



DEPARTMENT OF THE NAVY  
OFFICE OF THE SECRETARY  
WASHINGTON, D. C. 20350

FY-80 Navy reclama  
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Authority: EO 13526  
Chief, Records & Declass Div, WNS  
Date: OCT 09 2015

7 August 1978

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MEMORANDUM FOR THE SECRETARY OF DEFENSE

Subj: Program Decision Memorandum for the Department of the Navy--ACTION MEMORANDUM

Your Program Decision Memorandum (PDM) for the Department of the Navy (DON) has been reviewed, and I appreciate the opportunity to comment on the impact of some of the proposals. I recognize the difficulties you faced in achieving fiscal balance at three levels over the FYDP years. I do ask that you reconsider some of your tentative decisions that add money to our POM with the thought that these funds could be better used to offset the program restorals we address in this reclama. These programs, summarized in the following paragraphs and in more detail in the attachments, are in our view of a higher priority.

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I am especially concerned about two manpower issues, each of which is of major importance to the Department of the Navy. Further, in each case we seek only a decision on the analytical merits -- however the results may come out -- rather than upon the bases relied upon in the PDM: in one case last January's FYDP; in another, a 5 per cent reduction. These issues are Active Military end-strength and Direct Hire Civilian end-strength.

On the issue of Active Military end-strength, my concern stems from the PDM decision which directs submission of the budget at the January 1978 FYDP level as modified by other program decisions. I request reconsideration of that portion of the end-strength decision which directs an unspecified 8300 reduction from the basic level POM request. Manpower is a resource derived directly from a specific series of program decisions developed and prioritized in the POM process. End-strength cannot be divorced from that process. Deliberations with your staff subsequent to your 17 June memorandum have resulted in the modified basic level request of 532,300, a level of manpower required to support the total Navy program at that level. Your support of this end strength is requested.

With respect to Direct Hire Civilian end-strength at the decremented level the PDM requires the DON to program a 5% reduction from the basic level, equating to 13,600 civilian

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positions. The decision to do this comes late in the PPBS cycle and will have serious and far reaching effects. Manpower at each level was derived to ensure the most cost-effective mix of all manpower resources to accomplish the workload associated with a balanced program at that level. Reduction of civilian manpower without adequate compensation for contracting will require major reprogramming of resources and forces. More importantly, functional realignments, that will be very difficult to implement, will be necessary and will ultimately generate a substantial reduction in force readiness. I solicit your support in restoring this end-strength to the POM level.

There are five other tentative decisions in the Program Decision Memorandum, each of which has a major adverse effect on the Department of the Navy goals. These are:

Navy Shipbuilding Program. The Navy POM provides the requisite balance between battle force and support force capabilities essential to meeting the threat to our maritime superiority posed by the Soviet Union. It additionally provides needed stability in our ship construction plans and reaffirms the priorities established by the President in the FY-79 budget submission.

AV-8B. The AV-8B has enormous potential for modernizing the Marine Corps light attack force and should be funded at all levels. Full and complete cost effectiveness comparisons with the F/A-18 are clearly germane for us to make the proper production decisions, as are data from flight tests verifying both aircrafts' performance characteristics. Program delay, cost increases and Marine Corps light attack inventory shortfalls would all be significant, however, if production were to await full comparative testing of logistics and related capabilities several years from now.

Air-to-Air Missiles. The POM procurement program supports significant improvements in combat capability by replacing older, less capable missiles with improved versions. In addition to delaying the modernization of our air-to-air missile inventory with more combat capable weapons and imposing severe training and readiness limitations, the proposed air-to-air missile procurement reductions will force unit cost escalation and closure of one procurement source of each missile. This action would place the Navy in a position of becoming dependent on sole sources with consequent procurement disadvantages. Restoration of POM level procurement is recommended.

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CAPTOR Mine. The Navy is on the threshold of capitalizing on a significant investment in a unique capability in CAPTOR that also provides favorable economic leverage vis-a-vis the Soviet Union. This system, which is very important to our NATO posture and commitments to allies, would suffer a severe setback in the PDM. The DON alternative withholds expenditure of FY-78 production funding, pending the completion of FOT&E, and provides a December 1978 milestone for program continuance or reversion to RDT&E. The CAPTOR PDM fails to provide increased funding to other ASW weapons in the event CAPTOR production is extensively delayed or cancelled.

MCLWG. The MCLWG represents the only program which will return major caliber guns to the fleet. The restoration of this program to the basic level is requested to reaffirm the DSARC decision and to support Marine amphibious and anti-surface warfare requirements.

Beyond these major issues, the following paragraphs summarize PDM impacts in specific areas which I feel should be brought to your attention.

