Before the

COMMITTEE ON
ARMED SERVICES

UNITED STATES SENATE

HEARING TO RECEIVE TESTIMONY ON THE POSTURE OF THE
DEPARTMENT OF THE NAVY IN REVIEW OF THE DEFENSE
AUTHORIZATION REQUEST FOR FISCAL YEAR 2017 AND THE FUTURE
YEARS DEFENSE PROGRAM

Tuesday, March 15, 2016

Washington, D.C.

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U.S. Senate
Committee on Armed Services
Washington, D.C.

The committee met, pursuant to notice, at 2:32 p.m. in
Room SH-216, Hart Senate Office Building, Hon. John McCain,
chairman of the committee, presiding.

Committee Members Present: Senators McCain
[presiding], Inhofe, Sessions, Wicker, Ayotte, Fischer,
Ernst, Tillis, Sullivan, Reed, Nelson, McCaskill, Shaheen,
Gillibrand, Blumenthal, Donnelly, Hirono, Kaine, and King.
OPENING STATEMENT OF HON. JOHN McCAIN, U.S. SENATOR FROM ARIZONA

Chairman McCain: Good afternoon.

The committee meets today to receive testimony on the plans and programs of the Department of the Navy for fiscal year 2017.

I want to thank each of our witnesses for their distinguished service to the Nation, as well as the sailors, marines, and civilians they lead who are serving around the world today.

Last month, the Director of National Intelligence provided this committee a candid and unsettling picture of the worldwide threats to our national security, which have steadily increased since dangerous reductions in defense spending were enacted in 2011.

The unwillingness of the administration and too many in Congress to chart a different course has forced our sailors and marines to try to do more with less. By any measure, today’s fleet of 272 ships is too small to address critical security challenges. Even with recent shipbuilding increases, the Navy will not achieve its requirement of 308 ships until 2021, and there is no plan to meet the bipartisan National Defense Panel’s recommendation for a fleet of 323 to 346 ships.

The last five carrier strike group deployments have
exceeded 8 months, taking their toll on our ships, aircraft, and sailors. This has forced the Navy to accept carrier presence gaps in order to complete deferred maintenance.

Similarly, by the end of this fiscal year, the Marine Corps will be reduced to 182,000 marines, even as General Neller testified last year that the optimal size for the force is 186,000. The Marines have a requirement for 38 amphibious ships, but they only have 30 in the fleet. And Marine Corps aviation is in crisis. Many aircraft are down hard. Pilots are not flying, and nondeployed Marine aviation squadrons are short in the number of aircraft needed to train or respond in a crisis.

Budget cuts and force reductions, together with high operational tempo, have forced sacrifices of vital training and time at home with families, putting our all-volunteer force under considerable strain.

Given the obvious needs of our Navy and Marine Corps to restore readiness and modernize their ships, aircraft, and combat vehicles, the President should have requested a defense budget that reflects the scale and scope of the national security threats we face and the growing demands they impose on our sailors and marines. Instead, the President chose to request the lowest level of defense spending authorized by last year’s budget agreement and submitted a defense budget that is actually less in real
dollars than last year, despite the fact that operational requirements have grown.

Even with the relief of the Bipartisan Budget Act, insufficient funding has forced the Navy to propose inactivating seven guided missile cruisers for up to 10 years. I am particularly concerned about the Navy’s proposal to cut a carrier air wing, which appears to ignore the versatility of our air wings to rely on overly optimistic projections for its yet unproven optimized fleet response plan and could reduce operational flexibility in a time of growing uncertainty.

And the answer to our forces’ readiness shortfalls is not the reduction of squadrons but the proper funding of flight hours, depot maintenance, and the procurement of new aircraft, many of which such as additional F-18’s were not requested purely for budgetary reasons.

As we consider the future of the carrier air wing, I continue to believe the Nation needs an unmanned carrier-based penetrating strike aircraft. While I am frustrated with the slow pace of development towards this goal, I am hopeful the so-called MQ-25 Stingray will be an important step in this direction by facilitating the rapid development of unmanned carrier-based tanking and ISR capabilities.

The President’s budget includes significant funding requests for major Navy and Marine Corps acquisition
programs, which require continued oversight by this
committee to ensure these programs make the best use of
limited taxpayer dollars.

Initial cost overruns more than doubled the cost of
each littoral combat ship and development costs now exceed
$3 billion and counting. Meanwhile, key warfighting
capabilities of the LCS, including mine countermeasures and
anti-submarine warfare, have fallen years behind schedule
and remain unproven.

Because of the long-running cost, schedule, and
performance issues with this program, I support the
Department’s proposal to down-select to one variant no later
than 2019 and reduce the inventory objective to 40 ships. I
am encouraged to see the Navy has begun the process of
identifying the LCS replacement, and I hope we can
transition to a more capable, small surface combatant
expeditiously.

I am also pleased that after more than $2 billion in
cost overruns for each of the first three Ford class
carriers, this budget request reflects cost reductions of
nearly $700 million for these ships. I expect this to be
just the start of cost reductions in this program. Given
continued technological challenges and schedule delays, the
Navy must take all steps necessary to control costs in this
program.
I also look forward to reviewing the Navy’s report on alternative carrier designs, which is due to this committee on April 1st, which I expect to provide alternatives to the sole source status quo and options to increase competition.

The Ohio class replacement submarine is an equally important program which will carry about 70 percent of the Nation’s deployed nuclear warheads. The cost of this program will be second only to the joint strike fighter. Make no mistake. The Nation and the Navy cannot afford -- literally cannot afford -- any margin for error or growth in cost of this program. We must get it right the first time with lessons learned from past acquisition experience, including accurate cost estimating, technology maturity, avoiding concurrent design, or development with production, off-ramps for high-risk systems, and meeting reliability targets for critical systems.

Similarly, given the importance of replacing our aging fleet of amphibious vehicles, the Marine Corps must learn the lessons of past failures, such as the expeditionary fighting vehicle, and deliver this needed capability on time and cost and up to expectations.

As the Navy and Marine Corps move forward with these significant acquisition programs, I would like to hear from our witnesses how they intend to implement the new acquisition authorities contained in last year’s defense
authorization bill to improve acquisition outcomes and save taxpayer dollars.

Finally, Admiral Richardson, almost 2 months ago, the Government of Iran captured 10 Navy sailors and their vessels in a blatant violation of international law. Senior administration officials reacted as if nothing out of the ordinary occurred. Indeed, some even praised and thanked the Iranians. By failing to affirm and defend basic principles of international law, the administration has placed our Navy and Coast Guard vessels and the men and women who sail them at greater risk in the future. While I understand the Navy is continuing to investigate this matter, I request that you bring the committee up to date on the findings of the investigation and the welfare of the crew members who were detained.

I look forward to the testimony of our witnesses on these and many other important issues confronting our Navy and Marine Corps.

Senator Reed?
STATEMENT OF HON. JACK REED, U.S. SENATOR FROM RHODE ISLAND

Senator Reed: Well, thank you very much, Mr. Chairman. Let me join you in welcoming Secretary Mabus and Admiral Richardson and General Neller. Thank you, gentlemen, for your service to the Nation.

This afternoon, we will discuss the Department of the Navy’s fiscal year 2017 authorization request. We certainly are grateful for your service, and I want to especially welcome Admiral Richardson and General Neller. This is your first posture hearing. So welcome aboard I think they say in the Navy.

You face a huge range of challenges as you strive to balance the need to support ongoing operations and sustain readiness with the need to modernize and keep the technological edge critical to our military’s success.

Last year, the Department of the Navy was facing serious readiness problems caused by deferred maintenance, reduced steaming and flying hours, and canceled training and deployments. The continued emphasis on readiness in this year’s budget will address some of the Navy’s most serious readiness problems. And I am interested in hearing the witnesses’ views on this matter, which are absolutely critical.

All areas of our naval forces are maintaining an
extremely high operational tempo. Demand is overwhelming for attack submarines, air and missile defense cruisers, destroyers and strike fighters. In addition, the Navy is now in its fourth year of operating with fewer than required 11 aircraft carriers. And during the next decade, as a first priority, the Navy will need to buy a new class of strategic missile submarines to replace the Ohio class submarines. I am interested in hearing how the Navy is managing current demands on its assets and how it plans to manage future modernization demands, particularly how it will use the National Sea-Based Deterrence Fund as we begin procurement funding of the Ohio replacement in fiscal year 2017.

General Neller, you have stated in your words recapitalization of our force is essential to our future readiness with investments in ground combat vehicles, aviation, command and control, and digitally interoperable protected networks. The Marine Corps continues to make modernization of ground vehicles a priority by developing the amphibious combat vehicle to replace the aging inventory of amphibious assault vehicles, as well as the joint light tactical vehicle in which the Marine Corps is partnering with the Army.

Both programs awarded contracts last fall, but were subjected to protests. While the JLTV protest has been
resolved, the Marine Corps is still awaiting a decision for the ACV. I would welcome an update from our witnesses on the status of these programs and if they believe there will be significant delays in fielding due to delays in the acquisition program.

The Department of the Navy budget has its usual number of significant programs, some of which have issues with their execution. However, I want to note specifically one program, and that is the procurement of the V-22 tilt rotor aircraft. The Navy budget would break the current multiyear procurement contract. When Congress authorizes a multiyear procurement contract, we are agreeing to authorize the administration to commit future Congresses to a specific procurement program. In return, I believe that there is a commitment by the administration that absent remarkable changes in the situation, the administration will live up to the contract and future budget requests. I am very interested in hearing more about why the Navy proposes to break this contract.

The Defense Department’s Defense Strategic Guidance, issued in January 2012, followed by the 2014 QDR, announced a renewed strategy for U.S. military orientation on the Asia-Pacific. Consistent with that strategy, the Defense Department has been working to realign U.S. military forces of South Korea and Okinawa and plans to position Navy and
Marine Corps forces in Australia, Singapore, and possibly elsewhere in the region.

The Department has also begun implementing a plan to forward-deploy more ships, as shown by the Navy’s rotational deployment of littoral combat ships to Singapore. I am interested in hearing how the Navy will ensure that the LCS deployments will not further delay operational testing of the LCS and the LCS mission modules which are both significantly behind schedule already.

Again, let me thank you for your service and for your dedication to the men and women of the Navy and the Marine Corps. And I look forward to your testimony.

Chairman McCain: Secretary Mabus, welcome.
STATEMENT OF HON. RAYMOND E. MABUS, JR., SECRETARY OF THE NAVY

Mr. Mabus: Thank you, Mr. Chairman, Ranking Member Reed, members of the committee. Thank you for the opportunity to discuss the Department of the Navy.

As you pointed out, Mr. Chairman, this is the first budget testimony before this committee for the Chief of Naval Operations, Admiral Richardson, and the Commandant of the Marine Corps, General Neller. In the time since they took these positions, I have had the privilege of their frank, professional, and invaluable counsel. They are officers of the highest caliber who expertly lead our Navy and Marine Corps during ever-tightening fiscal constraints and an increasingly dynamic threat environment.

This is my eighth time and my last to appear before you at a budget hearing. For me, leading the Department of the Navy is the greatest honor of my life. I could not be more proud of our sailors, our marines, and our civilians.

I am also proud of the many steps we have taken and the changes we have made to ensure that the Navy and Marine Corps remain the greatest expeditionary fighting force the world has ever known.

First and foremost, we continue to provide presence. That unrivaled advantage on, above, beneath, and from the seas gives our leaders options in times of crisis, reassures
our allies, deters our adversaries. There is no next best thing to being there. Maintaining that presence requires gray hulls on the horizon.

