

Stenographic Transcript
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.

ALDERSON COURT REPORTING
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SUITE 200
WASHINGTON, D.C. 20036
(202) 289-2260
www.aldersonreporting.com

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7
8 U.S. Senate
9 Committee on Armed Services
10 Washington, D.C.
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12 The committee met, pursuant to notice, at 2:32 p.m. in
13 Room SH-216, Hart Senate Office Building, Hon. John McCain,
14 chairman of the committee, presiding.

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

3 Chairman McCain: Good afternoon.

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

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

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

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

25 The last five carrier strike group deployments have

1 exceeded 8 months, taking their toll on our ships, aircraft,
2 and sailors. This has forced the Navy to accept carrier
3 presence gaps in order to complete deferred maintenance.

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

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

17 Given the obvious needs of our Navy and Marine Corps to
18 restore readiness and modernize their ships, aircraft, and
19 combat vehicles, the President should have requested a
20 defense budget that reflects the scale and scope of the
21 national security threats we face and the growing demands
22 they impose on our sailors and marines. Instead, the
23 President chose to request the lowest level of defense
24 spending authorized by last year's budget agreement and
25 submitted a defense budget that is actually less in real

1 dollars than last year, despite the fact that operational
2 requirements have grown.

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

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

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

24 The President's budget includes significant funding
25 requests for major Navy and Marine Corps acquisition

1 programs, which require continued oversight by this
2 committee to ensure these programs make the best use of
3 limited taxpayer dollars.

4 Initial cost overruns more than doubled the cost of
5 each littoral combat ship and development costs now exceed
6 \$3 billion and counting. Meanwhile, key warfighting
7 capabilities of the LCS, including mine countermeasures and
8 anti-submarine warfare, have fallen years behind schedule
9 and remain unproven.

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

18 I am also pleased that after more than \$2 billion in
19 cost overruns for each of the first three Ford class
20 carriers, this budget request reflects cost reductions of
21 nearly \$700 million for these ships. I expect this to be
22 just the start of cost reductions in this program. Given
23 continued technological challenges and schedule delays, the
24 Navy must take all steps necessary to control costs in this
25 program.

1 I also look forward to reviewing the Navy's report on
2 alternative carrier designs, which is due to this committee
3 on April 1st, which I expect to provide alternatives to the
4 sole source status quo and options to increase competition.

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

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

22 As the Navy and Marine Corps move forward with these
23 significant acquisition programs, I would like to hear from
24 our witnesses how they intend to implement the new
25 acquisition authorities contained in last year's defense

1 authorization bill to improve acquisition outcomes and save
2 taxpayer dollars.

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

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

19 Senator Reed?

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1 STATEMENT OF HON. JACK REED, U.S. SENATOR FROM RHODE
2 ISLAND

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

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

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

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

25 All areas of our naval forces are maintaining an

1 extremely high operational tempo. Demand is overwhelming
2 for attack submarines, air and missile defense cruisers,
3 destroyers and strike fighters. In addition, the Navy is
4 now in its fourth year of operating with fewer than required
5 11 aircraft carriers. And during the next decade, as a
6 first priority, the Navy will need to buy a new class of
7 strategic missile submarines to replace the Ohio class
8 submarines. I am interested in hearing how the Navy is
9 managing current demands on its assets and how it plans to
10 manage future modernization demands, particularly how it
11 will use the National Sea-Based Deterrence Fund as we begin
12 procurement funding of the Ohio replacement in fiscal year
13 2017.

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

24 Both programs awarded contracts last fall, but were
25 subjected to protests. While the JLTV protest has been

1 resolved, the Marine Corps is still awaiting a decision for
2 the ACV. I would welcome an update from our witnesses on
3 the status of these programs and if they believe there will
4 be significant delays in fielding due to delays in the
5 acquisition program.

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

20 The Defense Department's Defense Strategic Guidance,
21 issued in January 2012, followed by the 2014 QDR, announced
22 a renewed strategy for U.S. military orientation on the
23 Asia-Pacific. Consistent with that strategy, the Defense
24 Department has been working to realign U.S. military forces
25 of South Korea and Okinawa and plans to position Navy and

1 Marine Corps forces in Australia, Singapore, and possibly
2 elsewhere in the region.

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

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

13 Chairman McCain: Secretary Mabus, welcome.

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1 STATEMENT OF HON. RAYMOND E. MABUS, JR., SECRETARY OF
2 THE NAVY

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

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

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

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

23 First and foremost, we continue to provide presence.
24 That unrivaled advantage on, above, beneath, and from the
25 seas gives our leaders options in times of crisis, reassures

1 our allies, deters our adversaries. There is no next best
2 thing to being there. Maintaining that presence requires
3 gray hulls on the horizon.

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

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

18 When I took this post almost 7 years ago, we had an
19 incredibly committed and capable force, but each of these
20 four words starting with "P" was under pressure. Our people
21 were under stress from high operational tempo and extended
22 deployments. Our fleet was shrinking and too many of our
23 platforms were costing too much. Our use of power was a
24 vulnerability, and our partners were seeking reassurance of
25 our sustained engagement. Now our people, platforms, power,

1 and partnerships are stronger than they have been in many
2 years, enabling us to provide that invaluable presence.

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

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

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

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

24 All billets in both services are now open to women.
25 Standards will absolutely not be lowered, but anyone who can

1 meet the standards will be able to do the job. This will
2 make us a more effective combat force.

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

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

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

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

25 We have expanded unmanned systems on, under, and above

1 the sea and put increased focus on them by establishing a
2 deputy assistant secretary for unmanned and an office of
3 unmanned warfare systems on the CNO staff, known as N-99,
4 designed specifically to coordinate all the unmanned
5 programs.

