, improve/automate tactical planning aids, and provide for multi-sensor data correlation and fusion.

SASC LANGUAGE (Rpt. 105-29)

(Page 70-72)

P-3C anti-surface warfare improvement program

The budget request contained \$74.7 million for the procurement of four P-3C anti-surface warfare improvement program (AIP) kits and for associated installation, logistics support, engineering change proposals and training.

In order to meet requirements set by the unified commanders in chief (CINCs) to provide 40 forward-deployed P-3C maritime patrol aircraft, the Navy has adopted a plan that demands a significant and continuous contribution from its reserve squadrons and also pursued a plan to modify its fleet of P-3C aircraft to a configuration that better meets the operational mission the aircraft are expected to perform. While the primary mission of the aircraft during the Cold War was anti-submarine warfare, its role as a surveillance asset is now emphasized. The P-3C anti-surface warfare improvement program (AIP), begun in fiscal year 1994, is designed to provide a commercial off-the-shelf (COTS)/non-developmental item (NDI) upgrade to the Navy's existing fleet of P-3C aircraft to improve its capability to conduct anti-surface warfare (ASUW), over the horizon (OTH) targeting, and command and control interface with other command centers and fleet units. The P-3C AIP gives the aircraft a much better capability to execute littoral warfare missions at a reasonable price.

Unfortunately, while the CINCs continue to strongly support the P-3C AIP program, the fierce competition for declining defense resources has produced persistent underfunding of this modernization program by the Navy. An operational requirement calls for the procurement of 68 kits between fiscal years 1996 and 2001 at an economical procurement rate of 12 kits per year. However, the Navy budgeted resources for only one kit in fiscal year 1997. Exacerbating the impact of this underfunding is the price schedule of the modernization contract, which was optimized for a procurement rate of 12 aircraft per year at the expense of greatly increased unit cost for quantities less than 12.

In the committee report that accompanied S. 1745 (S. Rept. 104-267), the committee expressed strong reservations about the Navy's increasing reliance on Congress to support a program with well-documented requirements. The committee also expressed concern about the concurrent Navy plan, also reflected in the fiscal year 1997 budget request, to further reduce its maritime patrol force structure from 13 active and 9 reserve (13/9) squadrons to 12 active and 8 (12/8) reserve. Based on its evaluation of the maritime patrol requirements being imposed by the CINCs and their desire for only the most capable aircraft to satisfy them, the committee recommended increases in funding to: (1) sustain the P-3C AIP program at a cost effective rate of 12 aircraft per year with a reduction in unit cost of more than 70 percent; and (2) maintain the Navy's maritime patrol force structure at 13/9. The committee also directed the Secretary of the Navy to submit a report to Congress on how he proposed to satisfy CINC requirements if the fiscal year 1998 budget request funded less than 12 kits. In fact, the budget request continues the underfunding pattern of the recent past. It requests four kits vice 12 at a cost penalty of a 25 percent increase in unit cost. The Secretary of the Navy's report that accompanied the budget request acknowledges the difficulty the Navy is having in executing its original plan for modifying P-3Cs to the AIP configuration and lays out a plan that will require an unprecedented commitment on the part of its reserve maritime patrol force structure to support the CINCs' forward deployed requirements.

After reviewing the Navy's plan, the committee is skeptical about the Navy's ability to successfully execute it over the long-term. The plan requires a full commitment by two reserve squadrons to maintain one aircraft forward deployed on a continuous basis, has the potential for a relatively small cadre of modernized aircraft to rapidly accumulate

flight hours far in excess of projections, and appears to have only limited ability to surge in response to an emergent requirement.

The Navy has informed the committee that the four kits included in this year's budget request are insufficient to maintain a minimum sustaining production level. This would appear yet another indication that the Navy is unwilling to budget adequately for a priority CINC requirement. Consequently, the committee has chosen to recommend only a modest increment of additional funding, sufficient only to procure two additional AIP kits. Although there is a valid requirement for additional kits, and production at a higher rate would be more cost effective, the committee made clear in S. 1745 that there are many other programs in the queue with equally strong but unfunded requirements. The committee reiterates that it does not believe it appropriate that Congress become a primary funding source for the P-3C AIP, nor does the committee intend to take the program on as a continuing entitlement. Consequently, the committee will closely monitor the Navy's execution of the P-3C AIP program during fiscal year 1998 and revisit the matter during its review of the fiscal year 1999 budget request. During the intervening period, the committee will seek additional input from the CINCs on their method of establishing requirements for deployed P-3Cs and the priority of this requirement relative to others that they have levied for forward deployed forces.