While there has been discussion about posture versus presence, the simple fact is that for the Navy and Marine Corps, our posture is presence. In every case, from high-end combat to a regular warfare to disaster relief, our naval assets get on station faster, we stay longer, we bring whatever we need with us, and since we operate from our ships, which are sovereign American territory, we can act without having to ask any other nation’s permission.

Resourcing that presence depends on four fundamentals: people, our sailors and our marines; platforms, our ships and aircraft and systems; power, how we use energy to make us better warfighters; and partnerships, our relationship with international allies and most importantly with the American people.

When I took this post almost 7 years ago, we had an incredibly committed and capable force, but each of these four words staring with “P” was under pressure. Our people were under stress from high operational tempo and extended deployments. Our fleet was shrinking and too many of our platforms were costing too much. Our use of power was a vulnerability, and our partners were seeking reassurance of our sustained engagement. Now our people, platforms, power,
and partnerships are stronger than they have been in many years, enabling us to provide that invaluable presence.

People. We have instituted sweeping changes in personnel policy. Promotions are based more on merit and less on tenure. Commanding officers are empowered to meritoriously promote more sailors and marines. We have made career paths more flexible. One example, thanks to Congress, is the Career and Admission Program, which has been greatly expanded.

We have also increased the professional development and educational opportunities to bring America’s best ideas to the fleet by adding 30 graduate school slots through our Fleet Scholars Education Program and sending high-performing sailors on SECNAV industry tours to great American companies like FedEx and Amazon where they learn private sector best practices that can be applied when they return.

We are absolutely committed from leadership to the deck plates on combating the crime of sexual assault and the tragedy of suicide.

We have also revamped physical fitness assessments, making them more realistically aligned with the jobs we do, and we have promoted healthier lifestyles through better nutrition and a culture of fitness.

All billets in both services are now open to women. Standards will absolutely not be lowered, but anyone who can
meet the standards will be able to do the job. This will
make us a more effective combat force.

We are trying to mitigate stress on sailors and marines
and their families by making deployments more predictable,
extending hours for child care, and creating collocation
policies.

To tap into the innovative culture inherent in the Navy
and Marine Corps, we established task force innovation,
which takes good ideas from deck plate sailors and field
marines, recognizes funds, and rapidly moves these good
ideas fleet-wide.

On platforms, we have reversed the decline in ship
count, and thanks to Congress and, in particular, to this
committee, our Navy will reach, as you pointed out, Mr.
Chairman, 300 ships by 2019 and our assessed need of 308
ships by 2021.

In the 7 years before I took office, the Navy
contracted for 41 ships. In my 7 years, we have contracted
for 84, and we have done so while increasing aircraft
purchases by 35 percent, all with a smaller top line.
Practices like firm fixed price contracts, multiyear buys,
stable requirements have driven down costs on virtually
every class of ship, and we are also in the process of
recapitalizing nearly every naval aviation program.

We have expanded unmanned systems on, under, and above
the sea and put increased focus on them by establishing a
deputy assistant secretary for unmanned and an office of
unmanned warfare systems on the CNO staff, known as N-99,
designed specifically to coordinate all the unmanned
programs.

We are also implementing advanced energy technologies
like electromagnetic railguns and laser weapons.

Power. To increase our lethality and operational
flexibility, I set goals of having 50 percent of sea and
shore-based energy derived from alternative sources by 2020,
competitive with the price of conventional power. We met
that goal ashore by the end of last year.

Energy efficiency has also been greatly increased on
our bases and at sea. Since 2009, both the Navy and Marine
Corps have achieved large drops in oil consumption.

Partnerships. I have traveled nearly 1.2 million miles
to 144 different countries and territories, visiting our
sailors and marines, our allies and our partners. 12 of my
trips have been to Afghanistan where I visited every Marine
Corps forward-operating base in Helmand to be with our
forward-deployed men and women and have actively engaged
with our allies and friends around the world to build and
maintain a network of navies with whom we train, operate,
and trust.

We have worked in close partnership with Congress to
fulfill the constitutional mandate to provide for and maintain a navy. As President George Washington said, it follows then as night succeeds the day that without a decisive naval force, we can do nothing definitive, and with it, everything honorable and glorious.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Mabus follows:]
Chairman McCain: General Neller?
STATEMENT OF GENERAL ROBERT B. NELLER, USMC, COMMANDANT OF THE MARINE CORPS

General Neller: Chairman McCain, Ranking Member Reed, distinguished members of the committee, thank you for the opportunity to appear today to talk about the posture of the United States Marine Corps and your marines.

Our marines remain forward-deployed in Iraq and Afghanistan embarked with their shipmates aboard Navy ships serving in every nation and every climb and place. Our goal and respective maritime character and expeditionary capability have been ably demonstrated during the past year.

However, as we continue in conflict around the world, there really has not been what we would call an inter-war period to reset and reconstitute our force. Today’s marines are deploying at a rate comparable to our commitment during Operation Iraqi Freedom and Enduring Freedom.

As we focus our attention across the globe in a security environment where the only certainty is uncertainty, we must make decisions about strategy and structure that will determine our Nation’s and our Marine Corps’ capability in the future.

History has not been kind to militaries that fail to evolve and change, and we see in the 21st century the potential for dramatic change. The character of the 21st century is rapid evolution, and it is imperative we keep
pace with that change.

The efforts of the 114th Congress provided sufficient resources to support the Marine Corps’ near-term readiness, and we thank Congress and this committee for that stability.

Nevertheless, as overall financial resources have been diminished, the Marine Corps has protected the near-term operational readiness of its deployed and next-to-deploy units in order to meet operational commitments. This means that our units today deploying are ready, but we do not have the depth on our bench for major contingencies. The Marine Corps is no longer in a position to simultaneously generate current readiness, reset our equipment, sustain our facilities, and modernize to ensure future readiness.

Maintaining the quality of the men and women in today’s Corps is our friendly center of gravity, that which we must protect. And this is the foundation from which we make marines win our Nation’s battles and return quality citizens to American society.

As the Marine Corps draws down to 182,000 marines at the end of this fiscal year, we continue to assess the capabilities and needs of our future force, whether it be the use of the F-35 fifth generation fighter, cyber warfare, information ops, special operations, MSC security guards, or our security cooperation group.

Modernization is our future readiness and the
recapitalization of our force is essential to this future readiness. Your continued investment in facilities sustainment, equipment reset, modernization, ground combat vehicles, aviation, command and control, and digitally interoperable protected networks is critical.

The Congress’ intent for your Marine Corps to serve as the Nation’s force in readiness guides who we are and what we do, and being ready is central to our identity as marines. With the continued support of Congress, the Marine Corps will remain ready with ready forces today and modernize to generate readiness in the future.

Again, I thank you for the opportunity to appear before you today, and I look forward to your questions.

[The prepared statement of General Neller follows:]
Chairman McCain: Admiral Richardson?
STATEMENT OF ADMIRAL JOHN M. RICHARDSON, USN, CHIEF OF NAVAL OPERATIONS

Admiral Richardson: Mr. Chairman and Ranking Member Reed, distinguished members of the committee, I am honored and humbled to appear before you today as your CNO on behalf of our more than 500,000 active and Reserve sailors, our civilians, and families to discuss the Navy’s budget request.

To start, I want to thank you for your leadership in keeping our Nation secure and in keeping our Navy the strongest that has ever sailed the seas. This year’s budget continues that important work.

It is always good to start by framing the problem. America is a maritime nation, and our prosperity is tied to our ability to operate freely in the maritime environment. And today’s strategic environment is increasingly globalized and increasingly competitive. Global systems are used more, stressed more, and contested more.

The maritime system has seen explosive growth. For the first time in 25 years, there is competition for control of the seas. From the sea floor to space, from deep water to the shoreline, and in the information domain, things are accelerating. The global information system has become pervasive and has changed the way we all do business, including at sea. Technology is being introduced at an
unprecedented rate and is being adopted by society just as fast.

Finally, a new set of competitors are moving quickly to use these forces to their advantage, and for the first time in 25 years, the U.S. is facing a return to great power competition. These new forces have changed what it means for the Navy and Marine Corps to provide maritime security. And while the problems are much more numerous and complex, our responsibility remains the same. Naval forces must provide our leaders credible options to protect America from attack, advance our prosperity, further our strategic interest, assure our allies and partners, and deter our adversaries, which rests on the ability of the Navy and our sister services to win decisively if conflict breaks out. If we do not adapt, we will perform below our potential and worse, we may fall behind our competitors.

To do this, the Navy is focusing on four lines of effort. We are going to strengthen our Navy team, strengthen our operating and warfighting at and from the sea, expand and strengthen our partnerships, and achieve high-velocity learning at every level.

Unquestionably, the most part of our Navy is our team. Everything we do starts and ends with our sailors, civilians, and their families. And as our platforms and missions become more complex, our need for talented people
continues to be a challenge. We need to recruit, train, and retain the right people, and our Sailor 2025 initiatives are aimed squarely at that challenge. These efforts are based on our core values of honor, courage, and commitment and demonstrated through four core attributes of integrity, accountability, initiative, and toughness. That team is committed to our mission, which requires us to strengthen naval power at and from the sea.

This budget reflects some very tough choices as we achieve this aim. We have prioritized shipbuilding and the industrial base. First in that effort is the Ohio replacement program, which I believe is vital to our survival as a Nation. We are taking steps to more deeply engrain information warfare. We are also investing in our naval aviation enterprise, rapidly integrating unmanned systems, and bolstering our investments in advanced weapons.

In addition to these investments, we are adjusting our behaviors to keep pace with a world that continues to accelerate. We are doubling down on an approach that relies more heavily on experimentation and prototyping. We are pursuing multiple avenues to drive shorter learning cycles into all that we do. We must learn faster.

To close, I want to mention that recently I had the honor to spend time with Senior Chief Ed Byers, who was awarded the Medal of Honor by the President on behalf of the
Congress. Senior Chief Byers represents the very best of our service men and women. He is emblematic of this generation’s continued commitment to our core values and to their fellow Americans. The SEAL ethos reads in part, my loyalty to country and team is beyond reproach. I humbly serve as a guardian to my fellow Americans, always ready to defend those who are unable to defend themselves. I do not advertise the nature of my work nor seek recognition for my actions.

Mr. Chairman, all our people want to do is protect their great Nation. It is my job to lead them well and prepare them for that task. The 2017 Navy budget is this year’s best approach to solving the problems and seizing the opportunities that face the Navy today.

I thank you and look forward to your questions.

[The prepared statement of Admiral Richardson follows:]
Chairman McCain: Thank you.

Admiral Richardson and General Neller, the fiscal year request for the Navy is 5 percent less than last year, $8 billion less. What does that do to readiness, Admiral?

Admiral Richardson: Sir, our readiness continues to be challenged. I prioritized, in terms of allocating our readiness dollars, that our forward-deployed forces will be ready to deploy. In terms of achieving readiness in our Reserve forces, those forces that will provide reinforcements, we continue to see that recovery date move out to the right as we are able to meet our current bills projecting a current-day readiness. Digging out of that debt is something that moves forward.

Chairman McCain: General?

General Neller: In order to make up the delta, Chairman, we took some risk in the facilities and some other things also in O&M. So there was some reduction in some exercises that we are able to do. But we did our very best to fund our readiness accounts for both ground and aviation so that we can sustain and improve our overall readiness.

