

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 2018 AND  
THE FUTURE YEARS DEFENSE PROGRAM

Thursday, June 15, 2017

Washington, D.C.

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8  
9 U.S. Senate  
10 Committee on Armed Services  
11 Washington, D.C.  
12

13 The committee met, pursuant to notice, at 9:33 a.m. in  
14 Room SD-G50, Dirksen Senate Office Building, Hon. John  
15 McCain, chairman of the committee, presiding.

16 Committee Members Present: Senators McCain  
17 [presiding], Inhofe, Wicker, Fischer, Cotton, Rounds, Ernst,  
18 Sullivan, Perdue, Cruz, Strange, Reed, McCaskill, Shaheen,  
19 Gillibrand, Blumenthal, Donnelly, Hirono, Kaine, King,  
20 Warren, and Peters.  
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1           OPENING STATEMENT OF HON. JOHN McCAIN, U.S. SENATOR  
2 FROM ARIZONA

3           Chairman McCain: Good morning.

4           The committee meets today to receive testimony on the  
5 plans and programs of the Department of the Navy for fiscal  
6 year 2018.

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          In recent months, our Nation's senior civilian defense  
12 and military leaders have testified to this committee about  
13 the severe threats we face around the world. They have  
14 reported shortfalls in readiness, that our military  
15 advantage over our potential adversaries is eroding, and the  
16 dire need for new, modern capabilities.

17          And yet, as Secretary Mattis testified here on Tuesday,  
18 the greatest immediate threat that our military faces is  
19 right here in Washington: fiscal uncertainty, continuing  
20 resolutions, arbitrary and inadequate caps on defense  
21 spending, 4 more years of the Budget Control Act, and the  
22 threat of sequestration.

23          We desperately need a new approach. Unfortunately, the  
24 administration's fiscal year 2018 budget request is  
25 insufficient to meet the challenges we face, rebuild the

1 readiness and capacity of our force, and regain our military  
2 technological advantage. It is no wonder then that the  
3 Department of the Navy submitted over \$8 billion in unfunded  
4 priorities.

5 Our Navy has been too small for more than a decade.  
6 Despite a requirement for more than 300 ships since 2006,  
7 the fleet has remained between 270 and 290 ships. These  
8 capacity shortfalls have largely driven present readiness  
9 challenges. 10-month deployments are becoming the norm when  
10 it used to be 6. Carrier strike group presence gaps in key  
11 regions are annual occurrences. More than half of Navy  
12 F-18's are not ready for combat. And there is a backlog of  
13 more than \$14 billion in afloat and ashore readiness.

14 A Navy of 355 ships, with the right mix capabilities,  
15 is an appropriate goal. But this budget request makes no  
16 progress toward it. However, steps can be taken this year  
17 to grow the fleet, and this committee will consider all  
18 options.

19 Similarly, this budget request only supports a Marine  
20 Corps of 185,000 marines and 31 amphibious ships, despite a  
21 requirement for 194,000 marines and 38 amphibious ships.  
22 Meanwhile, Marine Corps aviation is in crisis. Fewer than  
23 half of Marine F-18's are ready for combat. As a result,  
24 non-deployed Marine aviation squadrons are short of the  
25 number of aircraft needed to train or respond in a crisis.

1           The budget request will help the Navy and Marine Corps  
2 to stanch the bleeding, but we can and must do better than  
3 that. We need to expand and modernize our maritime forces  
4 because our adversaries are not standing still. Indeed, as  
5 Chairman Dunford testified on Tuesday, "The competitive  
6 advantage that the United States military has long enjoyed  
7 is eroding. In just a few years, if we do not change  
8 trajectory, we will lose our qualitative and quantitative  
9 advantage."

10           Our Navy and Marine Corps must be sufficiently sized  
11 and capable of projecting greater power over greater  
12 distances from the air, the sea, and beneath it. We need  
13 new concepts of operations and new programs that enable  
14 them. In particular, the Navy needs a carrier airwing with  
15 greater range and striking power, especially through  
16 unmanned platforms. And I continue to urge the Department  
17 of the Navy to examine how smaller aircraft carriers could  
18 improve current plans for super carriers and amphibious  
19 ships and provide a more capable, credible maritime force.

20           At the same time, as we advocate for increased defense  
21 spending, all of us must remain equally committed to  
22 exercising rigorous oversight of acquisition programs to  
23 ensure the best use of limited taxpayer dollars. I assure  
24 you this committee will.

25           Initial cost overruns more than doubled the cost of

1 each littoral combat ship. Development costs for the ships  
2 and their modules now exceed \$6 billion, and they keep  
3 rising. Meanwhile, key warfighting capabilities of the LCS,  
4 including mine countermeasures and antisubmarine warfare,  
5 have fallen years -- I repeat -- years -- behind schedule  
6 and remain unproven. Because of long-running cost,  
7 schedule, and performance issues with this program, I  
8 support the Department's proposal to pursue, as quickly as  
9 possible, full competition in selecting a new frigate with  
10 greater lethality and survivability. The Navy should  
11 procure the minimum number of LCSs necessary to keep the  
12 workforce viable to compete for new frigates. Secretary  
13 Stackley has testified that would be one LCS in fiscal year  
14 2018, not more. I want to emphasize, Secretary Stackley  
15 testified that would be one LCS in fiscal year 2018, not  
16 more.