In summary the committee:

- (1) recommends an increase of \$17.3 million above the budget request for the procurement of two P-3C AIP kits; and
- (2) directs the Secretary of the Navy to formally evaluate the advisability of renegotiating the P-3C AIP contract to eliminate the cost penalties that are being incurred as a consequence of current Navy budgeting practices.

CASC LANGUAGE (Rpt. 105-340)

(Page 527)

P-3C anti-surface warfare improvement program

The budget request included \$164.9 million for P-3 series modifications, \$74.7 million of which is for the procurement of four anti-surface warfare improvements program (AIP) kits, and \$41.3 million of which is for 11 sustained readiness program (SRP) kits.

The House bill would authorize an increase of \$56.6 million for an additional eight AIP kits and an increase of \$35.1 million to procure 17 additional shipsets of SRP kits. In addition, the House would authorize an increase of \$11.0 million for light weight environmentally sealed parachute assemblies (LESPA) and an increase of \$1.4 million for oil debris detection systems (ODDS).

The Senate amendment would authorize an increase of \$17.3 million for the procurement of two P-3C AIP kits and direct the Secretary of the Navy to formally evaluate the advisability of re-negotiating the P-3C AIP contract to eliminate the cost penalties that are being incurred as a consequence of current Navy budgeting practices.

The conferees agree to authorize the following increases to the budget request: \$25.0 million for sustained readiness program (SRP) kits, \$17.3 million for anti-surface

warfare improvement program (AIP) kits, and \$8.0 million for light weight environmentally sealed parachute assemblies.

Power plant changes

The budget request included \$14.0 million for power plant changes.

The House bill would authorize an increase of \$1.6 million to incorporate the oil debris detection system (ODDS) on the P-3, E-2 and C-2 fleets, with \$1.4 million for the P-3 and \$100,000 for the E-2 and C-2 fleets. The House bill would apportion the increase each for ODDS in individual aircraft modification accounts. The ODDS is an onboard detection system that alerts air crews to the presence of metal chips in engines and propeller gear boxes, allowing flights to be terminated prior to catastrophic failure of critical components.

The Senate amendment would authorize the budget request. The conferees agree to authorize an increase of \$1.6 million in the power plant changes budget line item for the incorporation of ODDS in P-3, E-2, and C-2 fleets.

(Page 610-611)

Cooperative engagement capability

The budget request included \$139.2 million in PE 63658N for the cooperative engagement capability (CEC).

The House bill would authorize a total increase of \$50.0 million in PE 63658N for the CEC program: \$15.0 million to continue the accelerated development of the low cost common equipment set; \$5.0 million to support transfer of the CEC design and development agent to industry; \$20.0 million to accelerate integration of the CEC into Navy E-2C and P-3 aircraft; \$5.0 million to initiate development of an integrated capability between CEC and the ship self defense program (SSDS); and \$5.0 million to accelerate joint service integration and demonstration of CEC with the Army's Patriot and the Marine Corps' Hawk air defense missile systems.

The Senate amendment would authorize an increase of \$9.5 million in PE 63658N to:

- (1) \$5.0 million to continue the transition of design responsibility from its developer to the CEC procurement contractor; and
- (2) \$4.5 million to continue integration of CEC into the Marine Corps Hawk missile system.

The Senate amendment would also authorize \$5.0 million in PE 64212N to initiate development of a Ku-band data link kit for the SH-60B helicopter to avoid CEC interference.

The conferees agree to authorize an increase of \$33.0 million in PE 63658N as follows:

- (1) \$15.0 million for low cost common equipment sets;

- (2) \$10.0 million for P-3 and E-2C integration;
- (3) \$5.0 million for CEC-SSDS integration; and
- (4) \$3.0 million for CEC-Hawk missile system integration.

The conferees agree not to authorize an increase in PE 64212N for the SH-60B Ku-band data link.

(Page 613)

P-3 maritime patrol aircraft modernization program

The budget request included \$3.2 million in PE 64221N to continue engineering and manufacturing development of upgrades to the P-3C aircraft system to enhance surface and surface tracking, classification, and attack capabilities.

The House bill would authorize an increase of \$12.0 million to continue and accelerate the integration of anti-surface warfare improvement program (AIP) sensors to reduce operator workload, modernize the operator-machine interface to take advantage of new displays and controls, provide additional sensor integration/enhancements, improve/automate tactical planning aids, and provide for multi-sensor data correlation and fusion.

The Senate amendment would authorize the budget request.

The conferees agree to authorize an increase of \$10.0 million in PE 64221N for the P-3C maritime patrol aircraft modernization program as recommended in the House report (H. Rept. 105-132).

The conferees note the continuing disparity between the operational requirements of the unified commanders-in-chief (CINCs) and the Navy's plans for modernization of the P-3C fleet. The conferees direct the Secretary of the Navy to provide an assessment of the implications of this disparity to the congressional defense committees with the submission of the fiscal year 1999 defense budget request.