So I think --

Chairman McCain: General Dempsey testified before this committee that if we continued sequestration, it would put us on the ragged edge of readiness and ability to defend the Nation. Do you agree with what General Dempsey said?
General Neller: I would agree that if we end up at sequestration levels, yes, Chairman, that we will be there.

Chairman McCain: We put you into the acquisition equation, both you and Admiral Richardson. Has that been a good thing?

General Neller: I think it has been a good thing, Chairman. I spend a lot of time talking to our acquisition people and Mr. Stackley, the acquisition professional for the Department of the Navy, and we have conversations whether it is amphibious ships or amphibious combat vehicles or ground tactical vehicles. I spend a lot of time talking about where we are programmatically, and I understand --

Chairman McCain: So it has helped.

General Neller: It has.

Chairman McCain: Admiral?

Admiral Richardson: Senator, I would agree with General Neller. It has helped a great deal, and I look forward to taking some major steps in exercising those authorities, and I look forward to doing more.

Chairman McCain: Admiral, the LCS, the remote multi-mission vehicle -- we have spent over $700 million of taxpayers’ money over the last 17 years. Is your new role in acquisition going to cure outrages such as this $700 million over 17 years? And it is still not ready.

Admiral Richardson: Sir, you have got my complete
commitment that I will be involved in the details and will
do everything I can to prevent those types of decisions.

Chairman McCain: So we can count on the carrier not to
experience continued cost overruns?

Admiral Richardson: Sir, I think for the last few
years, we have seen that the carrier cost has come under
control. The future carriers are also coming in under their
cost caps. We have the disciplined processes in place and
the oversight to keep it that way.

Chairman McCain: There has been a proposal for a
separate kind of fund to accommodate for all the new
construction, particularly the new submarine. Do you
support such an idea?

Admiral Richardson: Sir, the National Sea-Based
Deterrence Fund -- I have got to say that I really endorse
what that fund stands for, which is that we are taking this
extremely important program, a nationally important program
and elevating the discussion to a national level.

Chairman McCain: Well, we want the discussion to be at
a national level, but I am not sure every new weapon system
then would not warrant the same kind of special treatment.
And that is the dilemma here.

Admiral, there is a new report out just today. Iran
state TV says the country has retrieved thousands of pages
of information from devices used by 10 U.S. Navy sailors
briefly detained by Iran in January. The Tuesday report
quotes General Ali Rasmanju saying the information was
retrieved from laptops, GPS devices, and maps. Rasmanju is
naval commander in the powerful Revolutionary Guard.
General Rasmanju said the move falls within Iran’s rights
under international regulations. Do you agree with that?
Admiral Richardson: I do not, sir. According to
international law, there was no authority to board those
vessels. Those were sovereign U.S. vessels. They had the
right to be where they were, and they should not have been
seized.
Chairman McCain: As you mentioned, against
international law. They interviewed a military man
apologizing. They put them on their knees with their hands
behind their heads. They then also videoed an individual
crying. And then they decorated the people -- the Iranians
that did it. And then they had a parade.
What do you think we should have done in response to
all that, Admiral Richardson? And would you not agree that
this was a humiliation for the most powerful nation on
earth, the United States of America?
Admiral Richardson: Sir, I think the Navy has been
very clear in terms of expressing our complete protest --
Chairman McCain: And that was sufficient, expressing a
protest.
Senator Reed?

Senator Reed: Well, thank you very much, Mr. Chairman.

I want to first thank the Secretary for his distinguished service over many years. I was just thinking. Are you the longest serving Secretary of the Navy or will you be?

Mr. Mabus: I am the longest serving since World War I. Josephus Daniels, who served during World War I, has the record that I do not think anybody will touch.

Chairman McCain: He became famous for banning alcohol on board Navy ships.

[Laughter.]

Mr. Mabus: I am hopeful my legacy will be a little brighter than that.

Senator Reed: I think he was most famous because his assistant secretary of the Navy was Franklin Roosevelt, but that is another story entirely.

Mr. Mabus: And it is where sailors would say very sarcastically let us go get a cup of Josephus. It is where “a cup of Joe” came from because alcohol got replaced with coffee, as you as a Navy veteran and me as a Navy veteran know very well.

Senator Reed: Thank you, Mr. Secretary.

I also note that the Petty Officer of the Navy, Master Chief Stevens is here. Chief, thank you and thank you for
all of the non-commissioned officers that make up our Navy
and all the men and women of the Navy.

I want to follow up on a point, Mr. Secretary, that the
chairman raised, which is critical, which is the need for
the Ohio class replacement, but the need also for a
scrupulous budget process that ensures we do not see some of
the repetition of cost overruns we saw in other programs.

Last year, in the Defense Authorization Act at section
1022, we took the fund, which the Admiral was just asked
about, and expanded authorities to include incremental
funding, economic order quantity, et cetera. And we also
asked for a report from the Navy with respect to the fund.

So let me just -- several issues for both you and
Admiral Richardson.

First, it has been, I presume -- but I would like you
to confirm. This is the number one modernization priority
of the Navy. Is that correct, Mr. Secretary?

Mr. Mabus: Yes.

Senator Reed: And then the expanded authorities under
the National Sea-Based Deterrence Fund -- Admiral Richardson
and Mr. Secretary, you support those enthusiastically I
hope.

Admiral Richardson: Sir, I think that to recapitalize
this extremely important program, our number one program --
I look forward to the combination of appropriations and
authorities to get this job done.

Senator Reed: And the point I think you made, Admiral Richardson, is this sort of falls outside the just traditional Navy shipbuilding because this is part of our nuclear triad, which is the strategic defense of the United States. And in fact, I would anticipate down the line, as other components, the air and land components, come on, they would have the benefit of some type of national defense support also.

Admiral Richardson: Sir, it seems to make sense.

The other thing that sets this apart, not only its importance, but the fact that we only do this generationally. It is something that happens about -- it has been 40 years since we built the Ohio class.

Senator Reed: And is there any idea about when we can expect that report coming up under section 1022 of the Defense Act?

Mr. Mabus: I will give you a definitive answer very soon.

Senator Reed: Yes, thank you.

Mr. Mabus: But on the cost, I do want to point out that so far we have taken $10 billion out of this program going forward: $8 billion in terms of construction costs, about a billion dollars in operational maintenance, and about a billion dollars in non-recurring engineering. So we
want every one of these boats to come in under $5 billion in then-year dollars.

Senator Reed: Thank you, Mr. Secretary.

Mr. Secretary, also I mentioned in my opening comments the difficult choice with respect to the V-22. Can you give us some context? I know none of these choices are easy because of the constraints that you face.

Mr. Mabus: Senator, it is my understanding that while the Marine part of the V-22 contract is ending, the Navy part, the carrier onboard delivery, the COD replacement, is picking up. And it was certainly not our intent to break the multiyear. In fact, we thought we were folding this under the multiyear. If we inadvertently are breaking the multiyear, that was certainly not our intent. And the Marines in their unfunded priority list have additional V-22’s that they would also like to procure.

Senator Reed: Finally, General Neller, let me just thank you for your service and the service of the men and women in the Corps.

Just a comment is that you are right now trying to get the ACV out the door, and it builds on our experience with the expeditionary fighting vehicle, which was not a happy time. So like the chairman, I hope your personal involvement in the acquisition process and your efforts can get this system to the Corps as quickly and as cost-
effectively as possible.

General Neller: Senator Reed, I was involved with the EFV and I understand the concern on the cost. This is a totally different approach using commercial, off-the-shelf vehicles. So we are hopeful that the protest will get resolved so that the two vendors will be able to provide 16 vehicles each and we will be able to down-select to a single vehicle from there and buy these vehicles. And I will be watching very closely the schedule and the cost of these vehicles.

Senator Reed: Thank you very much, sir. Thank you, General.

Chairman McCain: Senator Sessions?

Senator Sessions: Thank you, Mr. Chairman.

Admiral Richardson, it is conventional thought, is it not, that the triad is important? This administration supports the entire triad, but the Ohio submarine replacement program would be critical to that and perhaps the most important part of it for our national security.

Admiral Richardson: Sir, I think all the legs of the triad are critically important. Ours is obviously -- the one we are focused on is the sea-based leg, which will carry 70 percent of the warheads in the future.

Senator Sessions: And I know that we have challenges with financing because we are going to have a number of big
programs that are going to arise at that same time.

But, Mr. Secretary, you would remain committed to moving forward, would you not, with the Ohio replacement? And also the fact that it is now not going to have to be refueled would be another cost saver in the years to come.

Mr. Mabus: That is correct. We only have to build 12 instead of 14 because it does not have to be refueled.

Senator Sessions: Now, Mr. Secretary, the Navy analysis for the littoral combat ship has gone on for quite a long time. It started in the 1990’s. I remember Admiral Vern Clark, CNO, advocated this. We had the requirement of 55, and then we went to 52. This is a requirement that arose in the Navy and has been maintained by every CNO and every Secretary of the Navy since, I guess, the program began.

How do you decide that this is a requirement for the Navy? Is there not a formal process you go through?

Mr. Mabus: There is, Senator. It is called the Force Structure Assessment. The last one we did -- well, we did one in 2012, which revalidated the need for 52. That was refreshed in 2014, which also validated the need for 52 small surface combatants. And we are in the process now of doing another Force Structure Assessment.

Senator Sessions: Well, you had the fleet recommendations, the combatant commander’s recommendations,
worldwide requirements all considered. Is that correct?

Mr. Mabus: That is correct. All requirements are considered.

Senator Sessions: Well, how is the production on the ship going now? Is it at or below the congressional cap for cost?

Mr. Mabus: It is a good bit below. The first concern -- and rightfully so -- was on cost. The price of ships coming off the line today is about 50 percent of the first ones that came off the line.

Senator Sessions: Historically the first ship in its class and the second one probably are more expensive than when you move along. And it seems to me, having seen that shipyard line being produced, that ship being produced now, it is moving out at a really fine pace. The bugs are getting out of it, virtually all gone. It is coming through an assembly line almost like an automobile.

And I fear that we are going to end up raising the cost per copy if we reduce the number of ships and we end up like we did with the B-2 and a lot of other programs. Congress says we are going to do this. The Navy sets out to achieve the goal, and then we alter the plan. Is there a danger that cost per copy would go up?

Mr. Mabus: I think it is almost a certainty, that if you reduce numbers, the cost per copy will go up.
Senator Sessions: So there are a lot of capabilities that the ship has. They are putting modules on it. One of the modules is the anti-submarine capability. Admiral Richardson, I know you are not happy with where we are on that. Does this strike a blow first at the validity of the ship? And number two, is it a challenge you think cannot be overcome? It is a technological, high-tech challenge. Is it something that we can fix?

Admiral Richardson: Sir, we can fix this. We are behind on the testing there. It is not where I want it to be. I just commissioned, with Secretary Stackley, a 60-day study on the future of the program to incorporate the lessons that we have learned to date, but this is nothing that cannot be overcome.

Senator Sessions: So we absolutely have to have an improved anti-mine system. Do we not?

Admiral Richardson: We do, yes, sir.

Senator Sessions: And that is one of the bases for the littoral combat ship in its original plan.

Admiral Richardson: That is one of its missions, yes, sir.

Senator Sessions: Well, I hope we can get to the 308-ship Navy, but I do not know how we will get there if we lose another 12 ships. And if you replace it with a ship that costs two or three times as much, that is going to be
difficult. And it also is lean in terms of fuel use and low crew, 40-60 crew to operate the ship compared to 200 or so for the next destroyer type ship. So I am concerned about this and I hope that we can continue to discuss it as time goes by.