17 On the Ford class aircraft carrier, while it is  
18 encouraging to see the ship finally delivered to the Navy,  
19 the request for the Gerald R. Ford, or CVN-78, exceeds the  
20 cost cap by \$20 million. In addition, the Navy wants to  
21 award the construction contract for the third ship, the  
22 Enterprise, or CVN-80, in March 2018 at a cost of \$13  
23 billion, which is \$1.6 billion more than the previous ship.  
24 This is unacceptable for a ship certified to be a repeat  
25 design that will deliver just 3 years later. Secretary

1 Stackley and Admiral Richardson, I would like an  
2 explanation.

3 Similarly, given the importance of replacing our aging  
4 Marine Corps amphibious vehicle and aircraft fleets, the  
5 Marine Corps must learn the lesson of past failures, such as  
6 the expeditionary fighting vehicle, and deliver these needed  
7 capabilities on time, at cost, and up to expectations.

8 Some of the greatest threats and challenges of the  
9 future will be in the maritime domain, so it is important  
10 for this committee to ensure that our Navy and Marine Corps  
11 are not only ready for today's fight but also developing the  
12 capabilities for tomorrow's fights. This budget request is  
13 a start, but I am afraid it is not enough.

14 We should not ask our military to choose between  
15 readiness and modernization, between present needs and  
16 future needs. We owe our sailors and marines and all of our  
17 men and women in uniform more than that, a lot more. They  
18 serve and fight and sacrifice for us every single day. Let  
19 us do no less for them.

20 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 I want to join Senator McCain in welcoming Secretary  
5 Stackley, Admiral Richardson, and General Neller to the  
6 committee this morning to testify on the plans and programs  
7 of the Department of the Navy for fiscal year 2018. We are  
8 grateful to all of your service and particularly grateful to  
9 the men and women who you lead, and please express our  
10 consideration and thanks to them.

11 I especially want to thank Secretary Stackley for his  
12 many years of service to the country, both in the Navy and  
13 on this committee. This may be your last appearance as  
14 Secretary. Thank you very much for a job well done.

15 Chairman McCain: I am sure this is a sad moment for  
16 Secretary Stackley.

17 [Laughter.]

18 Senator Reed: He was very upbeat when speaking before.  
19 But thank you again, Mr. Secretary.

20 Our witnesses face significant challenges as they  
21 strive to balance the need to support ongoing operations and  
22 sustain readiness with the need to modernize and keep the  
23 technological edge so critical to military success.

24 The Department of the Navy faces serious readiness  
25 problems, caused by deferred maintenance, reduced steaming



1 and flying hours, and canceled training and deployments.  
2 The continued emphasis on readiness in this year's budget  
3 will address some of the Navy's most serious readiness  
4 problems, and I am interested in hearing the witnesses'  
5 views on this matter.

6 I am also interested in understanding what, if  
7 anything, the Navy is doing to accelerate overhaul of the  
8 USS Boise, an attack submarine that is prevented from  
9 operating because her diving certifications have expired.  
10 That is one blatant example of the readiness challenges that  
11 you face. The current plan would fail to get this boat  
12 recertified until sometime in 2019.

13 All areas of our naval forces are maintaining an  
14 extremely high operational tempo. This high level  
15 operations tempo contributed in part to the conclusion in  
16 the Chief of Naval Operations new force structure assessment  
17 calling for increases in the goal for the Navy fleet from  
18 308 ships to a level of 355 ships.

19 Demand is overwhelming for attack submarines, air and  
20 missile defense cruisers, destroyers, and strike fighter  
21 inventories. In addition, the Navy is now in its 5th year  
22 of operating with fewer than the required 11 aircraft  
23 carriers. And during the next decade, as a first priority,  
24 the Navy will need to buy a new class of strategic missile  
25 submarines to replace the Ohio class submarines. I am

1 interested in hearing how the Navy is managing current  
2 demands on its assets and how it plans to manage future  
3 modernization demands, particularly how it is using the  
4 National Sea-Based Deterrence Fund as we begin procurement  
5 funding of the Ohio replacement, the now Columbia class  
6 program, as we begin that this year.

7 Commandant of the Marine Corps General Robert Neller  
8 has stated that the "recapitalization of our force is  
9 essential to our future readiness with investments in ground  
10 combat vehicles, aviation, command and control, and  
11 digitally interoperable protected networks." The Marine  
12 Corps continues to make modernization of ground vehicles a  
13 priority by developing the amphibious combat vehicle to  
14 replace the aging inventory of amphibious assault vehicles,  
15 as well as partnering with the Army to develop the joint  
16 light tactical vehicle. I would welcome an update from our  
17 witnesses on the status of these programs and if they  
18 believe there will be significant delays in fielding due to  
19 delays in the acquisition program.