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

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

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

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

25 We have worked in close partnership with Congress to

1 fulfill the constitutional mandate to provide for and
2 maintain a navy. As President George Washington said, it
3 follows then as night succeeds the day that without a
4 decisive naval force, we can do nothing definitive, and with
5 it, everything honorable and glorious.

6 Thank you, Mr. Chairman.

7 [The prepared statement of Mr. Mabus follows:]

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1 Chairman McCain: General Neller?
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1 STATEMENT OF GENERAL ROBERT B. NELLER, USMC,
2 COMMANDANT OF THE MARINE CORPS

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

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

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

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

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

1 pace with that change.

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

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

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

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

25 Modernization is our future readiness and the

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

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

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

14 [The prepared statement of General Neller follows:]

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1 Chairman McCain: Admiral Richardson?
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1 STATEMENT OF ADMIRAL JOHN M. RICHARDSON, USN, CHIEF OF
2 NAVAL OPERATIONS

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

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

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

19 The maritime system has seen explosive growth. For the
20 first time in 25 years, there is competition for control of
21 the seas. From the sea floor to space, from deep water to
22 the shoreline, and in the information domain, things are
23 accelerating. The global information system has become
24 pervasive and has changed the way we all do business,
25 including at sea. Technology is being introduced at an

1 unprecedented rate and is being adopted by society just as
2 fast.

3 Finally, a new set of competitors are moving quickly to
4 use these forces to their advantage, and for the first time
5 in 25 years, the U.S. is facing a return to great power
6 competition. These new forces have changed what it means
7 for the Navy and Marine Corps to provide maritime security.

8 And while the problems are much more numerous and
9 complex, our responsibility remains the same. Naval forces
10 must provide our leaders credible options to protect America
11 from attack, advance our prosperity, further our strategic
12 interest, assure our allies and partners, and deter our
13 adversaries, which rests on the ability of the Navy and our
14 sister services to win decisively if conflict breaks out.
15 If we do not adapt, we will perform below our potential and
16 worse, we may fall behind our competitors.

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

22 Unquestionably, the most part of our Navy is our team.
23 Everything we do starts and ends with our sailors,
24 civilians, and their families. And as our platforms and
25 missions become more complex, our need for talented people

1 continues to be a challenge. We need to recruit, train, and
2 retain the right people, and our Sailor 2025 initiatives are
3 aimed squarely at that challenge. These efforts are based
4 on our core values of honor, courage, and commitment and
5 demonstrated through four core attributes of integrity,
6 accountability, initiative, and toughness. That team is
7 committed to our mission, which requires us to strengthen
8 naval power at and from the sea.

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

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

23 To close, I want to mention that recently I had the
24 honor to spend time with Senior Chief Ed Byers, who was
25 awarded the Medal of Honor by the President on behalf of the

1 Congress. Senior Chief Byers represents the very best of
2 our service men and women. He is emblematic of this
3 generation's continued commitment to our core values and to
4 their fellow Americans. The SEAL ethos reads in part, my
5 loyalty to country and team is beyond reproach. I humbly
6 serve as a guardian to my fellow Americans, always ready to
7 defend those who are unable to defend themselves. I do not
8 advertise the nature of my work nor seek recognition for my
9 actions.

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

15 I thank you and look forward to your questions.

16 [The prepared statement of Admiral Richardson follows:]

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1 Chairman McCain: Thank you.

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

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

14 Chairman McCain: General?

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

22 Chairman McCain: General Dempsey testified before this
23 committee that if we continued sequestration, it would put
24 us on the ragged edge of readiness and ability to defend the
25 Nation. Do you agree with what General Dempsey said?

1 General Neller: I would agree that if we end up at
2 sequestration levels, yes, Chairman, that we will be there.

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

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

13 Chairman McCain: So it has helped.

14 General Neller: It has.

15 Chairman McCain: Admiral?

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

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

25 Admiral Richardson: Sir, you have got my complete

1 commitment that I will be involved in the details and will
2 do everything I can to prevent those types of decisions.

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

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

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

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

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

23 Admiral, there is a new report out just today. Iran
24 state TV says the country has retrieved thousands of pages
25 of information from devices used by 10 U.S. Navy sailors

1 briefly detained by Iran in January. The Tuesday report
2 quotes General Ali Rasmanju saying the information was
3 retrieved from laptops, GPS devices, and maps. Rasmanju is
4 naval commander in the powerful Revolutionary Guard.
5 General Rasmanju said the move falls within Iran's rights
6 under international regulations. Do you agree with that?

7 Admiral Richardson: I do not, sir. According to
8 international law, there was no authority to board those
9 vessels. Those were sovereign U.S. vessels. They had the
10 right to be where they were, and they should not have been
11 seized.

12 Chairman McCain: As you mentioned, against
13 international law. They interviewed a military man
14 apologizing. They put them on their knees with their hands
15 behind their heads. They then also videoed an individual
16 crying. And then they decorated the people -- the Iranians
17 that did it. And then they had a parade.

18 What do you think we should have done in response to
19 all that, Admiral Richardson? And would you not agree that
20 this was a humiliation for the most powerful nation on
21 earth, the United States of America?

22 Admiral Richardson: Sir, I think the Navy has been
23 very clear in terms of expressing our complete protest --

24 Chairman McCain: And that was sufficient, expressing a
25 protest.

1 Senator Reed?

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

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

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

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

12 [Laughter.]

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

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

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

23 Senator Reed: Thank you, Mr. Secretary.

24 I also note that the Petty Officer of the Navy, Master
25 Chief Stevens is here. Chief, thank you and thank you for

1 all of the non-commissioned officers that make up our Navy
2 and all the men and women of the Navy.