Thank you, Mr. Chairman.

Chairman McCain: Senator Shaheen?

Senator Shaheen: Thank you all very much for being here today and for your service to the country.

Admiral Richardson, I want to start with you and ask about the status of the Virginia payload module because I understand that the hope is that it will address the loss of strike capability with the retirement of four guided missile submarines. Can you talk about that a little bit and what the current status of the program is?

Admiral Richardson: Yes, ma’am. That is exactly right. Our SSGN’s, the submarines that carry large loads of Tomahawk missiles, are going to retire in the mid to late 2020’s, and our plan is that by building Virginia class submarines with the payload module installed, we increase the Tomahawk load by 28 missiles per submarine. That program is on track to be incorporated in the Virginia class program in fiscal year 2019. We will do one in that year and two per year after that, consistent with the Virginia class buy. That is really just the beginning of that
program, ma’am. Not only will it allow us to reconstitute
our strike capacity, but with that much payload volume and
large ocean interfaces, we can also do special operations
forces, unmanned vehicles, a host of other options.

Senator Shaheen: And can you talk about the cost
effectiveness of doing that?

Admiral Richardson: It is extremely cost-effective to
add that type of capability into a program that is healthy.
We need to make sure that we abide by those practices which
allow us to achieve and maintain cost-effectiveness.

Senator Shaheen: So give me a comparison, if you
would. Why does that make more sense than some other
options we might have?

Admiral Richardson: Well, you are just really talking
about a smaller incremental cost on an already healthy
program by inserting that module rather than designing in a
completely new program to reconstitute that. As well, by
distributing these over more than the four SSGN’s we have
right now, you not only do it in a fiscally responsible but
you increase the options to the warfighter as well.

Senator Shaheen: Thank you.

Secretary Mabus, in your recent testimony before the
House Appropriations Subcommittee, you pointed out that the
Navy has a maintenance backlog problem. Obviously, one of
the areas that has been challenging has been in our public
shipyards, and as someone who represents the Portsmouth Naval Shipyard, I know that that has been an issue, but one that I was very pleased to see that the administration put in more than the goal of 6 percent for maintenance.

So can you talk about what you expect this year in the budget and whether you will actually be able to use that entire recommendation from the administration for the 7 percent?

Mr. Mabus: Thank you, Senator.

First, Portsmouth and all our public shipyards are doing a terrific job. They were caught, as were so many other things, in sequester, the hiring freeze, and there was this maintenance backlog that built up that we are gradually reducing. As you pointed out, we went above the mandatory 6 percent to try to ease that. We are also hiring to the level that those public shipyards need, 33,500 total employees in those shipyards. We will certainly be able to use these monies in Portsmouth and in the other public shipyards. And it will allow us to reduce that backlog. Right now, under the current budget, we think we will be completely out from that backlog by 2019, so 3 years from now.

Senator Shaheen: That is great.

You also have talked about, from the posture hearing last week, that SOUTHCOM is short on surface vessels. As
you may know, we have had a real challenge in the State of New Hampshire and throughout the country in terms of heroin and the extent to which heroin is affecting our communities and families. And I just wonder if you could talk about what progress in combating trafficking of narcotics you have seen with the Navy’s involvement and whether the shortfall of surface ships in SOUTHCOM might help with this, if we could address that shortfall.

Mr. Mabus: Well, it one of the reasons that we remain so committed to building the fleet to get to that force structure assessment of 308 ships because certainly drug interdiction, the other things we do with our partners in South America and in the Caribbean is a large part of that.

We simply have not had the fleet, as the chairman pointed out. It takes a long time to build a Navy ship and to build a fleet. And once it declines, it takes a long time to turn it around. But we are trying using different types of ships, things like the expeditionary fast transport down there which has the speed to interdict. And as the fleet grows, you are going to see more naval assets in SOUTHCOM.

Senator Shaheen: Well, thank you. Obviously, that will be very important to help us deal with this epidemic.

Thank you, Mr. Chairman.

Chairman McCain: Senator Ayotte?
Senator Ayotte: Thank you, Chairman.

I want to thank you, Secretary Mabus and Admiral Richardson, for including in your request for funding for 2017 for the new junior enlisted barracks at Portsmouth Naval Shipyard. Thank you for really making sure that we prioritize that because I know the conditions were not good there. So I am very appreciative of that and thank you.

I also wanted to ask both of you. You both mentioned in your written testimony the large displacement unmanned underwater vehicles. And, Secretary Mabus, I note that you said in your prepared testimony that you are going to begin to have these vehicles take on some missions in 2022.

As these UUV’s are fielded to ensure that we are using our resources wisely, I would encourage the Navy to utilize existing public shipyard infrastructure where possible to support the engineering, technical problems, logistics, and maintenance because you have some expertise there that I think you can take advantage of. And obviously, with the budget situation, to the extent we can use the expertise that exists at our shipyards -- and obviously, the Portsmouth Naval Shipyard has some tremendous expertise.

So, Admiral Richardson and Secretary Mabus, will you be looking for opportunities to use our existing capabilities and expertise as we continue to develop the unmanned underwater vehicles that I know that we are going to be
developing to help defend the Nation?

Mr. Mabus: Yes.

Senator Ayotte: Great.

Admiral Richardson: Yes, we have absolutely. And particularly the team at Portsmouth has some deep skills in deep submergence, submarine rescue types of things, exquisite types of capability there that we will be turning to.

Senator Ayotte: That would be great, Admiral. I know they are anxious to partner with you on this and hope to be able to give some assistance to you as we further develop this area to defend the Nation. I appreciate it.

I also wanted to ask about a report that, Admiral Richardson -- in October of 2015, the “New York Times” reported that Russian submarines and spy ships are aggressively operating near the vital undersea cables that carry almost all of our global Internet communications, raising concerns among some American military and intel officials that the Russians might be planning to attack those lines in times of tension or conflict.

So what is your assessment of what is happening in terms of Russian intentions and activity related to undersea cables? Obviously, this is very important in terms of our communications system. And to the extent you can talk about it in this setting, what are we doing from the Navy
perspective to protect those assets?

Admiral Richardson: Ma’am, you are exactly right.

About 99 percent of our international transatlantic Internet traffic rides on those cables, and that cannot be reconstituted if that gets disrupted. And so we are, obviously, taking that threat very seriously. It is extremely difficult to talk about any of that in this forum, but I would welcome the chance to talk to you and give you the full classified brief.

Senator Ayotte: We will set that up. I appreciate it.

Admiral Richardson: Yes, ma’am.

Senator Ayotte: And also, not to pick on you today, but I did have a follow-up question either to you or Secretary Mabus, and that is related to our attack submarine fleet.

What I wanted to understand is what our current requirements are for the attack submarine fleet and when the requirement was established and also what percentage of combatant commander requests for attack submarines is the Navy currently meeting.

Admiral Richardson: Yes, ma’am. Our current requirement is for 48. That level I think was established in 2006. Whether I am off by a year or 2, it was a long time ago, and the security environment has changed a great deal since then. And so I commissioned a study to reassess
that level this year.

Currently, as you know, ma’am, the attack submarine profile will dip below that requirement of 48 submarines in the 2020’s. And so that has got us very concerned. We able to meet about 50 to 60 percent of combatant commander demands right now, and so it is a very high demand asset.

Senator Ayotte: Mr. Secretary?

Mr. Mabus: It is an example, Senator, of when you miss a year building a ship, because we missed some years -- we only built one submarine instead of two -- you just do not make that up. And that is why we are committed to two submarines per year. We have got a multiyear --

Senator Ayotte: And that is what is critical as we look at 2022 where we dip to one Virginia class, that we have got to figure out that we can build two.

Mr. Mabus: One of the things that we are trying to figure out --


Mr. Mabus: 2021 because that is the year the Ohio class replacement starts. But you are absolutely right. And we are working on how to get the capability and the capacity to do two Virginias and the Ohio class at the same time. And I am confident that will part of the 2018 budget.

Senator Ayotte: That is excellent. We look forward to working with you on that. I think it is critical as well,
as we look at the need out there.

And I appreciate, Admiral, that you are already undertaking a reexamination because, as you have rightly pointed out, conditions have completely changed since 2006, and we know of existing threats that are out there that really increase our need for capacity. So we appreciate it.

Thank you, all of you.

Chairman McCain: Senator Donnelly?

Senator Donnelly: Thank you, Mr. Chairman.

I thank all the witnesses for your being here and for the Master Chief as well.

Admiral Richardson, as you know, Indiana is home to Naval Surface Warfare Center-Crane. The foremost mission of the lab is supporting the Navy’s strategic weapons system, and given the priority of nuclear modernization, I wanted to invite you to Crane, if you can make it out there.

Admiral Richardson: Sir, I will put it on the list as a priority.

Senator Donnelly: Thank you very much.

Secretary Mabus, in regards to mental health, I am concerned our services are not adequately staffed to provide troops with ready and timely access to mental health care. Every quarter, the Navy submits reports that use the current number of Navy mental health providers for both the number of providers required and the number authorized. And so as
we look at this, I would like to see the Navy’s last four quarterly reports on mental health requirements and staffing, if you can provide that for us.

Mr. Mabus: I will do that right away, Senator.

Senator Donnelly: Very good. We would also like an explanation, as you look at that, on how you calculate your mental health staffing requirements and your recommendations for whether and how we can modify the FRAMS or another model to better meet the Navy’s needs, if you can do that.

Mr. Mabus: We will do that, Senator.

[The information referred to follows:]

[COMMITTEE INSERT]
Senator Donnelly: Great.

This is probably for Admiral Richardson. You know, when I was younger, I remember the Pueblo incident in North Korea, and that boat is still there. And I remember, in reading and following it, one of the biggest problems we had was when it was taken, there were really no assets around to try to help out from what was indicated. And we saw what happened with the riverine boats.

You know, obviously, there is an investigation going on. But from what is read and how much is true we do not know. Talk about cannibalizing parts from a third boat to try to put a second boat together, problems with satellite gear, problems with other things that were involved. So what we want to try and do, obviously, is to avoid these kinds of scenarios in close border areas and in places especially like North Korea and the Iranian border.

So what is being done to ensure this does not happen again? That is question one, and then question two is, if it does, what are doing to make sure they do not take the boat and bring it to wherever they are going?

Admiral Richardson: Right. So all of those questions are very valid questions. Those are the exact questions I have and about 100,000 more. That is what the investigation is getting after. We intend that to be comprehensive to address all of those factors.
But we are not waiting for that to get done in terms of moving out and starting to improve the way that we operate, support those ships, particularly those ones that are forward-deployed. And so the team and 5th Fleet and really around the Navy has taken a look at how that system works and where the vulnerabilities are and shoring those up.

With respect to the support that those boats had, they were in the middle of the Persian Gulf, as you know. There were two carriers there. There was no shortage of support. It happened on a very quick timeline. But the response was -- the details of that will be part of the investigation, and we look forward to a briefing you on that when it is done.

Senator Donnelly: Is one of the things that we are checking on the status of our riverine inventory, the quality of it, what shape it is in, maintenance of it, all of those kind of things? Because one of the things that concerned me was to see to get two going, we needed three. And so you are in a position where neither -- two out of three could not do it on their own. It had to kind of be put together to put one together. So I was wondering where we are with that.

Admiral Richardson: Absolutely. We are looking at every aspect of the readiness generation of that part of our Navy and the rest. You say you do not want it to happen in
forward-deployed places near threat countries. I do not want it to happen anywhere in our Navy. And so we are looking comprehensively.