HAC LANGUAGE (Rpt. 105-206)

(Page 9)

Mission-essential shortfalls: The Committee has always emphasized less-glamorous, yet mission-essential items which are critical to the troops in the field. The Committee bill recommends increases over the budget request for such items as: Additional combat communications systems (\$32,000,000), night vision devices (\$14,400,000), and Bradley fighting vehicle upgrades (\$115,000,000) for the Army; new and remanufactured trucks and HMMWV's for the Army and Marine Corps (\$156,700,000); Army, Navy and Marine Corps ammunition (a net increase of \$258,900,000); modifications and upgrades for EA-6B (\$83,000,000) and P-3 aircraft (\$129,000,000) for the Navy; initial issue gear (\$40,700,000) and base telecommunications for the Marine Corps (\$42,600,000); and additional aging aircraft and engine reliability enhancements (\$33,000,000), force protection measures (\$27,800,000) and base information systems protection (\$51,000,000) for the Air Force. The Committee also provided \$31 million for

development and procurement of lighterage systems to support joint service strategic sealift operations.

(Page 32)

NAVY RESERVE FORCES

The Committee is very concerned about possible Navy Program Review 99 (PR-99) recommendations that would make major reductions in Navy Reserve hardware and combat/warfare missions. The Committee would find such recommendations unacceptable and continues to believe the Navy Reserve and other Reserve components should remain a viable component of the Total Force. The Navy Reserve and other Reserve components are able to retain force structure and equipment at lower cost than their active counterparts. The Navy Reserve consumes only three percent of the “total Navy’s” budget, yet comprises nearly 20 percent of the force structure. Elimination of or serious reductions in the remaining Navy Reserve Air Wing, or the reliance on “augment” crews with no hardware for Navy Reserve Air Wing, or the reliance on “augment” crews with no hardware for Navy Reserve P-3 squadrons, would result in detrimental problems for active and reserve Navy forces, seriously increase active PERSTEMPO, and result in the loss of an experienced cadre of Reserve personnel. Reductions in the Navy Reserve surface fleet, or denying new surface fleet missions to the Navy Reserve, would adversely impact active fleet manning and surface warfare capabilities.

The Committee is aware that the Navy Reserve continues to right-size its forces in lean budget years, and urges the Secretary of the Navy not to further reduce Navy Reserve forces. The Navy Reserve has already downsized more and faster than any active or Reserve component, having reduced force structure well over 30 percent since 1990. The Committee strongly supports the current Navy Reserve missions, and fully expects the Secretary of the Navy to consult with Congress prior to any final recommendations that may further reduce Navy Reserve forces.

(Page 107)

P-3 SERIES

The Navy requested \$164,907,000 for P-3 modifications. The Committee recommends \$293,907,000, an increase of \$129,000,000. Within this amount, \$56,600,000 is for the anti-surface warfare improvement program, \$35,100,000 is for the sustained readiness program, \$18,500,000 is only to modify AIP processors with specific emitter identification capability, \$12,800,000 is only for the replacement data storage system, and \$6,000,000 is only for the lightweight environmentally sealed parachute assembly.

E-2 SERIES

The Navy requested \$49,073,000 for E-2 modifications. The Committee recommends \$50,673,000, an increase of \$1,600,000 only for the oil debris detection and burnoff system. The increased funds may also be used for C-2 and P-3 aircraft.

SAC LANGUAGE (Rpt. 105-45)

(Page 59)

COMMITTEE RECOMMENDED PROGRAM

The Committee recommendation increases funds to procure additional Navy trainer aircraft, to remanufacture the Marine Corps' vertical/short takeoff and landing aircraft, and to accelerate modifications of the Navy's P-3 surveillance warfare aircraft. The Committee's adjustments are reflected in the following tables and discussed in the text which follows.

(Page 129)

High band subsystem.—The Committee understands that testing of the high band subsystem of joint SIGINT avionics family [JSAF] has been delayed by at least 5 months due to contractor slips in upgrades to the EP-3 test platform. The Committee encourages the Department to closely monitor this situation to ensure that testing of the subsystem commences not later than December 15, 1997. The Committee expects to be kept fully apprised of the status of this program.

CAC LANGUAGE (Rpt. 105-265)

(Page 95-96)

P-3

The conferees are disturbed by the Navy's approach to budgeting for the P-3 Sustained Readiness Program (SRP). The conferees direct the Navy to budget for the purchase of no less than 20 SRP kits and for the installation of 15 SRP kits in fiscal year 1999, in order to obtain best value for the Department of Defense in accordance with the Variation in Quantity contract signed by the Navy.