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

8 Last year, in the Defense Authorization Act at section
9 1022, we took the fund, which the Admiral was just asked
10 about, and expanded authorities to include incremental
11 funding, economic order quantity, et cetera. And we also
12 asked for a report from the Navy with respect to the fund.

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

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

18 Mr. Mabus: Yes.

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

23 Admiral Richardson: Sir, I think that to recapitalize
24 this extremely important program, our number one program --
25 I look forward to the combination of appropriations and

1 authorities to get this job done.

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

10 Admiral Richardson: Sir, it seems to make sense.

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

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

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

20 Senator Reed: Yes, thank you.

21 Mr. Mabus: But on the cost, I do want to point out
22 that so far we have taken \$10 billion out of this program
23 going forward: \$8 billion in terms of construction costs,
24 about a billion dollars in operational maintenance, and
25 about a billion dollars in non-recurring engineering. So we

1 want every one of these boats to come in under \$5 billion in
2 then-year dollars.

3 Senator Reed: Thank you, Mr. Secretary.

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

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

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

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

1 effectively as possible.

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

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

13 Chairman McCain: Senator Sessions?

14 Senator Sessions: Thank you, Mr. Chairman.

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

20 Admiral Richardson: Sir, I think all the legs of the
21 triad are critically important. Ours is obviously -- the
22 one we are focused on is the sea-based leg, which will carry
23 70 percent of the warheads in the future.

24 Senator Sessions: And I know that we have challenges
25 with financing because we are going to have a number of big

1 programs that are going to arise at that same time.

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

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

8 Senator Sessions: Now, Mr. Secretary, the Navy
9 analysis for the littoral combat ship has gone on for quite
10 a long time. It started in the 1990's. I remember Admiral
11 Vern Clark, CNO, advocated this. We had the requirement of
12 55, and then we went to 52. This is a requirement that
13 arose in the Navy and has been maintained by every CNO and
14 every Secretary of the Navy since, I guess, the program
15 began.

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

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

24 Senator Sessions: Well, you had the fleet
25 recommendations, the combatant commander's recommendations,

1 worldwide requirements all considered. Is that correct?

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

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

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

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

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

24 Mr. Mabus: I think it is almost a certainty, that if
25 you reduce numbers, the cost per copy will go up.

1 Senator Sessions: So there are a lot of capabilities
2 that the ship has. They are putting modules on it. One of
3 the modules is the anti-submarine capability. Admiral
4 Richardson, I know you are not happy with where we are on
5 that. Does this strike a blow first at the validity of the
6 ship? And number two, is it a challenge you think cannot be
7 overcome? It is a technological, high-tech challenge. Is
8 it something that we can fix?

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

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

17 Admiral Richardson: We do, yes, sir.

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

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

22 Senator Sessions: Well, I hope we can get to the 308-
23 ship Navy, but I do not know how we will get there if we
24 lose another 12 ships. And if you replace it with a ship
25 that costs two or three times as much, that is going to be

1 difficult. And it also is lean in terms of fuel use and low
2 crew, 40-60 crew to operate the ship compared to 200 or so
3 for the next destroyer type ship. So I am concerned about
4 this and I hope that we can continue to discuss it as time
5 goes by.

6 Thank you, Mr. Chairman.

7 Chairman McCain: Senator Shaheen?

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

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

16 Admiral Richardson: Yes, ma'am. That is exactly
17 right. Our SSGN's, the submarines that carry large loads of
18 Tomahawk missiles, are going to retire in the mid to late
19 2020's, and our plan is that by building Virginia class
20 submarines with the payload module installed, we increase
21 the Tomahawk load by 28 missiles per submarine. That
22 program is on track to be incorporated in the Virginia class
23 program in fiscal year 2019. We will do one in that year
24 and two per year after that, consistent with the Virginia
25 class buy. That is really just the beginning of that

1 program, ma'am. Not only will it allow us to reconstitute
2 our strike capacity, but with that much payload volume and
3 large ocean interfaces, we can also do special operations
4 forces, unmanned vehicles, a host of other options.

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

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

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

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

21 Senator Shaheen: Thank you.

22 Secretary Mabus, in your recent testimony before the
23 House Appropriations Subcommittee, you pointed out that the
24 Navy has a maintenance backlog problem. Obviously, one of
25 the areas that has been challenging has been in our public

1 shipyards, and as someone who represents the Portsmouth
2 Naval Shipyard, I know that that has been an issue, but one
3 that I was very pleased to see that the administration put
4 in more than the goal of 6 percent for maintenance.

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

9 Mr. Mabus: Thank you, Senator.

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

23 Senator Shaheen: That is great.

24 You also have talked about, from the posture hearing
25 last week, that SOUTHCOM is short on surface vessels. As

1 you may know, we have had a real challenge in the State of
2 New Hampshire and throughout the country in terms of heroin
3 and the extent to which heroin is affecting our communities
4 and families. And I just wonder if you could talk about
5 what progress in combating trafficking of narcotics you have
6 seen with the Navy's involvement and whether the shortfall
7 of surface ships in SOUTHCOM might help with this, if we
8 could address that shortfall.

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

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

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

24 Thank you, Mr. Chairman.

25 Chairman McCain: Senator Ayotte?

1 Senator Ayotte: Thank you, Chairman.

2 I want to thank you, Secretary Mabus and Admiral
3 Richardson, for including in your request for funding for
4 2017 for the new junior enlisted barracks at Portsmouth
5 Naval Shipyard. Thank you for really making sure that we
6 prioritize that because I know the conditions were not good
7 there. So I am very appreciative of that and thank you.