Senator Donnelly: Because one of the things is, as you well know and as you all care so much about, you do not want to put these sailors in a position of having to make almost impossible decisions.

Admiral Richardson: Absolutely right, sir.

Senator Donnelly: General Neller, I want to ask you. We just saw Vladimir Putin talk about the number of troops in Syria that he is supposedly going down now. We do not know if he is actually going to do it, if he is not going to do it. You are the leader of a lot of extraordinary soldiers in that neighborhood, you know, in the area. I was wondering what your opinion is of what is going on with him and what the appropriate response is and how you think this plays out.

General Neller: Senator, I can only take it face value. We all found out yesterday that he decided he is going to withdraw because he said he accomplished his mission. So, obviously, there is a political piece to this. As far as on the battle space, cessation of hostilities was honored to some degree by his forces. So I think it potentially creates an opportunity for some forces, to include those that we support. If the amount of aviation
support that they are getting from the Russians is going to
go down, it should enhance their ability to maneuver.
So there has been some progress. The one town,
Shaddadi, was taken by YPJ. There is other progress going
on. I know a little bit more about what is in Iraq, but I
think Iraq is a different case than Syria. But I think --
and I have not talked to the Chairman about this, but my
personal opinion is that I think it creates some opportunity
for those forces that we have been supporting to possibly
make a little more progress.
Senator Donnelly: Thank you.
Thank you, Mr. Chairman.
Chairman McCain: Senator Ernst?
Senator Ernst: Thank you, Mr. Chair.
Gentlemen, thank you for being here today.
General Neller, as you know, the Marine Corps just
completed an exercise, Ssang Yong, and it was a multilateral
amphibious assault exercise conducted in the Pacific by Navy
and Marine forces with the Republic of Korea and other
allies. And this exercise successfully demonstrated full
spectrum combined amphibious operations and was a powerful
reassurance measure to a number of our allies and, of
course, a strong statement of power projection to our
adversaries, which is very important I feel.
And yet, we have yet to see the requisite number of
amphibious ships underway to test the full capacity of a baseline expeditionary strike group, Marine expeditionary brigade in the training environment. And so with that as an intro, we know that there is a shortage of amphibious ships.

And can you provide further insights on how these shortfalls impact the readiness of the Corps and your ability to provide scaleable MAGTFs as your contribution to the joint force? If you would please expound on that, please.

General Neller: Well, Senator, thank you for the question.

If you went by COCOM requests for forces, the requirement for amphibs would be close to 50. The stated requirement between Admiral Richardson and my predecessor was 38 to come up with a number of 34, which is what you need to embark two Marine expeditionary brigades, which is what is at the high end for a forcible entry capability.

The landing at Ssang Yong combined two Marine expeditionary units. It was commanded by the 3rd Marine Expeditionary Brigade, General Jansen out of Okinawa. But it was comprised of six of our ships and then a number of ROC Marine ships, and there were also Australian and New Zealand soldiers that were part of the landing force.

So right now, we have 30 amphibious ships. Based on the readiness of those ships, we could probably get -- it
has actually improved. The fleet readiness plan is --
because we have worked really closely with the Navy, the
fleet readiness plan is improving the overall readiness of
the amphibious fleet, but it has to be that in conjunction
with procurement of more new ships.

So we will be up to 34 ships by 2024 and up to 38 by
2028, and then we will go back down on the other side if
there is not a change.

So that is what our requirement is. We cannot meet all
the requirements of the combatant commanders today, which is
why we have two land-based special purpose MAGTFs to provide
a comparable capability for crisis response.

So I appreciate the question. We are working very
hard. This budget and this Congress has funded the 12 LPD,
LPD-28, and they are in budget. The FYDP is the LXR, first
class of a new ship, which would start to be built in 2020,
which gets us to this number of 34.

Senator Ernst: I appreciate that.

And is that your best advice to us, General Neller, is
simply funding, or is there more that we can be doing as
Congress?

General Neller: I hate to say that things can be
solved by money, but as we talked about and the Secretary
mentioned, if you buy ships en bloc and you have an overlap,
the cost of the ship goes down. That is an overall greater
commitment of resources, but once you skip a year, the workforce degrades, the cost of the construction goes up. You cannot procure materials, early materials. So there is money in this budget and then fiscal year 2018 plan to buy lead materials for the LXR. So the best way and the most cost effective way to build ships is to, when you decide on a design, block them out and have an overlap so you build them and there is no gap.

Senator Ernst: Thank you, General.

And, Secretary Mabus, on February 2nd, the last time that you appeared in front of the committee, we discussed the fact that the Director of Naval Intelligence, the Navy's top intelligence officer, has been without an active security clearance for over 2 years. Is this individual still in that position?

Mr. Mabus: Yes, he is, Senator. Let me give you some detail about that.

When I was informed in late 2013 that Admiral Branch was possibly connected to the GDMA case, I thought because of his position, I should remove his security clearance in an excess of caution. I was also told, though -- assured -- at that time that a decision would be made within a very short time, a matter of weeks I was told, as to whether he was involved and what would be the disposition of the case. We continued to check on that over and over and over again
and got nothing.

So by the early fall, September of 2014, I decided that we had to nominate a successor, which we did, but because of some intervening events, that nomination did not get up here until last fall. At the same time that nomination got up here, we had a new Chief of Naval Operations who rightfully wanted to make sure that flag officers were in the positions with the best skill set and the best qualifications.

Senator Ernst: I understand.

Mr. Mabus: And one other thing that I do think is important. During this entire time, I have been checking with General Clapper, the head of national intelligence, to ask him if there is any degradation of naval intelligence, if there is any concern about how we are operating or the quality of information that we are gathering or how we are processing that. And I have been assured that we are not -- that there is not any.

And Admiral Branch’s two deputies, each of whom has more than 30 years experience, both are taking up the part of his job that requires the classification access. He also has a lot of other hats, including managing a 55,000 strong force, which he continues to do.

Senator Ernst: I do understand that. I still do have a problem with it. I think to lead a Department, you need to lead from the front, and if you have deputies that are
doing your job, you are not leading. So I still have an issue with that, and I think we will follow up at another time because I am over time.

Thank you, Mr. Chair.

Chairman McCain: Senator Kaine?

Senator Kaine: Mr. Chairman, with your position, I would like to swap places with Senator King so he can get to an Intel meeting.

Chairman McCain: No.

[Laughter.]

Senator King: That was the answer I was expecting somehow. Thank you, Mr. Chairman.

First, I want to welcome back our colleague, Senator McCaskill. Great to see you back at our committee and wish you good health.

Admiral Richardson, General Neller, welcome to your first of these hearings. Admiral Richardson, I was at Naval Reactors yesterday, your former command, and I can assure you it is in good hands and really an impressive operation.

And, Secretary Mabus, you have done an extraordinary job. I was sitting here thinking when you took this job, there were certain words and terms that either were not heard of at all or certainly did not have the meaning that they have today. I made a short list: ISIS, South China Sea, the Ukraine, nuclear North Korea, Syria, cyber attack.
All of those are things that have come to fruition as challenges since you have been Secretary. You have confronted extraordinary challenges, not the least of which is sequestration, all the kinds of budget problems that we have had, and this accelerating threat environment that we are in. And I just want to thank you for really I think extraordinary service over a very difficult period. I want to acknowledge that. And I hope some day there is a ship named after you and it is built in Bath just because I know you are from Mississippi.

[Laughter.]

Senator King: I could not resist.

Mr. Mabus: Talk to some successor of mine about that.

Senator King: Yes, I will. I will remember that.

Admiral Richardson, to follow up, the decision about naval forces and planning and looking into the future, many of those, if not all, were made before that list I read, before those changes. Are we adequately addressing the change in the world that is affecting the necessity and the needs of the Navy of the future? I worry, to use a tired analogy, that we have got an aircraft carrier moving and we may not be necessarily turning it to respond to new challenges.

Admiral Richardson: Senator, you have hit right at the heart and soul of where I am trying to get the Navy. One is
to be more agile so that we can keep pace with the
accelerating security environment. But to your point, a
number of those concerns were not even on the list of things
when we did our last force structure assessment, which is
why I have commissioned a new one this year.

Senator King: And I think you mentioned earlier in
your testimony there are a couple of other studies you are
doing of adequacy of forces and shipbuilding and those kinds
of things.

Admiral Richardson: Yes, sir. In addition to the
force structure assessment, which will get to sort of the
composition and the overall force, I am looking -- and
General Neller is my partner in this in terms of are we
looking at and appreciating all of the creative
opportunities and combining the fleet we have right now in
new and effective ways to make sure that we do not miss a
trick in terms of doing that. And so we have got some fleet
design studies that we owe this committee and we had started
on our own, and so we look forward to working together with
General Neller on that.

Senator King: I appreciate that.

We have been talking some about the Ohio class
replacement which, of course, the bow wave is starting in
about 5 years right outside of this FYDP. It bothers me the
way we budget around here, and we have no capital budget.
You are talking about a 40- or a 50-year asset. You know, we borrow money to pay park rangers’ salaries and we pay cash for 40-year assets. I mean, that is upside down from the way any business or other rational organization would do. You do cash for operations and you borrow for capital assets. Should we not be thinking about this when you are building something and trying to pay for it in 3 or 4 years that is going to last 40 or 50 years?

Admiral Richardson: Sir, I think we should take a look at all of that. So we have got plused up for the fiscal year 2021 start of that program. It is going to be important to see those additional funds going forward, or we are going to decimate our shipbuilding budget.

And then, as has been talked about, the National Sea-Based Deterrence Fund. That could provide us some options in terms of not only doing sensible things fiscally but, by virtue of doing that, also achieve some significant savings on the order of 10 or more percent. And so I think that the combination of the appropriations and the authorities would allow us to do exactly what you say, sir.

Senator King: Well, I hope we can talk. I have been talking with Chairman Enzi on the Budget Committee about rethinking how we do our Federal budget so that we can have a capital budget. Of course, that presupposes we know what we own, but that is a separate question.
Secretary Mabus, do you have a comment on this funding problem?

Mr. Mabus: Just to reemphasize what the CNO said. We have known for quite a while and the three CNOs I have been privileged to serve with have all testified that we have to have additional funds for the Ohio class replacement because, as Admiral Richardson said, it is a once in a generational thing. And the two times we have done this before, 41 for Freedom in the 1950s and 1960s, the Ohio class in the 1970s and 1980s, we have added additional funds because it is a national level program.

Admiral Richardson: Sir, if I could, throughout that, we have got to commit to, as you implied, full transparency and auditability of that money as it is applied to this extremely important program. So even as we consider these options, we are committed to that level of transparency and auditability.

Senator King: Thank you, Mr. Chairman.

Chairman McCain: Senator Fischer?

Senator Fischer: Thank you, Mr. Chairman.

General Neller, you and the Admiral have both discussed the importance of technological innovation in this year’s budget. Can you talk about the role that the 3rd Battalion of the 5th Marines will have in testing the prototype technologies this year?
General Neller: Senator, thanks for that question. We are going to take 3rd Battalion, 5th Marines, or 3-5. They are currently deployed in Okinawa. When they come back, they will have at least a year and a number of exercises. One will be Rim of the Pacific, or RIMPAC, and then we will put them out at Yuma in support a Marine air weapons tactics squadron out in training. And we are going to give them certain capabilities. We are also going to reorganize certain elements of their force in a different way to work on the ability to distribute them across the battlefield. So there will be a communication piece. There will be an ISR piece with unmanned systems. There will be different ways to move them around the battlefield because we will have the aviation assets that will be out there for that exercise.