20 The Department of the Navy budget has its usual number  
21 of significant programs, some of which have issues with  
22 their execution. The chairman has pointed out in detail  
23 many of those. Last year, I raised the issue of the Navy  
24 submitting a budget that would leave the Navy in default on  
25 the multiyear V-22 tilt-rotor aircraft contract, a problem

1 that was solved for you when the fiscal year 2017 DOD  
2 Appropriations Act provided three additional aircraft. This  
3 year, the Navy is asking for approval of a 7-year multiyear  
4 contract for the same V-22 program. I would like to hear  
5 why we should depart from the normal 5-year multiyear  
6 contract regimen as established in title 10 of the United  
7 States Code and why we should count on the Department of the  
8 Navy to pay more attention to living up to the terms of  
9 multiyear contracts than was the case last year.

10 The Defense Department's defense strategic guidance,  
11 issued in January 2012, followed by the 2014 QDR, announced  
12 a renewed strategy for U.S. military orientation on the  
13 Asia-Pacific. Consistent with that strategy, the Defense  
14 Department has been working to realign U.S. military forces  
15 in South Korea and Okinawa and plans to position Navy and  
16 Marine Corps forces in Australia, Singapore, and possibly  
17 elsewhere in the region. I am interested in hearing how the  
18 Navy is implementing these strategic decisions.

19 In this request, the administration is asking for an  
20 increase in the Department of Defense topline of roughly \$54  
21 billion above total budget for fiscal year 2018 prescribed  
22 in the Budget Control Act. Of that total, the Navy budget  
23 would constitute an increase of roughly \$12 billion.  
24 However, I must point out that unless Congress can achieve a  
25 broad and bipartisan agreement to repeal or modify the BCA,

1 any approval of the \$12 billion increase for the Department  
2 of the Navy will trigger sequestration of a similar amount.

3 The President's budget addressed the issue by making  
4 cuts of roughly \$54 billion non-defense discretionary as a  
5 way of balancing the increases for defense which, from my  
6 perspective, is an untenable position. In fact, it will not  
7 accomplish that unless the BCA is modified because you will  
8 forfeit what you are given even in a more confusing and  
9 disorienting way. So we must find another way.

10 I thank the witnesses and I look forward to their  
11 testimony.

12 Chairman McCain: Thank you.

13 Welcome to the witnesses. Mr. Stackley, we will begin  
14 with you. Welcome back.

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1           STATEMENT OF HON. SEAN J. STACKLEY, ACTING SECRETARY  
2           OF THE NAVY

3           Mr. Stackley: Yes, sir. Thank you, Mr. Chairman,  
4           distinguished members of the committee. Thank you for the  
5           opportunity to appear before you today with the CNO and the  
6           Commandant to testify on the Department of the Navy's 2018  
7           budget request.

8           We are extremely grateful for your committee's  
9           continued strong support for our Navy and Marine Corps, and  
10          we look forward to working closely with you on this budget  
11          request.

12          As the Nation's forward global force, your Navy and  
13          Marine Corps stand ready to respond to crisis every hour of  
14          every day around the world from the North Atlantic to the  
15          Mediterranean, from the Straits of Hormuz to the Straits of  
16          Malacca and the vast expanses of the Pacific Ocean and on  
17          the ground in 41 countries around the world. 110,000  
18          sailors and marines and more than one-third of our fleet are  
19          deployed today conducting combat operations, international  
20          exercises, maintaining maritime security, providing  
21          strategic deterrence and responding to humanitarian crisis  
22          and disaster.

23          The value of our forward presence and our ability to  
24          conduct prompt sea-based operations is the surest deterrent  
25          to conflict and guarantor of our national interests.

1 Maintaining the skill of these operations relies upon our  
2 ability to maintain a high state of operational readiness.  
3 And we have been increasingly challenged to do so by the  
4 growing imbalance between the size of the force, the  
5 operational demand placed on the force, and the funding  
6 available to operate and sustain the force. Years of combat  
7 and high operational tempo have accelerated the aging of our  
8 ships and aircraft, increased our maintenance requirements,  
9 drawn down munitions and supply parts, and impacted  
10 training. Budget constraints, budget uncertainty, and  
11 continuing resolutions have exacerbated these issues with  
12 the net impact being a decline in the material condition of  
13 our ships and aircraft. Accordingly, our priority in this  
14 budget request has been placed on funding maintenance,  
15 spares, training, and munitions and to increase steaming  
16 days and flying hours.

17       It is critical that we make these course corrections  
18 without turning to our modernization and procurement  
19 accounts as bill payers. For maintaining our readiness, we  
20 will ultimately rely upon growing the force to match the  
21 challenges that lie ahead. So building readiness is the  
22 priority in 2018 and building the size of the Navy and  
23 Marine Corps and the capability that the Nation needs will  
24 be the priority in the defense strategy review and our 2019  
25 budget.