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

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

22 So, Admiral Richardson and Secretary Mabus, will you be
23 looking for opportunities to use our existing capabilities
24 and expertise as we continue to develop the unmanned
25 underwater vehicles that I know that we are going to be

1 developing to help defend the Nation?

2 Mr. Mabus: Yes.

3 Senator Ayotte: Great.

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

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

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

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

1 perspective to protect those assets?

2 Admiral Richardson: Ma'am, you are exactly right.
3 About 99 percent of our international transatlantic Internet
4 traffic rides on those cables, and that cannot be
5 reconstituted if that gets disrupted. And so we are,
6 obviously, taking that threat very seriously. It is
7 extremely difficult to talk about any of that in this forum,
8 but I would welcome the chance to talk to you and give you
9 the full classified brief.

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

11 Admiral Richardson: Yes, ma'am.

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

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

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

1 that level this year.

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

7 Senator Ayotte: Mr. Secretary?

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

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

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

18 Senator Ayotte: Sorry. 2021.

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

24 Senator Ayotte: That is excellent. We look forward to
25 working with you on that. I think it is critical as well,

1 as we look at the need out there.

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

7 Thank you, all of you.

8 Chairman McCain: Senator Donnelly?

9 Senator Donnelly: Thank you, Mr. Chairman.

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

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

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

19 Senator Donnelly: Thank you very much.

20 Secretary Mabus, in regards to mental health, I am
21 concerned our services are not adequately staffed to provide
22 troops with ready and timely access to mental health care.
23 Every quarter, the Navy submits reports that use the current
24 number of Navy mental health providers for both the number
25 of providers required and the number authorized. And so as

1 we look at this, I would like to see the Navy's last four
2 quarterly reports on mental health requirements and
3 staffing, if you can provide that for us.

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

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

10 Mr. Mabus: We will do that, Senator.

11 [The information referred to follows:]

12 [COMMITTEE INSERT]

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1 Senator Donnelly: Great.

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

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

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

21 Admiral Richardson: Right. So all of those questions
22 are very valid questions. Those are the exact questions I
23 have and about 100,000 more. That is what the investigation
24 is getting after. We intend that to be comprehensive to
25 address all of those factors.

1 But we are not waiting for that to get done in terms of
2 moving out and starting to improve the way that we operate,
3 support those ships, particularly those ones that are
4 forward-deployed. And so the team and 5th Fleet and really
5 around the Navy has taken a look at how that system works
6 and where the vulnerabilities are and shoring those up.

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

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

23 Admiral Richardson: Absolutely. We are looking at
24 every aspect of the readiness generation of that part of our
25 Navy and the rest. You say you do not want it to happen in

1 forward-deployed places near threat countries. I do not
2 want it to happen anywhere in our Navy. And so we are
3 looking comprehensively.

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

8 Admiral Richardson: Absolutely right, sir.

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

18 General Neller: Senator, I can only take it face
19 value. We all found out yesterday that he decided he is
20 going to withdraw because he said he accomplished his
21 mission. So, obviously, there is a political piece to this.

22 As far as on the battle space, cessation of hostilities
23 was honored to some degree by his forces. So I think it
24 potentially creates an opportunity for some forces, to
25 include those that we support. If the amount of aviation

1 support that they are getting from the Russians is going to
2 go down, it should enhance their ability to maneuver.

3 So there has been some progress. The one town,
4 Shaddadi, was taken by YPJ. There is other progress going
5 on. I know a little bit more about what is in Iraq, but I
6 think Iraq is a different case than Syria. But I think --
7 and I have not talked to the Chairman about this, but my
8 personal opinion is that I think it creates some opportunity
9 for those forces that we have been supporting to possibly
10 make a little more progress.

11 Senator Donnelly: Thank you.

12 Thank you, Mr. Chairman.

13 Chairman McCain: Senator Ernst?

14 Senator Ernst: Thank you, Mr. Chair.

15 Gentlemen, thank you for being here today.

16 General Neller, as you know, the Marine Corps just
17 completed an exercise, Ssang Yong, and it was a multilateral
18 amphibious assault exercise conducted in the Pacific by Navy
19 and Marine forces with the Republic of Korea and other
20 allies. And this exercise successfully demonstrated full
21 spectrum combined amphibious operations and was a powerful
22 reassurance measure to a number of our allies and, of
23 course, a strong statement of power projection to our
24 adversaries, which is very important I feel.

25 And yet, we have yet to see the requisite number of

1 amphibious ships underway to test the full capacity of a
2 baseline expeditionary strike group, Marine expeditionary
3 brigade in the training environment. And so with that as an
4 intro, we know that there is a shortage of amphibious ships.

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

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

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

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

24 So right now, we have 30 amphibious ships. Based on
25 the readiness of those ships, we could probably get -- it

1 has actually improved. The fleet readiness plan is --
2 because we have worked really closely with the Navy, the
3 fleet readiness plan is improving the overall readiness of
4 the amphibious fleet, but it has to be that in conjunction
5 with procurement of more new ships.

6 So we will be up to 34 ships by 2024 and up to 38 by
7 2028, and then we will go back down on the other side if
8 there is not a change.

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

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

18 Senator Ernst: I appreciate that.

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

22 General Neller: I hate to say that things can be
23 solved by money, but as we talked about and the Secretary
24 mentioned, if you buy ships en bloc and you have an overlap,
25 the cost of the ship goes down. That is an overall greater

1 commitment of resources, but once you skip a year, the
2 workforce degrades, the cost of the construction goes up.
3 You cannot procure materials, early materials. So there is
4 money in this budget and then fiscal year 2018 plan to buy
5 lead materials for the LXR. So the best way and the most
6 cost effective way to build ships is to, when you decide on
7 a design, block them out and have an overlap so you build
8 them and there is no gap.