So we are using them rather than creating a unit because they will be a cohesive unit, and we are very confident that the young marines in that unit will take advantage of whatever capabilities we give them and they will tell us whether they are effective or not and/or they will come up with their own ideas. So we are counting on the youth and the familiarity with technology, having grown up in part of the digital generation, to help us do that. So we will test and learn and give them everything we can give them, and they will come up with new ideas.
Senator Fischer: Do you think there is going to be a continuing need for this sort of testing, or are you going to consider dedicating a specific unit to this role? Is it temporary? Is it going to be continual?

General Neller: I think we will use every exercise that we have with large formations like the MEF, our Corps level headquarters or brigades. There will be a number of amphibious exercises on both the east and west coast. We will, as we have in the past, have them experiment with different operational designs, as Admiral Richardson talked about, different ways to embark the force, different ways to deploy ashore. So we will take advantage of the existing exercises and training opportunities, and if we find something that works, then we will adopt it and we will see how it goes.

So we have got to change, and the world is changing very quickly. And my concern is that we change faster than our adversaries, and I think exercises and taking units like this to practice or play with this stuff is going to help us.

Senator Fischer: And, Admiral Richardson, can you discuss the Maritime Accelerated Capabilities Office? Specifically, how is it going to work, and what is it going to focus on?

Admiral Richardson: Yes, ma’am. We are setting that
up as sort of a speed lane for acquisition. This is one of the areas where I am trying to take advantage of those additional authorities that were granted to service chiefs. It will be based on the Air Force’s Rapid Capability Office, which has assembled all of the decision and approval authorities in a very streamlined package so that for those programs for which it is appropriate, we can just move quickly move through the milestones and the acquisition process, get those technologies into production, and then out to the fleet very quickly.

My goal is that we start by setting that speed lane up. We have a couple test cases go through that. I would say that the Stingray, the unmanned carrier-based aircraft, would be one of those very first ones. And then as we adapt, we move more and more programs out to that speed lane and overall speed the process up.

Senator Fischer: Thank you, sir.

And, General Neller, I understand that the majority of the Marine Corps budget goes towards the personnel costs. We spoke about this the other evening, and that is even before the Force of the Future initiatives that Secretary Carter has recently announced. How do these initiatives factor into how you are going to manage the force, and what challenges are they going to present to you?

General Neller: Like all the services, Senator, we
have worked very closely with OSD on the Force of the Future. Some of the things we are already doing, and so it will have no impact, as far as we think we have a proper way to recruit. There are certain things like additional educational opportunities where there will be potentially some expense, and there are other things I do not think we know yet.

So a lot of these things are going to be in a pilot program and will not be immediately adopted. But there is going to be some expense with some of them, and we will just have to figure out how we are going to do that.

Senator Fischer: I know every military person who is protecting our freedoms -- they want to play a meaningful role. I do not think it is just -- as we look to the Force of the Future initiatives, I do not think it is just that. I think that they also want to have the training and they want to have the resources that they need to complete the mission. They want to have the new technologies that we spoke about earlier. Could address that just in a few sentences, please?

General Neller: We are in a unique position in that we continue to deploy forces to meet combatant commanders’ requirements. We have to sustain the legacy force that we have, and at the same time, we want to modernize. And so there is pressure on that.
And so it was mentioned in unfunded requirements. One of the first things we would probably do is put money back in the current operations and maintenance and sustainment. We have protected, to the best of our ability, the modernization because keeping old legacy gear sustainable is fine, but what we really need is we need to get the new gear not just because the marines like the new gear, because they need another gear, whether it is a joint light tactical vehicle or the amphibious combat vehicle or the ground-air task-oriented radar of any of the command and control stuff or the new aircraft that we are going to buy. We need that to be successful on the battlefield in the future because our adversaries have done the same thing. They have recapitalized while we have been focused on the fights that we have been in in the last 15 years.

Senator Fischer: Thank you.

Thank you, Mr. Chairman.

Chairman McCain: Senator Kaine?

Senator Kaine: Thank you, Mr. Chair.

And thanks to the witnesses. Secretary Mabus, congratulations to you and to all. We had a hearing this morning in the Readiness Subcommittee, a readiness posture hearing, and I will say that Admiral Howard and Assistant Commandant Paxton performed admirably. And we learned that the Assistant Commandant is the longest serving Assistant
Commandant of the Marine Corps since 1950. And so we are in a day of witnesses before us with long tenures.

The readiness hearing was a shocking one. I had a classified briefing about readiness issues last week, and what I am going to say now is not classified material. This is open material. We talked about it at the hearing.

Today, less than half of our Marine Corps units are ready to perform their, quote, wartime missions, despite having a congressionally mandated role as the Nation’s crisis response force. And especially on the aviation side -- and I will get to this, General Neller -- 80 percent of aviation squadrons do not have the required number of aircraft to train. General Paxton talked a bit about that.

On the Navy side, less than half of our Navy’s ships are ready to meet wartime plans. Deferred and unplanned maintenance continues to delay training timelines and prolonging deployments. That prolonging of deployments, which used to be 6 months to now 8 to 10, means that ships come back that are significantly more challenged in terms of maintenance issues. These are some of the issues that we talked about this morning.

I know this committee is really interested in this topic and request. Senator McCain has written a letter to the service chiefs asking for the fiscal year 2017 unfunded requirements priorities list. I think some of those letters
are coming back to us or maybe some early drafts are coming back to us. I would encourage on the unfunded priorities requirements list, they in fact be prioritized rather than just a big list because that will help us as we grapple with the NDAA challenge. And I am going to make that a question for the record as well.

What is the status right now on the aviation side, naval and marine, the status of aircraft awaiting repair at the aviation depots? Has there been any improvements in this awaiting-repair category, and how are we funding depots? And what is our ability to bring down that amount of aircraft awaiting repair?

Admiral Richardson: Sir, I will take the first stab at that. This is something that General Neller and I are working very closely on because this affects both of us. This divot in backlog in ready basic aircraft, really the backlog in the aircraft depots, goes back a few years, really exacerbated by fiscal year 2013 and the sequestration that happened then.

We are doing a very systematic appraisal of that process and we are seeing improvements. We improved 44 percent this year over last year, and so we are seeing the throughput of that -- the depots improve. General Neller and I were at the fleet readiness -- the depot in California. We walked through the entire line. They have
got a very systematic approach that looks at all of the limiting lines, and we look forward to sort of continuing to improve that throughput.

Additionally, we are looking forward -- these are the legacy aircraft, particularly the strike legacy Hornets. So we are looking forward to when the Super Hornets come through, we are learning all of the lessons. We are starting to get prepared for when they come through in the depots. And then as has been submitted with our budget and also on the unfunded list that you mentioned is the request for buying additional Super Hornets in both 2017 and 2018 to help to mitigate that. So we are taking a full court press.

We are funding those depots to pretty much the maximum executable capacity right now, and we are leaning that system out to get everything we can out of that.

Senator Kaine: Great.

General Neller?

General Neller: Senator, as the CNO said, I think these accounts are fully funded. There is a number of fleet readiness centers. We have also contracted with additional vendors like Boeing and L3 to do more for the fixed wing aircraft. So if they can fulfill their contract -- and they did last year -- and they do it again and the fleet readiness centers improve their processes -- I think at the initial when all these planes kind of descended on them, you
know, the processes they had were not effective. The planes sat and they waited. So they have gotten much better. And I get this not from my own observation but from talking to other people that had visited them a year ago, saying the process here is much improved. They got a much better flow. So I believe that we are -- in that particular model type series of airplane for F-18A and D, we are at the bottom and we are on our way up and we are going to get better.

Every model type series of aircraft in the Navy and the Marine Corps is a little bit different. Right now, we are in the middle of recapitalizing every one of those, F-35 to replace the F-18, the AV-8B, and the EA-6B. We are still in the procurement process for MV-22 Osprey. We are buying Hueys and Cobra attack helicopters. The Hueys are almost complete, and there have been some issues with that. And then we are just in the experimentation and the prototyping and flying of the 53 replacement.

So I would say right now, the 53 is probably in the worst place because of a number of things that are going to get fixed by this new airplane, but this new airplane is not going to be ready for probably 3 or 4 more years. So that procurement will have to be something that goes back to the acquisition that we are going to have to watch and we are going to have to guard.

So if we can get more parts, we can get the sustainment
at the depots. We are going to get more basic aircraft on
the line. Our pilots will fly more hours. Our readiness
will go up, and the marines and the sailors that fly these
aircraft will do what they want to do, which is fly. So
there is even a retention piece to this that we have talked
about because if you are not flying, then you are not doing
what you came in to do. So there is a whole lot of things,
even maintainers.

So it is very complicated, but I think we got a
comprehensive plan. We met with our leadership of the
aviation enterprise, the Navy and Marine Corps, the other
day. The money is there. It is just we are going to have
to watch it and press it, and it is going to take a little
bit of time.

Senator Kaine: Great. Thank you very much.

Thanks, Mr. Chair.

Chairman McCain: Senator Wicker?

Senator Wicker: Thank you.

Admiral Richardson, our most recent 30-year
shipbuilding plan has a target size of 308 ships for the
Navy. Chairman McCain touched on this in his opening
statement.

I am interested in the methodology behind the Navy’s
shipbuilding requirements. What year was the 308-ship
determination made?
Admiral Richardson: Sir, that was made in 2012 and it was updated in 2014.

Senator Wicker: And what was the number in 2012 and what was the number in 2014?

Admiral Richardson: It was 308 throughout. So the 2014 just validated the 2012 assessment.

Senator Wicker: Has anything happened around the world since that determination was made that would make us revise that force structure?

Admiral Richardson: Yes, sir. At the time we did that original assessment, we were not contending with the resurgent Russia, ISIL was not on the map, and the Peoples Liberation Army and Navy was in a much different place. And so the security environment has changed.

Senator Wicker: So three major developments.

Admiral Richardson: At least, yes, sir.

Senator Wicker: And so will you be pushing for a revised force structure assessment, and when might we see that?

Admiral Richardson: Sir, I have already commissioned that to start. We intend for that to briskly get done through the spring and look forward to seeing that done in the summer.

Senator Wicker: All right. And right now we are on pace to get to 308 when?
Admiral Richardson: In 2021.

Senator Wicker: Well, we look forward to seeing an accurate force structure based on the current threats.

Admiral Richardson: Yes, sir. I look forward to briefing you on that.

Senator Wicker: Thank you very much.

Let me ask you, General Neller, about amphibious ships. You recently told the House Armed Services Committee that the Marine Corps needs ships cheaper and faster. I think we certainly agree with that.

As you know, Congress added an additional LPD amphibious ship after feedback from your predecessor, General Amos. We appreciate his input and his service as we do yours, sir.

The Navy is now looking to develop the LXR class of amphibious ships that will replace our aging dock landing ships. The Navy has made a decision that the LXR vessels will use the current LPD-17 hull form. Do you believe that the LPD-17 hull form provides all the capability that you need to replace our legacy dock landing ships?

General Neller: Senator, thanks for the question.

Yes, I do. We have got a lot of confidence in the LPD-17 class ship, and again, we appreciate the funding for the 12th ship of that class, LPD-28. So there was discussion, before I assumed this post, of whether just to
go to an LPD-28 repeat. Their was a costing figure for LXR that we did not believe LPD-28 could meet at that time. So the decision was made to go with the hull form and come up with a new design that would be similar to that, but it would meet the costing of about $1.6 billion and then to further drive down the cost of the ship down to $1.4 billion.