1           With this budget, the Department requests your support  
2 to procure nine ships in 2018: the aircraft carrier  
3 Enterprise, two Virginia class submarines, two Arleigh Burke  
4 class destroyers, two littoral combat ships, one of which is  
5 to follow an amended budget proposal, a fleet oiler, and a  
6 towing, salvage, and rescue ship.

7           The budget request also includes advanced procurement  
8 critical to the Navy's top shipbuilding priority, the  
9 Columbia class ballistic missile submarine program.

10           We are committed to improving our cost on the carrier  
11 program while delivering this critical capability for the  
12 future Navy. We have held costs essentially constant on the  
13 CVN-78 the past 6 years, have made significant reductions on  
14 CVN-79 currently in construction. We are committed to  
15 further improvements upon the estimated costs on the  
16 Enterprise, CVN-80, submitted in this year's budget.

17           We are seeking your support to continue with the  
18 multiyear procurement strategies that have yielded  
19 substantial savings and provided critical stability to the  
20 highly successful Virginia submarine and Arleigh Burke  
21 destroyer programs.

22           And we are seeking your support as we transition from  
23 the littoral combat ship to a frigate design that will  
24 provide multi-mission capability and increased survivability  
25 for our small surface combatant program. The three littoral

1 combat ships appropriated in 2017 with the additional ships  
2 we are requesting this year help fill our gap with small  
3 surface combatants and ensure a healthy industrial base for  
4 a competitive frigate down-select in 2020.

5         The budget request continues the steady  
6 recapitalization of Navy and Marine Corps aviation  
7 capability. In total, we plan to procure 91 manned and  
8 unmanned aircraft as we shift from large-scale developmental  
9 efforts to mature production for most of our major Navy  
10 aviation programs.

11         Of particular note, the budget request includes funding  
12 for 24 F-35 and 14 Super Hornet aircraft which will help to  
13 arrest the decline in our strike fighter inventory while  
14 keeping us on target for six squadrons of fifth generation  
15 aircraft from our carrier decks in the 2024 time frame.

16         We are requesting congressional approval for a third  
17 B-22 multiyear procurement in 2018, which will provide the  
18 most affordable method to procure the final 65 aircraft of  
19 the program.

20         This budget supports an end strength of 185,000  
21 marines, the proper size for today's mission. The Marine  
22 Corps invested in selected ground capabilities to conduct  
23 sustained distributed operations and address changes in the  
24 operational environment, including procurement of the  
25 amphibious combat vehicle, a replacement of about one-third



1 of the legacy Humvee fleet with a joint light tactical  
2 vehicle, and survivability upgrades to the amphibious  
3 assault vehicle.

4 No quantity of next generation ships or aircraft will  
5 bring victory without the skilled, dedicated, and talented  
6 sailors, marines, and civilians who build, maintain and  
7 operate our Navy and Marine Corps and who provide our naval  
8 forces with our asymmetric advantage. Despite 16 years of  
9 combat operations, extended deployments, and reserve  
10 mobilizations, today's force is the most talented and high-  
11 performing in history.

12 In return, it is our responsibility to provide the  
13 incentives to attract and the conditions to ensure all who  
14 are qualified to serve in the Navy and Marine Corps can do  
15 so while creating an review that promotes dignity and  
16 respect for all. This remains a top priority for the  
17 Department.

18 Our priority in this year's budget request is to  
19 rebuild the readiness and lay the foundation for future  
20 growth in terms of numbers of ships and aircraft and  
21 advanced capability of the force.

22 To support these objectives, we will need to make  
23 certain reforms to the way we do business to ensure that we  
24 are being the best stewards possible with the taxpayers'  
25 funds. However, we will also need your support in breaking

1 the cycle of continuing resolutions and in providing the  
2 increase, outlined and detailed by the President's budget  
3 request, to the defense caps imposed by the Budget Control  
4 Act. Absent decisive action by Congress to cut the Gordian  
5 knot we know as the BCA, our military's ability to provide  
6 for the Nation's defense will decline by every dimension you  
7 choose to measure.

8 I want to thank this committee for your enduring  
9 support to our sailors, marines, civilians, and their  
10 families, and I look forward to answering your questions.

11 [The prepared statement of Mr. Stackley follows:]

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1           STATEMENT OF ADMIRAL JOHN M. RICHARDSON, USN, CHIEF OF  
2   NAVAL OPERATIONS

3           Admiral Richardson: Good morning, Chairman McCain,  
4   Ranking Member Reed, and other distinguished members of the  
5   committee. I want to thank you for the privilege to be here  
6   today with my colleague, General Neller, and the Secretary  
7   of the Navy, to represent our Navy team, our sailors,  
8   civilians, and their families.

9           Before I begin, I would like to take a moment to add my  
10   voice on behalf of the Navy to the chorus of voices who are  
11   hoping and praying for Congressman Scalise and the other  
12   victims of yesterday's brutal attack. We all admire their  
13   strength and toughness and send our best wishes for a quick  
14   recovery.