9 Senator Ernst: Thank you, General.

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

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

18 When I was informed in late 2013 that Admiral Branch
19 was possibly connected to the GDMA case, I thought because
20 of his position, I should remove his security clearance in
21 an excess of caution. I was also told, though -- assured --
22 at that time that a decision would be made within a very
23 short time, a matter of weeks I was told, as to whether he
24 was involved and what would be the disposition of the case.
25 We continued to check on that over and over and over again

1 and got nothing.

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

9 Senator Ernst: I understand.

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

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

23 Senator Ernst: I do understand that. I still do have
24 a problem with it. I think to lead a Department, you need
25 to lead from the front, and if you have deputies that are

1 doing your job, you are not leading. So I still have an
2 issue with that, and I think we will follow up at another
3 time because I am over time.

4 Thank you, Mr. Chair.

5 Chairman McCain: Senator Kaine?

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

9 Chairman McCain: No.

10 [Laughter.]

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

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

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

20 And, Secretary Mabus, you have done an extraordinary
21 job. I was sitting here thinking when you took this job,
22 there were certain words and terms that either were not
23 heard of at all or certainly did not have the meaning that
24 they have today. I made a short list: ISIS, South China
25 Sea, the Ukraine, nuclear North Korea, Syria, cyber attack.

1 All of those are things that have come to fruition as
2 challenges since you have been Secretary. You have
3 confronted extraordinary challenges, not the least of which
4 is sequestration, all the kinds of budget problems that we
5 have had, and this accelerating threat environment that we
6 are in. And I just want to thank you for really I think
7 extraordinary service over a very difficult period. I want
8 to acknowledge that. And I hope some day there is a ship
9 named after you and it is built in Bath just because I know
10 you are from Mississippi.

11 [Laughter.]

12 Senator King: I could not resist.

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

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

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

24 Admiral Richardson: Senator, you have hit right at the
25 heart and soul of where I am trying to get the Navy. One is

1 to be more agile so that we can keep pace with the
2 accelerating security environment. But to your point, a
3 number of those concerns were not even on the list of things
4 when we did our last force structure assessment, which is
5 why I have commissioned a new one this year.

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

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

21 Senator King: I appreciate that.

22 We have been talking some about the Ohio class
23 replacement which, of course, the bow wave is starting in
24 about 5 years right outside of this FYDP. It bothers me the
25 way we budget around here, and we have no capital budget.

1 You are talking about a 40- or a 50-year asset. You know,
2 we borrow money to pay park rangers' salaries and we pay
3 cash for 40-year assets. I mean, that is upside down from
4 the way any business or other rational organization would
5 do. You do cash for operations and you borrow for capital
6 assets. Should we not be thinking about this when you are
7 building something and trying to pay for it in 3 or 4 years
8 that is going to last 40 or 50 years?

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

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

21 Senator King: Well, I hope we can talk. I have been
22 talking with Chairman Enzi on the Budget Committee about
23 rethinking how we do our Federal budget so that we can have
24 a capital budget. Of course, that presupposes we know what
25 we own, but that is a separate question.

1 Secretary Mabus, do you have a comment on this funding
2 problem?

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

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

18 Senator King: Thank you, Mr. Chairman.

19 Chairman McCain: Senator Fischer?

20 Senator Fischer: Thank you, Mr. Chairman.

21 General Neller, you and the Admiral have both discussed
22 the importance of technological innovation in this year's
23 budget. Can you talk about the role that the 3rd Battalion
24 of the 5th Marines will have in testing the prototype
25 technologies this year?

1 General Neller: Senator, thanks for that question.

2 We are going to take 3rd Battalion, 5th Marines, or
3 3-5. They are currently deployed in Okinawa. When they
4 come back, they will have at least a year and a number of
5 exercises. One will be Rim of the Pacific, or RIMPAC, and
6 then we will put them out at Yuma in support a Marine air
7 weapons tactics squadron out in training. And we are going
8 to give them certain capabilities. We are also going to
9 reorganize certain elements of their force in a different
10 way to work on the ability to distribute them across the
11 battlefield. So there will be a communication piece. There
12 will be an ISR piece with unmanned systems. There will be
13 different ways to move them around the battlefield because
14 we will have the aviation assets that will be out there for
15 that exercise.

16 So we are using them rather than creating a unit
17 because they will be a cohesive unit, and we are very
18 confident that the young marines in that unit will take
19 advantage of whatever capabilities we give them and they
20 will tell us whether they are effective or not and/or they
21 will come up with their own ideas. So we are counting on
22 the youth and the familiarity with technology, having grown
23 up in part of the digital generation, to help us do that.
24 So we will test and learn and give them everything we can
25 give them, and they will come up with new ideas.

1 Senator Fischer: Do you think there is going to be a
2 continuing need for this sort of testing, or are you going
3 to consider dedicating a specific unit to this role? Is it
4 temporary? Is it going to be continual?

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

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

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

25 Admiral Richardson: Yes, ma'am. We are setting that

1 up as sort of a speed lane for acquisition. This is one of
2 the areas where I am trying to take advantage of those
3 additional authorities that were granted to service chiefs.
4 It will be based on the Air Force's Rapid Capability Office,
5 which has assembled all of the decision and approval
6 authorities in a very streamlined package so that for those
7 programs for which it is appropriate, we can just move
8 quickly move through the milestones and the acquisition
9 process, get those technologies into production, and then
10 out to the fleet very quickly.