So that is going to be competed between two shipyards, and I am confident that they will come up with a design that is similar to the LPD-17 class ship and we can make it in time. And the first class of that ship is supposed to be put under contract in 2020.

Senator Wicker: If we could find the money, sir, would you support acceleration of the LXR ship competition?

General Neller: Absolutely, Senator. If we could find the money and we could do a block buy where these ships would be -- as Secretary Mabus said, anytime we can build them year after year, we keep the workforce employed. They get faster, they get better. The ship is a better quality. It is put out faster and then generally comes in at a lower price.

Senator Wicker: Thank you.

And, Admiral Richardson, in the short time we have left, tell us what the future holds for the autonomous surface vessels.
Admiral Richardson: Sir, I would say that the autonomous surface vessel is one of, I would say, a suite of unmanned capabilities that really, behind the Secretary’s leadership, the Navy is doubling down on. And I think that these autonomous surface vessels provide a capability that can be used in a number of different areas. I have got my eye on it with respect to the mine hunting mission. So I think that that and a number of other areas -- but I would be happy to brief you in a classified setting -- are real opportunities for the unmanned in general and the surface vessel in particular.

Senator Wicker: Secretary Mabus, do you have anything you would like to add in 20 seconds?

Mr. Mabus: It is the reason that we have stood up the Deputy Assistant Secretary for Unmanned, N-99, on the CNO’s staff is to make sure that we are utilizing all the technologies in a comprehensive way in unmanned because we are the only service that does it under, on, and above the sea and to make sure that as we move forward, because these are going to play such a huge role in the future, that we have the technology right and that we are not duplicating, we are not using any money unnecessarily but that we are pushing forward to do the things the CNO just talked about.

Senator Wicker: Thank you, and I look forward to that classified briefing, Admiral. Thank you.
Chairman McCain: Senator Hirono?

Senator Hirono: Thank you, Mr. Chairman.

Secretary Mabus, I too want to add my thanks to you for your service and wish you the very best going forward.

General Neller, in early March, Japan’s Prime Minister Abe announced that he has decided to temporarily suspend preliminary work on the Futenma replacement facility in Henoko on Okinawa. And he stated that talks between the local government and Tokyo on the relocation of the base would continue.

So how do you see this situation in Japan, Okinawa, playing out? And what impact will this have on our overall relocation strategy, including what we are doing in Guam and what we need to be doing in CNMI and going forward?

General Neller: Well, Senator, first, there is no linkage between Guam and what is going on with the Futenma replacement. So I see that, even though we have pushed some number of projects to the right, I think we are still on track to move the number of marines to Guam and do that work.

As far as Okinawa, because part of the judgment is that there will be no work at the Futenma replacement up at Camp Schwab vicinity in Henoko during this time, and they would expect that they are going to reconvene a court rule -- or whatever adjudicating authority is going to review this
thing until March.

So there was not a whole lot of work being done because we were not able to get concrete in. So we were going to build a concrete plant there. So that buys us some time to do that. But some of the work that was being done out on the reef to get ready to fill in the landfill in -- so right now there is nothing going on.

But we continue to support the Japanese Government trying to get an agreement with the prefecture of Okinawa to build the FRF. So we will have to wait and see what happens in March.

Senator Hirono: You are talking about a year from now?

General Neller: That is what the agreement was, as I understand.

Senator Hirono: As a time frame for them to decide one way or the other.

General Neller: The judge asked them to try to come up with an agreement, and then the Government of Japan issued what was called a corrective action order, which gave the government of Okinawa, the governor, until March to reply. So until that time, there is no work being done up there.

Senator Hirono: More delays. Well, it is what it is.

Secretary Mabus, I believe that U.S. energy security is a vital component of our overall national security. And I have had conversations with Department officials who agree
that our country’s energy security needs are closely tied to our overall national security. And the amount of operational energy the Navy needs to carry out its mission is significant, and while fuel costs are low right now, as we know from history, prices do fluctuate and they will probably go up.

I know that the Navy has done significant work in this area, and I commend your leadership on this issue. Can you update us on how the fiscal year 2017 budget affects your efforts to reduce energy consumption, use cleaner alternative sources, and increase U.S. energy security?

Mr. Mabus: Thank you, Senator.

First, the goal is to have at least 50 percent of our energy needs met by alternative sources afloat and ashore.

Ashore, we are there. We got there by the end of 2015, and it is making us more resilient. We are beginning to now move to things like microgrids so we can pull ourselves off the grid. In case something happens, we can still do our military mission. And we are doing this almost exclusively through public-private ventures.

At sea, the great green fleet is deployed now. It is sailing on a mixture of marine diesel and biofuels. And these biofuels were procured by the Defense Logistics Agency under a regular RFP. They are competitively priced as the law requires and as we require. And so it is becoming the
new normal for that.

And the example that I give is in Singapore, you have got an oil refinery -- one of their oil refineries there that is owned, a majority, by the Chinese. Right down the road is a biofuels plant owned by a Finnish company. So we need to not be dependent on one type or one location of fuel.

Finally, we are also making a lot of headway in terms of efficiencies, reducing the amount of energy that we use. And the Navy is down in terms of oil usage by 16 percent since 2009. The Marine Corps is down about 60 percent. Part of that is fewer operations in Afghanistan and Iraq, but the Marines have also been leaders in terms of energy efficiency and making energy where you fight so that you so that you do not have to resupplied.

Senator Hirono: Thank you.

And, General Neller, thank you for your efforts in this regard.

Chairman McCain: Senator Tillis?

Senator Tillis: Thank you, Mr. Chair.

Gentlemen, welcome and thank you for your service.

General Neller, I had a question for you that relates to personnel. I think you are down about 20,000 -- by the end of the year, about down 20,000 active marines from the 2012 numbers. I am kind of curious how that reduction has
affected your deployment-time-to-home ratio and any other issues related to retention, morale, or effects on families.

General Neller: Well, Senator, when we grew the force to 202K to meet the operational demand and provide adequate depth-to-dwell when we were fully engaged in Iraq and Afghanistan. As we have withdrawn the bulk of that force and we are bringing the force down to 182,000, that is as 2-to-1 force. In some cases, based on the type of unit, it is inside that.

So it remains to be seen what that is going to do to families and retention. It does give us a very short time to get ready to go. We would prefer to be a three-to-one force, which is why the optimal force, based on the current force structure, was said to be 186.8, which gave us a 3-to-1 for aviation squadrons and infantry battalions, which is the normal deployment.

So we think 2-to-1 is the minimum. As General Paxton mentioned today in the readiness hearing, we are going to have to cut back some of the capabilities we provide to combatant commanders in order to reduce some of the tempo and pressure on the force, particularly in aviation, and we are prepared to do that not because we want to but we have to give the forces enough time to reset and we have to give them enough time to do the training that they need so that when they do deploy, they are ready to go.
So we are watching this very closely. It has our attention, but I think right now it has not been a factor, but I am concerned about it.

Senator Tillis: It seems to me when you have got threats going in the other direction, to touch on what Senator King discussed and I think what Senator Fischer alluded to, you know, we have got threats today that we did not have in 2012. Admittedly we are not as engaged in, say, Iraq and other areas of the world. But it seems like while the threat profile is going up, our ability to actually provide the combatant commanders what they need is going down. It just does not seem like the right trend lines. And we need to continue to watch it.

This may be for Secretary Mabus or Admiral Richardson. I read a news report the other day. And believe me, I do not believe anything I read, and I knew that I was going to come here and see you guys. So I thought I would ask you. The Navy is reported to have, in reaction to, I guess, some failing their physical fitness standards tests and not necessarily achieving the existing body mass index requirements, that there have been a change in those requirements. Is that report true? A simple yes or no answer is okay if it is no.

Mr. Mabus: The answer is they have been changed but not for that reason.
Senator Tillis: Can you give me an idea of why they have been changed?

Mr. Mabus: Yes, because first we would measure people to do the body fat analysis. We would measure their neck and their waist. If they did not pass that, they did not get to take the physical fitness test until they got into spec. One of the things that that penalized were weightlifters, people that were in great shape, because their necks were big. And so it did not make much sense. We were removing more people for failing the physical fitness test than we were for drugs.

Senator Tillis: Secretary Mabus, I completely get that. I think that that would make sense.

The other part of the report -- maybe it is not accurate -- is that some of the physical fitness test standards had also been changed because of some challenges that we were having. Is that true or false?

Mr. Mabus: They have not been lowered. Some of them have been changed to make them more realistic in terms of what we do. I mean, the Marines have the combat fitness test. The Navy wanted to move toward making it job-related. But we have also gone to -- people were training for the test. We were doing it every 6 months. So they would not get in shape until the last couple weeks. They would go on these crash diets and it was going to be dangerous. And
so now we are doing spot tests. You know, you show up one
day and it is your lucky day and you get to put on your PT
gear and you go out and do the PFT. What we are trying to
do is have a culture of fitness that you stay fit all the
time, not just for the test, and that the physical fitness
requirements have something to do with the military
requirements of your job.

Senator Tillis: Thank you, Mr. Chair.

Senator Reed [presiding]: On behalf of Senator McCain,

Senator Nelson.

Senator Nelson: Thank you, Mr. Chairman.

Gentlemen, thank you for your public service. Mr.
Secretary, your public service, long and distinguished
governor, Ambassador to Saudi Arabia, and now a very long-
serving 7 years as Secretary. So thank you.

Today the administration walked back its plans for
drilling off of the east coast of the Atlantic. It is my
understanding that the Pentagon was one of the ones that
objected, as the Pentagon objected years ago to the drilling
off of the coast of Florida where we have the largest
testing and training range in the entire United States.

Do any of you all want to give us some insight into the
Pentagon’s objection that caused the administration to walk
this back this morning?

Mr. Mabus: We, as the Navy, had some concerns,
particularly on our test ranges and our ability to do exercises in the affected areas. We made those concerns known. And there were concerns about both aircraft and ships in the affected areas.

Senator Nelson: Well, that sounds like the similar concerns that were voiced by all branches several years ago in the Gulf of Mexico. And in that particular case, it is also a test and evaluation area for the development of new weapon systems because they have got a range that they can go 300 miles over water and even onto land if they need to. So it sounds like similar objections.

Mr. Mabus: I know what the objections are this time. The other one, believe it or not, preceded my service, which evidently dates back to World War I now.

[Laughter.]

Mr. Mabus: But my understanding is the concerns were similar.

Senator Nelson: For the Admiral or the Secretary, what do you see as the future for the LCS and particularly the fast frigate?

Mr. Mabus: Let me take the first crack at that and then turn it over to the CNO.

We have got a validated need for 52 small surface combatants. As the CNO testified, that was done in 2012. That was redone in 2014. We are currently doing another
one. So this will be the only mine hunting platform that we have. This is a crucial part of the fleet going forward for both counter-surface and counter-submarine.

There was a concern about lethality and survivability a couple years ago. So we did a yearlong study, came up with the frigate program that substantially increases survivability, substantially increases lethality on this ship, while maintaining the modular concept, the open architecture so that as technology improves, we can improve. So it is one of the critical programs as we go forward to meet the needs that we have.

The final thing I would say is that our deployments of this ship to Singapore have been very successful both in terms of operationally, both in terms of testing things in real-world environments and also in terms of reassurance to our allies and our friends in that region. And our plans continue to be to forward deploy four LCSs/frigates to Singapore.