15          I want to take some time this morning to briefly  
16   outline where your Navy stands today and where we need to  
17   go. I am recently back from travels to Rota, Singapore, and  
18   Guam. Our sailors are in harm's way around the world facing  
19   rising threats. They are talented. They are dedicated, and  
20   they are laser-focused on their mission. This is despite  
21   the growing challenges of the security environment and the  
22   challenges that we have imposed by inconsistent, delayed,  
23   and inadequate funding.

24          Today I hope to convey a sense of urgency. Our  
25   adversaries are improving more quickly than we are. I agree

1 with the chairman that our advantage is eroding. We must  
2 increase our naval power today, pick up the pace, and  
3 maintain our winning advantage.

4 This effort starts by ensuring that we have a firm  
5 foundation for solid growth, restoring wholeness or balance.  
6 This began with the fiscal year 2017 budget, which helped  
7 arrest readiness declines. I thank the committee for that  
8 support.

9 But more needs to be done. The challenges are  
10 sufficiently deep that it will take both predictable and  
11 sufficient funding and some time to fully recover. As you  
12 pointed out, sir, we have got hundreds of aircraft grounded  
13 due to maintenance backlogs and spare shortages. Our pilots  
14 do not fly enough. Our maintainers are struggling to keep  
15 planes that are working up in the air. We have not funded  
16 spare parts at the required levels.

17 Maintaining our ships is also a struggle. Submarines  
18 and warships are tied up to the pier unable to submerge or  
19 get underway. I know that many of you are focused on adding  
20 more ships to the fleet, and I am focused on that too. But  
21 if I cannot repair a ship that has already been bought and  
22 paid for to go to sea, I forfeit the good, hard work of our  
23 predecessors. And the net effect is the same as not buying  
24 a ship. It is one less ship today at sea and U.S. naval  
25 power suffers.

1           We are making strides here. As I mentioned, the 2017  
2 budget was a great help to restore a lot of readiness. The  
3 fiscal year 2018 request will capitalize on that investment  
4 and restore balance and wholeness so we can grow moving  
5 forward. There is lots we need to do to shore up the force  
6 that we have. We need that firm foundation.

7           As articulated in a white paper about the future Navy I  
8 released, we also need a larger and more capable fleet.  
9 Even as we shore up wholeness, the budget request preserves  
10 the program growth for the Navy. It invests in emerging  
11 technologies for the future. It provides a balanced  
12 approach that starts the acceleration of naval power from a  
13 firm foundation.

14           As I talk to our sailors who are deployed forward,  
15 protecting America from attack, promoting our interests  
16 around the world, they are as focused as ever on the  
17 mission. I know that you share my immense pride in them.  
18 But there is also a growing sense in the deployed fleet that  
19 we back here Washington just do not get it. It sometimes  
20 seems like we live in a parallel universe. And I urge that  
21 we bring these two realities together and close that gap  
22 quickly.

23           As an example, they are already hearing that our fiscal  
24 year 2018 budget may not get passed in time, resulting in a  
25 ninth consecutive continuing resolution. It is getting

1 harder to explain to our sailors and their families and to  
2 those who might want to join. But I am very hopeful. I  
3 pass on that optimism to them. We are willing to team  
4 together to do whatever it takes, working together with you  
5 with your support to get them the resources and support that  
6 they need and that they deserve.

7 Again, I thank you for the privilege and opportunity to  
8 be here today, and I look forward to your questions.

9 [The prepared statement of Admiral Richardson follows:]

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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 all for  
5           the opportunity to appear today and answer your questions.

6           I would fully endorse the comments of both Secretary  
7           Stackley and my shipmate, Admiral Richardson, and what they  
8           have said about our current situation in the Navy and Marine  
9           Corps.

10          I would also add the best wishes of all marines and our  
11          families to those that were injured yesterday, wishing them  
12          a speedy recovery.

13          I know this committee and the American people have high  
14          expectations for their Marines as our Nation's force in  
15          readiness. You expect your marines to operate forward as  
16          part of that Navy-Marine Corps team, engage with our  
17          partners, deter our adversaries, and respond to crisis. And  
18          when we fight, you expect us to win. You expect a lot of us  
19          and you should.

20          This morning, as we hold this hearing, more than 36,000  
21          marines are forward deployed and engaged doing just what you  
22          would expect them to be doing. Our role as the Nation's  
23          expeditionary in readiness informs how we man, train, and  
24          equip our Corps. It also prioritizes the allocation of  
25          resources we receive from Congress.

1           Unstable fiscal environments of the past have required  
2 us to prioritize the readiness of that forward deployed  
3 force over those at home station. Those marines forward are  
4 the ones that immediately respond to crisis. Those marines  
5 are protecting our embassies around the world. Those  
6 marines are currently conducting air and artillery strikes  
7 in Iraq and Syria. Those marines are training and advising  
8 Iraqi and Afghan armies. 24,000 of those marines are in the  
9 Pacific, west of the International Dateline, deterring  
10 adversaries and ensuring our allies.