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

17 Senator Fischer: Thank you, sir.

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

25 General Neller: Like all the services, Senator, we

1 have worked very closely with OSD on the Force of the
2 Future. Some of the things we are already doing, and so it
3 will have no impact, as far as we think we have a proper way
4 to recruit. There are certain things like additional
5 educational opportunities where there will be potentially
6 some expense, and there are other things I do not think we
7 know yet.

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

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

21 General Neller: We are in a unique position in that we
22 continue to deploy forces to meet combatant commanders'
23 requirements. We have to sustain the legacy force that we
24 have, and at the same time, we want to modernize. And so
25 there is pressure on that.

1 And so it was mentioned in unfunded requirements. One
2 of the first things we would probably do is put money back
3 in the current operations and maintenance and sustainment.
4 We have protected, to the best of our ability, the
5 modernization because keeping old legacy gear sustainable is
6 fine, but what we really need is we need to get the new gear
7 not just because the marines like the new gear, because they
8 need another gear, whether it is a joint light tactical
9 vehicle or the amphibious combat vehicle or the ground-air
10 task-oriented radar of any of the command and control stuff
11 or the new aircraft that we are going to buy. We need that
12 to be successful on the battlefield in the future because
13 our adversaries have done the same thing. They have
14 recapitalized while we have been focused on the fights that
15 we have been in in the last 15 years.

16 Senator Fischer: Thank you.

17 Thank you, Mr. Chairman.

18 Chairman McCain: Senator Kaine?

19 Senator Kaine: Thank you, Mr. Chair.

20 And thanks to the witnesses. Secretary Mabus,
21 congratulations to you and to all. We had a hearing this
22 morning in the Readiness Subcommittee, a readiness posture
23 hearing, and I will say that Admiral Howard and Assistant
24 Commandant Paxton performed admirably. And we learned that
25 the Assistant Commandant is the longest serving Assistant

1 Commandant of the Marine Corps since 1950. And so we are in
2 a day of witnesses before us with long tenures.

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

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

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

22 I know this committee is really interested in this
23 topic and request. Senator McCain has written a letter to
24 the service chiefs asking for the fiscal year 2017 unfunded
25 requirements priorities list. I think some of those letters

1 are coming back to us or maybe some early drafts are coming
2 back to us. I would encourage on the unfunded priorities
3 requirements list, they in fact be prioritized rather than
4 just a big list because that will help us as we grapple with
5 the NDAA challenge. And I am going to make that a question
6 for the record as well.

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

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

20 We are doing a very systematic appraisal of that
21 process and we are seeing improvements. We improved 44
22 percent this year over last year, and so we are seeing the
23 throughput of that -- the depots improve. General Neller
24 and I were at the fleet readiness -- the depot in
25 California. We walked through the entire line. They have

1 got a very systematic approach that looks at all of the
2 limiting lines, and we look forward to sort of continuing to
3 improve that throughput.

4 Additionally, we are looking forward -- these are the
5 legacy aircraft, particularly the strike legacy Hornets. So
6 we are looking forward to when the Super Hornets come
7 through, we are learning all of the lessons. We are
8 starting to get prepared for when they come through in the
9 depots. And then as has been submitted with our budget and
10 also on the unfunded list that you mentioned is the request
11 for buying additional Super Hornets in both 2017 and 2018 to
12 help to mitigate that. So we are taking a full court press.
13 We are funding those depots to pretty much the maximum
14 executable capacity right now, and we are leaning that
15 system out to get everything we can out of that.

16 Senator Kaine: Great.

17 General Neller?

18 General Neller: Senator, as the CNO said, I think
19 these accounts are fully funded. There is a number of fleet
20 readiness centers. We have also contracted with additional
21 vendors like Boeing and L3 to do more for the fixed wing
22 aircraft. So if they can fulfill their contract -- and they
23 did last year -- and they do it again and the fleet
24 readiness centers improve their processes -- I think at the
25 initial when all these planes kind of descended on them, you

1 know, the processes they had were not effective. The planes
2 sat and they waited. So they have gotten much better. And
3 I get this not from my own observation but from talking to
4 other people that had visited them a year ago, saying the
5 process here is much improved. They got a much better flow.
6 So I believe that we are -- in that particular model type
7 series of airplane for F-18A and D, we are at the bottom and
8 we are on our way up and we are going to get better.

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

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

25 So if we can get more parts, we can get the sustainment

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

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

15 Senator Kaine: Great. Thank you very much.

16 Thanks, Mr. Chair.

17 Chairman McCain: Senator Wicker?

18 Senator Wicker: Thank you.

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

23 I am interested in the methodology behind the Navy's
24 shipbuilding requirements. What year was the 308-ship
25 determination made?

1 Admiral Richardson: Sir, that was made in 2012 and it
2 was updated in 2014.

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

5 Admiral Richardson: It was 308 throughout. So the
6 2014 just validated the 2012 assessment.

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

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

15 Senator Wicker: So three major developments.

16 Admiral Richardson: At least, yes, sir.

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

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

24 Senator Wicker: All right. And right now we are on
25 pace to get to 308 when?

1 Admiral Richardson: In 2021.

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

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

6 Senator Wicker: Thank you very much.

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

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

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

21 General Neller: Senator, thanks for the question.

22 Yes, I do. We have got a lot of confidence in the
23 LPD-17 class ship, and again, we appreciate the funding for
24 the 12th ship of that class, LPD-28. So there was
25 discussion, before I assumed this post, of whether just to

1 go to an LPD-28 repeat. Their was a costing figure for LXR
2 that we did not believe LPD-28 could meet at that time. So
3 the decision was made to go with the hull form and come up
4 with a new design that would be similar to that, but it
5 would meet the costing of about \$1.6 billion and then to
6 further drive down the cost of the ship down to \$1.4
7 billion.