Fleet Tactical Communications. The Navy UHF Growth-Radio, automation and secure voice represent the Navy's most urgent fleet tactical communications program. The UHF Growth-Radio replaces ten different versions of UHF tube-type radios procured in the 1950 - 1960s which are becoming increasingly expensive and difficult to support. Procurement and installation of the Growth-Radios are keyed to ship overhauls; loss of procurement in FY-80 delays installation on 39 ships for a period of 4-5 years. This delay coupled with the low mean time between failures for the older radios continues to result in severely degraded fleet communications capabilities.

Naval Non-Nuclear Ordnance. The target base is a function of the threat posed by Soviet force levels and capabilities that are insensitive to multi-level fiscal guidance. Accordingly, a 200 unit merchant target base is proposed for all budget levels on the basis of tentative Navy/ OSD(PA&E) agreement. Additionally, the DON reemphasizes the requirement to retain a .99 assurance factor in NNOR calculations to ensure statistically that our forces have the requisite ordnance for combat. NNOR requirements must be adjusted for CAPTOR IOC delays.

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Anti-Ship Ordnance. The Navy reclama reaffirms the anti-surface warfare initiative of POM-80 to confront the Soviet Union with diverse and diffused offensive power at sea. The POM is structured to maximize our threat response efficiently within fiscal guidance and provides significant economic leverage over the Soviet Union in terms of a required response across a broad front of resource allocation to defensive systems.

Land Attack TOMAHAWK. The PDM directs that Land Attack TOMAHAWK development be completed, but that no procurement be programmed. The DON Alternative recommends continuing to program for procurement to avoid a significant delay in IOC and the attendant restriction in essential naval capabilities.

T&CCP O&MN Growth. The imposition of a fixed 5% ceiling on O&MN growth in the T&CCP is contrary to OSD direction to employ Zero-Based Budget methods in constructing the five year program. The O&MN ceiling ignores changes in the O&M requirements made necessary by OSD program guidance, Congressional actions and individual program profiles. The larger reductions in the Basic and Enhanced levels tend to eliminate any distinction in funding among the three program levels and yet concentrate the impact on current telecommunications services. The impact of balancing the OSD directed increments to the Navy C<sup>3</sup>I POM submission by means of T&CCP O&M reductions results in severe service curtailment of Navy communications operations, negates decisions relative to contract operations and civilian substitutions, and delays the implementation of the Navy Command and Control System which supports operational commanders.

EA-6B. The EA-6B is a key element in all battle group action scenarios and combat operations. When the DON considered a reduction to three aircraft per squadron in the past, the operational commanders immediately registered their opposition. The July 1978 CNA study, which upholds the DON and the operational commander's positions, supports the requirement for four EA-6B UE per squadron. Additionally, even if we planned for a UE of three EA-6B's, procurement of 15-20 A/C above the JAN 78 FYDP is required to maintain this essential fleet asset through its planned service life.

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Material Sustainability. The Marine Corps considers the ground ammunition rates utilized in POM-80 to be valid and to depict accurately Marine Corps ammunition requirements. The PDM decision eliminating FY-83 and FY-84 funding for ammunition hampers the Marine Corps' ability to carry out its fire-power and anti-armor enhancements by converting its 105MM Howitzers to the M198 155MM Howitzer.

Naval Reserve Strength. The Selected Reserve strength was programmed at the 51,400 level as an extension of the President's FY-79 budget. The Congress has approved a strength of 87,000 for FY-79. We should once again consider the impact of the reduction on our sustaining capabilities, the Congressional direction, and the turbulence generated by the instability in this vital community.

Tactical Airlift Modernization. DON tactical airlift modernization was not included in the POM pending completion of the DOD Tactical Airlift Modernization Study. Preliminary results indicate that the DON Alternative, 10 C-9 and six C-130 aircraft operated by DON, and 36 CRAF, will satisfy DON logistic requirements and is comparable in life cycle cost to DODTAM study alternative one, 20 C-130 (MAC operated) and 45 CRAF. The equal cost DON Alternative complements MAC intra-theater airlift; meets DON special operational requirements; acknowledges the single manager concept, with MAC providing 80-90% of DON intra-theater airlift; and satisfies DON essential wartime needs in the near term. Other alternatives do not provide a similar capability until beyond FYDP years.

Finally, there were several decisions in the PDM which, while of no small significance to the Department of the Navy, need not be summarized here. The details on these issues, as well as those summarized above, are contained in the attached individual issue reclaims. RDT&E items provided by USDR&E will be commented upon and forwarded separately.

The concerns of the Department of the Navy reflect our sincere desire to maintain a strong and well balanced Navy. The Chief of Naval Operations, the Commandant of the Marine Corps and I look forward to our meeting with you on 9 August and the opportunity to discuss the merits of our recommendations.

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*R. James Woolsey*  
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Acting Secretary of the Navy

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