11           And I assure you that those forward-deployed marines  
12 are well trained and well led and well equipped. However,  
13 after 15 years of war and budget instability, this has come  
14 at a compounded cost to our non-deployed marines, our ready  
15 bench back home. The fiscal year 2017 appropriations bill  
16 is a good down payment to improve the readiness of this  
17 bench and move us forward to further recapitalize and  
18 modernize the force.

19           That said, the instability of the past 8 years and the  
20 continued legislative reality of budget limitations disrupt  
21 our ability to program long-term activities and potentially  
22 sustain these improvements to both our current and our  
23 future readiness. To continue to meet operational  
24 commitments, maintain a ready force, and at the same time  
25 modernize for the future, your Marine Corps requires fiscal



1 stability and adequate resources.

2 While supporting requirements abroad, we continue to  
3 innovate, leverage technology, invest in new systems, and  
4 redesign our force through two new initiatives called Sea  
5 Dragon 2025 and Marine Corps Force 2025. We must adapt both  
6 the capabilities we possess and the thought process we bring  
7 to the battlefield because our adversaries have continued to  
8 advance their capabilities and capacities. Our ability to  
9 fight and win into the future depends upon modernization.  
10 Modernization is future readiness.

11 So as we look forward, priorities for this year remain  
12 continued readiness recovery, implementation of the  
13 beginning of Force 2025 and the acceleration of our  
14 modernization initiatives to build a more lethal Marine  
15 Corps. We do not want our marines to enter a fair fight,  
16 and though we remain a lethal and ready force, the margin  
17 between us and potential adversaries has closed. And with  
18 your support in addressing the present and future challenges  
19 and the shortfalls we have, we will be better postured to  
20 fight and win our Nation's battles now and in the future.

21 I look forward to your questions.

22 [The prepared statement of General Neller follows:]

23

24

25

1 Chairman McCain: Well, thank you very much.

2 Admiral Richardson and General Neller, what are the  
3 implications of returning to a Budget Control Act level of  
4 spending in fiscal year 2018?

5 Admiral Richardson: Sir, as we have talked about, we  
6 have been trying to restore readiness, restore wholeness,  
7 and provide a firm foundation.

8 Chairman McCain: Will 3 percent real growth do that  
9 for you?

10 Admiral Richardson: Sir, we are ready to defend this  
11 budget, but it is clear that we need more and a Budget  
12 Control Act, a BCA level of funding would reverse any kind  
13 of gains --

14 Chairman McCain: What about a 3 percent real growth?

15 Admiral Richardson: Sir, we look forward to about a 5  
16 percent growth is what the projections are.

17 Chairman McCain: When do you project your services  
18 will achieve full-spectrum readiness under the present  
19 scenario?

20 Admiral Richardson: For the Navy, that looks to be in  
21 the early 2020s.

22 Chairman McCain: General?

23 General Neller: It will be about that same time,  
24 Chairman. Full-spectrum in a future fight, though, is going  
25 to take more than that because the spectrum has expanded to

1 cyber, to space, the information, long-range precision  
2 munitions, electronic warfare. So the capabilities that we  
3 have today are adequate, but they are not going to be  
4 adequate for the future.

5 Chairman McCain: Both of you referred to the fact that  
6 according to various studies, in particular one from RAND,  
7 although that was one from several, that showed that our  
8 potential adversaries are closing the potential gaps that  
9 exist between our capabilities and theirs. Is that your  
10 view, Admiral?

11 Admiral Richardson: Yes, sir, it is.

12 General Neller: Yes, it is, Chairman.

13 Chairman McCain: You know, one of the great disasters  
14 I have seen recently is the LCS. The minimum operational  
15 capabilities necessary to meet the warfighters' needs for  
16 the three LCS mission modules have been delayed by a  
17 cumulative 26 years and counting. To date, very few  
18 capabilities have reached IOC. Guns, boats, helicopters,  
19 parts of the mine hunting package without the ability to  
20 find mines or any antisubmarine warfare capability.

21 Who is responsible and who has been held accountable?  
22 We will begin with you, Admiral Richardson.

23 Admiral Richardson: Sir, I will be the accountable  
24 person for that, and I am committed to making sure that we  
25 take the LCS fleet --

1 Chairman McCain: When you say held accountable, have  
2 you been reduced in rank? Have you been -- in other words,  
3 you have been held responsible. I said not only who is  
4 responsible but who has been held accountable. Any change  
5 in your lifestyle since we have had three LCS mission  
6 modules delayed by 26 years and counting?

7 Admiral Richardson: Well, we have taken several  
8 measures to make that LCS fleet more capable. We are  
9 working to rationalize that program both from the way we  
10 organize and operate, the way we man, the way we train that  
11 force, and looking to increase the lethality and  
12 survivability of the LCS fleet as well. I will be  
13 accountable for that, sir.

14 Chairman McCain: Everybody agreed that we needed one.  
15 All of a sudden, now we need three. How did that happen?  
16 Can you explain that to me?