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

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

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

22 Senator Wicker: Thank you.

23 And, Admiral Richardson, in the short time we have
24 left, tell us what the future holds for the autonomous
25 surface vessels.

1 Admiral Richardson: Sir, I would say that the
2 autonomous surface vessel is one of, I would say, a suite of
3 unmanned capabilities that really, behind the Secretary's
4 leadership, the Navy is doubling down on. And I think that
5 these autonomous surface vessels provide a capability that
6 can be used in a number of different areas. I have got my
7 eye on it with respect to the mine hunting mission. So I
8 think that that and a number of other areas -- but I would
9 be happy to brief you in a classified setting -- are real
10 opportunities for the unmanned in general and the surface
11 vessel in particular.

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

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

24 Senator Wicker: Thank you, and I look forward to that
25 classified briefing, Admiral. Thank you.

1 Chairman McCain: Senator Hirono?

2 Senator Hirono: Thank you, Mr. Chairman.

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

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

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

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

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

1 thing until March.

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

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

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

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

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

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

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

23 Secretary Mabus, I believe that U.S. energy security is
24 a vital component of our overall national security. And I
25 have had conversations with Department officials who agree

1 that our country's energy security needs are closely tied to
2 our overall national security. And the amount of
3 operational energy the Navy needs to carry out its mission
4 is significant, and while fuel costs are low right now, as
5 we know from history, prices do fluctuate and they will
6 probably go up.

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

12 Mr. Mabus: Thank you, Senator.

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

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

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

1 new normal for that.

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

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

16 Senator Hirono: Thank you.

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

19 Chairman McCain: Senator Tillis?

20 Senator Tillis: Thank you, Mr. Chair.

21 Gentlemen, welcome and thank you for your service.

22 General Neller, I had a question for you that relates
23 to personnel. I think you are down about 20,000 -- by the
24 end of the year, about down 20,000 active marines from the
25 2012 numbers. I am kind of curious how that reduction has

1 affected your deployment-time-to-home ratio and any other
2 issues related to retention, morale, or effects on families.

3 General Neller: Well, Senator, when we grew the force
4 to 202K to meet the operational demand and provide adequate
5 depth-to-dwell when we were fully engaged in Iraq and
6 Afghanistan. As we have withdrawn the bulk of that force
7 and we are bringing the force down to 182,000, that is as
8 2-to-1 force. In some cases, based on the type of unit, it
9 is inside that.

10 So it remains to be seen what that is going to do to
11 families and retention. It does give us a very short time
12 to get ready to go. We would prefer to be a three-to-one
13 force, which is why the optimal force, based on the current
14 force structure, was said to be 186.8, which gave us a
15 3-to-1 for aviation squadrons and infantry battalions, which
16 is the normal deployment.

17 So we think 2-to-1 is the minimum. As General Paxton
18 mentioned today in the readiness hearing, we are going to
19 have to cut back some of the capabilities we provide to
20 combatant commanders in order to reduce some of the tempo
21 and pressure on the force, particularly in aviation, and we
22 are prepared to do that not because we want to but we have
23 to give the forces enough time to reset and we have to give
24 them enough time to do the training that they need so that
25 when they do deploy, they are ready to go.

1 So we are watching this very closely. It has our
2 attention, but I think right now it has not been a factor,
3 but I am concerned about it.

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

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

24 Mr. Mabus: The answer is they have been changed but
25 not for that reason.

1 Senator Tillis: Can you give me an idea of why they
2 have been changed?

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

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

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

18 Mr. Mabus: They have not been lowered. Some of them
19 have been changed to make them more realistic in terms of
20 what we do. I mean, the Marines have the combat fitness
21 test. The Navy wanted to move toward making it job-related.

22 But we have also gone to -- people were training for
23 the test. We were doing it every 6 months. So they would
24 not get in shape until the last couple weeks. They would go
25 on these crash diets and it was going to be dangerous. And

1 so now we are doing spot tests. You know, you show up one
2 day and it is your lucky day and you get to put on your PT
3 gear and you go out and do the PFT. What we are trying to
4 do is have a culture of fitness that you stay fit all the
5 time, not just for the test, and that the physical fitness
6 requirements have something to do with the military
7 requirements of your job.

8 Senator Tillis: Thank you, Mr. Chair.

9 Senator Reed [presiding]: On behalf of Senator McCain,
10 Senator Nelson.

11 Senator Nelson: Thank you, Mr. Chairman.

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

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

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

25 Mr. Mabus: We, as the Navy, had some concerns,

1 particularly on our test ranges and our ability to do
2 exercises in the affected areas. We made those concerns
3 known. And there were concerns about both aircraft and
4 ships in the affected areas.

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

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

15 [Laughter.]

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

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

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

23 We have got a validated need for 52 small surface
24 combatants. As the CNO testified, that was done in 2012.
25 That was redone in 2014. We are currently doing another

1 one. So this will be the only mine hunting platform that we
2 have. This is a crucial part of the fleet going forward for
3 both counter-surface and counter-submarine.

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

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

19 Admiral Richardson: Senator, the Secretary covered it
20 pretty comprehensively. I would just add that this frigate
21 plays a vital role in the fleet going forward in terms of
22 contributing to maritime security in the fullest sense,
23 operating alone in concert with allies and also operating as
24 part of the large battle force. The enhancements that will
25 go into this frigate will not only make that a much more

1 lethal and survivable platform, but to the best of our
2 ability, we will back-fit those into the other ships of the
3 class so that we improve the capability of the whole class.