Admiral Richardson: Senator, the Secretary covered it pretty comprehensively. I would just add that this frigate plays a vital role in the fleet going forward in terms of contributing to maritime security in the fullest sense, operating alone in concert with allies and also operating as part of the large battle force. The enhancements that will go into this frigate will not only make that a much more
lethal and survivable platform, but to the best of our
ability, we will back-fit those into the other ships of the
class so that we improve the capability of the whole class.

Senator Nelson: Admiral, in the pecking order of
importance to the country, where do you put the dispersal of
surface assets with regard to home ports so that you do not
get them all in one place?

Admiral Richardson: Sir, we go through a very
comprehensive process called our Strategic Laydown Process
which addresses that concern. We update that annually. And
dispersal is a key part of that to make sure that all of our
ships are placed around the world to not only maximize their
utility but also to minimize their vulnerabilities. And so
that dispersal is a very important aspect of that.

Senator Nelson: So is that why on the Pacific that you
have three home ports for the carriers?

Admiral Richardson: That would be one element of it.

Yes, sir.

Senator Nelson: Why do we only have one home port
instead of the two that used to be for our carriers on the
Atlantic?

Admiral Richardson: Yes, sir. Really the answer,
based completely on a strategic laydown, I think would
easily lead us to two home ports on the east coast for our
aircraft carriers. When the fiscal situation allows us to
appreciate the capital investment required to develop that second port, we look forward to achieving that.

Senator Nelson: Have you got any ideas when that might occur?

Admiral Richardson: Sir, we are making some extremely tough choices in the current budget environment, and so as long as this type of an environment persists, it is going to be very difficult.

Senator Nelson: Well, at least the long lead item is done, and that is the dredging. You got that done all the way out, a mile and a half out, into the Atlantic.

Admiral Richardson: Yes, sir.

Senator Nelson: Thank you, Mr. Chairman.

Senator Reed: Thank you.

On behalf of Chairman McCain, Senator Sullivan, please.

Senator Sullivan: Thank you, Mr. Chairman.

Thank you, gentlemen for your service and testimony today.

I wanted to follow up on an issue that this committee has been very focused on and that is the activities in the South China Sea, what China is doing with regard to militarizing certain reefs, what we have been doing as part of our strategy. You know, Admiral Harris was testifying recently and talked about how China -- he stated China had militarized these formations. As you know, Secretary Carter
1 gave a very strong policy speech that many of us were out at
2 the Shangri-La Dialogue in Singapore last year about
3 American broader policy. I think that was very strongly
4 supported by members of this committee on both sides of the
5 aisle.
6
7 I think, though, there has been some sense of confusion
8 by the implementation of that policy. So, Admiral
9 Richardson, do you believe in your professional military
10 opinion that we should be increasing the level of U.S. naval
11 activity in the South China Sea within the 12-mile radius or
12 zone of the militarization of some of these island
13 formations? And should we be doing that on a regular basis
14 and with some of our allies? And I will leave it up to you
15 or the Secretary.
16
17 And if you can articulate -- you know, there is some
18 confusion sometimes. Is it innocent passage? Is it freedom
19 of navigation operations? When we are going within the
20 12-mile zone, which we have on occasion, what has been the
21 policy from the Navy’s perspective?
22
23 Admiral Richardson: Sir, I think just to reiterate
24 what the President and the Secretary of Defense has said is
25 the policy is that we will continue to advocate for the
26 current international rules that govern behavior at sea and
27 that we will continue to sail, fly, and operate wherever
28 international law allows. That is worldwide. This freedom
of navigation program is a worldwide program, but because of
the activity and the importance of the South China Sea -- 30
percent of the world’s trade goes through that body of water
-- and because of the activity of the Chinese, there has
been a lot of attention there.

    My advice is that we would continue to advocate for
that, and we are ready to do more of those types of freedom
of navigation operations in the South China Sea. When
decision-makers are ready to do that, the Navy is ready to
do that.

Senator Sullivan: And do we do those, for example, on
a routine basis? Do we transit the Taiwan Strait now on a
routine basis?

Admiral Richardson: We do, yes, sir, that and other
places. Wherever there are excessive maritime claims, part
of program’s purpose is to challenge those maritime claims.

Senator Sullivan: Let me ask just another quick
question. It is a different part of the world, but there
has been a lot of interest in this committee by members, not
just myself, but on the Arctic and what is happening in the
Arctic, how it is a very strategic location, how there are
new sea lanes opening up. The Russians have undertaken a
massive military buildup in that part of the world, not only
for new BCTs and a new Arctic military command, but as you
know, significant increases in icebreakers. They have 40.
They are looking to add 12 more. We have two. One is broken.

If there was a policy decision made to do freedom of navigation operations in the Arctic or, alternatively, let us say the Russians with all their capability tried to shut down sea lanes in the Arctic in the summer when they are opening, do we even have the capability right now to conduct FONOPs in the increasingly important area of the Arctic with one and a half icebreakers?

Admiral Richardson: Sir, it would depend on the conditions that are there. As you pointed out, that has become an increasingly strategic area of the world, one that we are focused on. As we do this renewed look at the demands and the force structure assessment to meet those demands this summer, the increasing strategic importance of the Arctic will be a key part of that.

Senator Sullivan: So are we looking at increasing maritime operations there, looking at perhaps the importance of an Arctic port. There are issues that I think can demonstrate America’s resolve in an increasingly important area.

And we have had discussions of how there is this battle between the Coast Guard and the Navy on who is in charge of icebreakers. But what it seems to do is just get us to the point of indecision, and we do not seem to be moving forward
on it. And even the President, when he was in Alaska, talked about an icebreaker gap that we need to close, but we do not see the services kind of coming to any kind of agreement on why it is important or who is going to do it.

Admiral Richardson: I think it is collaboration and cooperation between the Navy and the Coast Guard in terms of how we provide access and security in the Arctic. The icebreaker mission is clearly theirs, and I know Admiral Zukunft is focused on that very clearly.

Senator Sullivan: Well, they do not have the budget for a new icebreaker.

Admiral Richardson: Sir, we are making hard choices in our budget as well.

Senator Sullivan: So, again, I see this stalemate between the Navy and the Coast Guard on the issue of icebreakers. That is kind of demonstrated even by your testimony, Admiral.

Admiral Richardson: Sir, I do not see it as a stalemate. This mission is clearly -- right now, the icebreaker mission is a Coast Guard mission, and we look forward to collaborating and cooperating with them on that.

Senator Sullivan: Mr. Chairman, do I have time for one more question? Oh, I am sorry. I did not see Senator Blumenthal.

I just wanted to follow up on Senator McCain's question
on the Iranian capture of our sailors. I know he already asked it, but you know, these are well trained American sailors. They have at least a 50 caliper in terms of weapons on their naval vessels. What were the ROEs that enabled our sailors to even be captured? I mean, if a hostile Iranian patrol boat is approaching a U.S. naval ship in international waters, is the ROE not to not be captured? And how did that happen?

Admiral Richardson: Sir, clearly international law would prohibit boarding U.S. sovereign territory, which those riverine craft were.

Senator Sullivan: So did we try to resist being boarded?

Admiral Richardson: And there is always the inherent right to self-defense in our rules of engagement. The specific ROE and what exactly unfolded as that happened will be part of the detailed investigation. When that is complete and reviewed, I look forward to briefing you on the details there.

Senator Sullivan: Okay, thank you.

Thank you, Mr. Chairman. Thank you, Senator Blumenthal.

Senator Reed: Thank you.

On behalf of Chairman McCain, Senator Blumenthal, please.
Senator Blumenthal: I want to second all my colleagues in thanking each of you for your extraordinary service to our Nation over so many years and also your commitments in terms of undersea warfare capability to both the Virginia and Ohio replacement programs.

And I know, Secretary Mabus, you have been asked this question before, but do we not need to consider building, in effect, three submarines a year, two Virginia class and one Ohio replacement program? And I would like you to perhaps clarify what you have said on this topic. I believe that Senator Ayotte may have asked you this question.

Mr. Mabus: Yes, we do. Right now, the plan is, starting in 2021 when the Ohio class replacement begins to be built, we would drop to one Virginia class that year. However, we are undertaking a look right now -- and a pretty intensive look because we do think it is important to continue the two Virginia class ships a year. And so it is a capacity issue, capacity for our shipyards, the ability to do it. It is a capability issue. But we clearly have the need for the two Virginia classes.

Those boats are coming in at the cost they are, at the schedule they are, which is sometimes up to a year ahead of schedule because we are able to buy them two a year as a multiyear buy. And so as I mentioned to Senator Ayotte, this will be part of the 2018 budget submission. I am
confident that that will go in there. And we are trying
every way we can, working with you, working with Congress to
figure out a way to have that three submarine a year build
because if we do not, if we miss a year on the Virginia, it
is going to make the attack submarine situation,
particularly in the late 2020s/early 2030s, even more
significant.

Senator Blumenthal: So as I understand your answer,
there is a need to build those three submarines a year, and
the question really is whether the shipbuilders have the
capacity. So if they were to tell you -- I am certainly not
speaking for them -- that they can do it, you would, in
effect, make a decision to go forward, assuming that the
funding is there because our national defense is well served
by it and because it would provide those boats at the lowest
possible per-unit price.

Mr. Mabus: I think that is a very good summary. The
shipyards -- and that is what we are dealing with them now.
We think they can have the capacity to do this so that
little clause you put in, “assuming the funding is there,”
becomes the critical part.

Senator Blumenthal: Admiral Richardson?

Admiral Richardson: Senator, if I could just pile on a
little bit there. Just from the warfighting need, as you
know, sir, we dip below the stated requirement for 48 attack
submarines in the 2020s. That boat, because it comes on
line pretty early, if we get that in 2021, does a tremendous
amount to mitigate the volume of that trough. And so it has
a very asymmetric effect, which is why we are considering
every possibility to get that done.

Senator Blumenthal: And when we talk about the need
for a certain number of Virginia class submarines and the
need for the Ohio replacement program, this need is not an
abstract, hypothetical, theoretical need. It is a matter of
our potential adversaries building their own undersea
warfare capability, particularly China and Russia moving
ahead on their plans. Is that correct?

Admiral Richardson: Sir, that is exactly correct.
That number comes from, I believe, a 2006 study and we are
refreshing that requirement this year as part of our force
structure assessment, which takes into account those threats
that you just mentioned.

Senator Blumenthal: And there is no reason to believe
that the intentions of Russia and China, who are our most
advanced competitors in this sphere, are in any way
moderating or reducing their plans to build their undersea
warfare capability.

Admiral Richardson: Sir, that is our understanding.
Yes, sir.

Senator Blumenthal: And will that need also
contemplate other means of undersea warfare capability besides submarines?

Admiral Richardson: Sir, we are looking at the full host of undersea capabilities to include not only manned submarines, both the Ohio replacement and Virginia class attack submarines. We are going to enhance the capability of the Virginia class by putting in the Virginia payload modules starting in fiscal year 2019, and we are also looking at unmanned technologies undersea as well.

Senator Blumenthal: I think I am the last questioner, but I want to close again by simply thanking you for your dedication to the submarine program, which means so much to our Nation, for your frequent visits to Groton. We would welcome you back anytime you are able to come. And I will be extending invitations to you. I hope you can be there because we learn from your presence there, as well as from your commitment to this program. Thank you very much.

Senator Reed: Thank you, Senator Blumenthal. Gentlemen, thank you for your testimony. Thank you for your extraordinary service to the Nation and to the Navy and the Marine Corps.

On behalf of Chairman McCain, let me declare the hearing adjourned. Thank you.

[Whereupon, at 4:37 p.m., the hearing was adjourned.]