17 Admiral Richardson: Sir, we are committed to, as you  
18 said, moving towards a more capability and more lethal and  
19 survivable frigate program. And the bridge between now and  
20 that program when we let that contract in 2020 will not only  
21 contribute to the small surface combatants but also  
22 contribute to the health of the industrial base.

23 Chairman McCain: When did it happen? We were told for  
24 most of the year, about 364 days, that all they needed was  
25 one, and all of a sudden, bang, now we need three. How did

1 that process transpire? Can you tell me?

2 Admiral Richardson: Sir, we continue to learn about  
3 the industrial base and we react as we get that information.

4 Chairman McCain: I see. So for most of the year, you  
5 were given one set of information and then in the brief week  
6 to 10 days, we were given additional information that called  
7 for two additional LCSs. Is that how the system works?

8 Admiral Richardson: Sir, we get the information. We  
9 learn in real time and we provide you information as soon as  
10 we get it.

11 Chairman McCain: Well, I would be interested in, if  
12 you do not mind, for the record how we jumped from one LCS  
13 to three just literally in a matter of days after months of  
14 being told that we would only need one. There is more there  
15 than meets the eye, Admiral, I say with great respect.

16 [The information follows:]

17 [COMMITTEE INSERT]

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1 Chairman McCain: Secretary Stackley, the Navy broached  
2 the cost cap for CVN-78. Do you believe that it has?

3 Mr. Stackley: Sir, right now our estimate for CVN-78  
4 -- we are trying to hold it within the \$12.887 billion  
5 number that was established several years ago. We have  
6 included a \$20 million request in this budget pending our  
7 determination regarding repairs that are required for the --

8 Chairman McCain: Is that a breach of Nunn-McCurdy?

9 Mr. Stackley: Not at this point in time, sir. We are  
10 going to continue to evaluate whether that additional  
11 funding will be required. We are doing everything we can to  
12 stay within the existing cap, and we will keep Congress  
13 informed as we complete our post-delivery assessment.

14 Chairman McCain: The problem is we have not been  
15 informed. So either bust the cap and breach Nunn-McCurdy or  
16 you notify us. You have not done either one.

17 Mr. Stackley: Sir, we have been submitting monthly  
18 reports regarding the carrier. We have alerted the concern  
19 regarding the repairs that are being required for the motor-  
20 turbine generator set, and we have acknowledged the risk  
21 associated with those repairs. However, what we are trying  
22 to do is not incur those costs -- avoid costs by other  
23 means, and as of right now, we are not really to trip that  
24 cost cap.

25 Chairman McCain: Well, it is either not allowable or

1 it is allowable. If it is not allowable, then you take a  
2 certain course of action. If it is allowable, then you are  
3 required to notify Congress. You have done neither.

4 Mr. Stackley: If we need to incur those costs, they  
5 will be allowable costs. We are trying to avoid that at  
6 this stage in time, sir.

7 Chairman McCain: I agree. But we were supposed to be  
8 notified. I can tell you that you are either in violation  
9 of Nunn-McCurdy, or you are in violation of the requirement  
10 that we be notified. You have done neither. There are two  
11 scenarios.

12 Mr. Stackley: Sir, we have not breached the cost cap.  
13 If it becomes apparent that we will need to go above the  
14 cost cap, we will notify Congress within the terms that you  
15 all have established.

16 Chairman McCain: Okay. Well, I will get it to you in  
17 writing, but you still have not answered the question  
18 because when there is a \$20 million cost overrun, it is  
19 either allowable and then we have to be notified one way.  
20 If it is not allowable, Nunn-McCurdy is breached. But  
21 anyway, maybe you can give us a more satisfactory  
22 explanation in writing, Mr. Secretary.

23 The President's budget request includes a down-select  
24 for a new frigate. What has changed from the previous  
25 frigate acquisition strategy?

1           Admiral Richardson:  Sir, I will speak to that.  I will  
2 tell you that the threat has changed.  It has become more  
3 challenging.  The way we operate has changed, operating the  
4 fleet under new concepts.  We want that frigate to be  
5 relevant in a distributed maritime operational concept.  And  
6 so the combination of those two, with any changes in the  
7 fiscal environment, have caused us to readdress the  
8 requirements for the frigate.

9           Chairman McCain:  Does it frustrate you at all that the  
10 President's budget request includes a down-select for a new  
11 frigate in 2020?

12          Admiral Richardson:  No, sir.  It is fine.  We are  
13 hunkered down.  We want to get to that transition as quickly  
14 as we can.

15          Chairman McCain:  It is going to take us 2 and a half  
16 years to have a down-select for a new frigate.  Right?

17          Admiral Richardson:  By the time that we define the  
18 requirements, which we are just about done with, I will work  
19 with industry to find what I will call the knees in the  
20 curves and what is possibly technologically on a cost and  
21 schedule and risk that is definable.  I think 2020 is an  
22 aggressive target.  If we can go faster, we will.