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

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

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

17 Admiral Richardson: That would be one element of it.
18 Yes, sir.

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

22 Admiral Richardson: Yes, sir. Really the answer,
23 based completely on a strategic laydown, I think would
24 easily lead us to two home ports on the east coast for our
25 aircraft carriers. When the fiscal situation allows us to

1 appreciate the capital investment required to develop that
2 second port, we look forward to achieving that.

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

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

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

12 Admiral Richardson: Yes, sir.

13 Senator Nelson: Thank you, Mr. Chairman.

14 Senator Reed: Thank you.

15 On behalf of Chairman McCain, Senator Sullivan, please.

16 Senator Sullivan: Thank you, Mr. Chairman.

17 Thank you, gentlemen for your service and testimony
18 today.

19 I wanted to follow up on an issue that this committee
20 has been very focused on and that is the activities in the
21 South China Sea, what China is doing with regard to
22 militarizing certain reefs, what we have been doing as part
23 of our strategy. You know, Admiral Harris was testifying
24 recently and talked about how China -- he stated China had
25 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 I think, though, there has been some sense of confusion
7 by the implementation of that policy. So, Admiral
8 Richardson, do you believe in your professional military
9 opinion that we should be increasing the level of U.S. naval
10 activity in the South China Sea within the 12-mile radius or
11 zone of the militarization of some of these island
12 formations? And should we be doing that on a regular basis
13 and with some of our allies? And I will leave it up to you
14 or the Secretary.

15 And if you can articulate -- you know, there is some
16 confusion sometimes. Is it innocent passage? Is it freedom
17 of navigation operations? When we are going within the
18 12-mile zone, which we have on occasion, what has been the
19 policy from the Navy's perspective?

20 Admiral Richardson: Sir, I think just to reiterate
21 what the President and the Secretary of Defense has said is
22 the policy is that we will continue to advocate for the
23 current international rules that govern behavior at sea and
24 that we will continue to sail, fly, and operate wherever
25 international law allows. That is worldwide. This freedom

1 of navigation program is a worldwide program, but because of
2 the activity and the importance of the South China Sea -- 30
3 percent of the world's trade goes through that body of water
4 -- and because of the activity of the Chinese, there has
5 been a lot of attention there.

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

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

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

17 Senator Sullivan: Let me ask just another quick
18 question. It is a different part of the world, but there
19 has been a lot of interest in this committee by members, not
20 just myself, but on the Arctic and what is happening in the
21 Arctic, how it is a very strategic location, how there are
22 new sea lanes opening up. The Russians have undertaken a
23 massive military buildup in that part of the world, not only
24 for new BCTs and a new Arctic military command, but as you
25 know, significant increases in icebreakers. They have 40.

1 They are looking to add 12 more. We have two. One is
2 broken.

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

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

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

22 And we have had discussions of how there is this battle
23 between the Coast Guard and the Navy on who is in charge of
24 icebreakers. But what it seems to do is just get us to the
25 point of indecision, and we do not seem to be moving forward

1 on it. And even the President, when he was in Alaska,
2 talked about an icebreaker gap that we need to close, but we
3 do not see the services kind of coming to any kind of
4 agreement on why it is important or who is going to do it.

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

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

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

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

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

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

25 I just wanted to follow up on Senator McCain's question

1 on the Iranian capture of our sailors. I know he already
2 asked it, but you know, these are well trained American
3 sailors. They have at least a 50 caliber in terms of
4 weapons on their naval vessels. What were the ROEs that
5 enabled our sailors to even be captured? I mean, if a
6 hostile Iranian patrol boat is approaching a U.S. naval ship
7 in international waters, is the ROE not to not be captured?
8 And how did that happen?

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

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

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

20 Senator Sullivan: Okay, thank you.

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

23 Senator Reed: Thank you.

24 On behalf of Chairman McCain, Senator Blumenthal,
25 please.

1 Senator Blumenthal: I want to second all my colleagues
2 in thanking each of you for your extraordinary service to
3 our Nation over so many years and also your commitments in
4 terms of undersea warfare capability to both the Virginia
5 and Ohio replacement programs.

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

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

21 Those boats are coming in at the cost they are, at the
22 schedule they are, which is sometimes up to a year ahead of
23 schedule because we are able to buy them two a year as a
24 multiyear buy. And so as I mentioned to Senator Ayotte,
25 this will be part of the 2018 budget submission. I am

1 confident that that will go in there. And we are trying
2 every way we can, working with you, working with Congress to
3 figure out a way to have that three submarine a year build
4 because if we do not, if we miss a year on the Virginia, it
5 is going to make the attack submarine situation,
6 particularly in the late 2020s/early 2030s, even more
7 significant.

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

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

22 Senator Blumenthal: Admiral Richardson?

23 Admiral Richardson: Senator, if I could just pile on a
24 little bit there. Just from the warfighting need, as you
25 know, sir, we dip below the stated requirement for 48 attack

1 submarines in the 2020s. That boat, because it comes on
2 line pretty early, if we get that in 2021, does a tremendous
3 amount to mitigate the volume of that trough. And so it has
4 a very asymmetric effect, which is why we are considering
5 every possibility to get that done.

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

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

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

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

25 Senator Blumenthal: And will that need also

1 contemplate other means of undersea warfare capability
2 besides submarines?

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

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

18 Senator Reed: Thank you, Senator Blumenthal.

19 Gentlemen, thank you for your testimony. Thank you for
20 your extraordinary service to the Nation and to the Navy and
21 the Marine Corps.

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

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

25