23          Chairman McCain:  Why is it that there is one of these  
24 every 6 months, and it is a pretty complicated technology  
25 that we are talking about?  Somehow it does not take 2 and a



1 half years to include a down-select. Suppose we had a down-  
2 select in 2020. Then when would we first see the first  
3 frigate?

4 Mr. Stackley: Yes, sir. Our timeline right now -- the  
5 CNO described complete requirements. Our next step is to go  
6 out to industry to share those requirements with industry.  
7 They will start their design efforts. We will put a request  
8 for proposals out in 2018 to get the proposals in 2019 with  
9 an award in 2020. We would expect industry to complete  
10 their detailed design. It will take them a year, year and a  
11 half to complete their detailed design while they order  
12 material, about a 3-year build span. So we would expect the  
13 frigate to be in the water ready for delivery in the 2024  
14 time frame.

15 Chairman McCain: So we are talking about 7 years.

16 Mr. Stackley: Yes, sir.

17 Chairman McCain: Is that satisfactory to you?

18 Mr. Stackley: Given that we are just now producing the  
19 requirements document, as the CNO said, if we can accelerate  
20 that, we will. But what we do not want to do is incur  
21 additional risk. We do not want to take on the risk that  
22 they took on in the LCS program where they established non-  
23 realistic schedules and procedure when the design was not  
24 mature.

25 Admiral Richardson: Sir, if I could add on to that. I

1 think we are completely united with you to work with  
2 industry to accelerate this acquisition process as fast as  
3 we can. But as I know you know, moving into construction  
4 before you have a mature design is just a recipe for cost  
5 overruns and schedule delays that we have lived with before.  
6 And so we are working very closely with industry in very new  
7 ways to try and move this faster.

8 Chairman McCain: Well, I have well exceeded my time.  
9 But the A-4 aircraft was -- the request was 4 weeks and the  
10 aircraft was starting production several weeks later. Tell  
11 me what has changed, Admiral.

12 Admiral Richardson: Sir, the process has changed quite  
13 a bit since the A-4 aircraft.

14 Chairman McCain: Compare 7 years over a few weeks that  
15 the sophistication of the technology is such that it takes 7  
16 years to start developing an aircraft as opposed to 4 weeks,  
17 or in the case of the SR-71, which in those days was not  
18 unsophisticated, a couple of weeks. There is something  
19 wrong with the acquisition process, and we have tried to put  
20 you in charge and engage. We have tried to get the process  
21 moved forward. Why should it take 2 and a half years for a  
22 manufacturer to come up with the technology to build an  
23 aircraft or a ship? Well, these are very vexing problems.

24 Senator Reed?

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

1 Secretary Stackley, last year in the Defense  
2 Authorization Act, we expanded some of the authorities under  
3 the National Sea-Based Deterrence Fund, including the  
4 ability to contract for continuous production of the common  
5 missile compartment for the Columbia. Can you estimate how  
6 much this has saved the taxpayer?

7 Mr. Stackley: Sir, across the board in terms of the  
8 Columbia program, we are leveraging everything that you all  
9 provided in terms of the National Sea-Based Deterrence Fund  
10 with the specific regarding the continuous production. And  
11 we do not target just the Columbia, but what we really are  
12 looking at is the run of production. We have used numbers  
13 on the order of \$1.2 billion.

14 Senator Reed: Of savings.

15 Mr. Stackley: Yes, sir, future savings.

16 Senator Reed: Future savings.

17 Do you need any additional authority for the National  
18 Sea-Based Fund to accelerate these future savings and to  
19 increase them?

20 Mr. Stackley: In the 2018 budget request, no. But we  
21 are continuing to explore opportunities. Frankly, there  
22 will be significant opportunities because what we have got  
23 is a very unique ship construction program over a period of  
24 time, and to the extent that the business case supports it,  
25 we are going to want to be able to pull work to the left as

1 best as possible to drive costs down and provide the  
2 stability that we need for that program.

3       There are going to be issues in the industrial base.  
4 Today we spend a lot of our time with the shipbuilders, but  
5 the issues that we are going to be tackling next are going  
6 to be in the industrial base that are layers below the  
7 shipbuilders where they do not have the stability. They do  
8 not have the large volume and they do not have the certainty  
9 that we will need to provide so that they can drive cost out  
10 of the material that they will be providing to the builders.

11       Senator Reed: So essentially you are talking about the  
12 savings in the supplier base not the final construction  
13 phase.

14       Mr. Stackley: Yes, sir. Half the cost comes through  
15 the supplier base, and to the extent that we can reduce  
16 their costs, then we get a compounded benefit.

17       Senator Reed: And Secretary Stackley or General  
18 Neller, this year you are asking for approval of a 7-year  
19 multiyear contract of the V-22. And the U.S. Code is 5  
20 years. That is the law. Why do we need 2 additional years  
21 for this multiyear procurement contract?

22       Mr. Stackley: Yes, sir. We are coming to the end of  
23 production in this 7-year period for the V-22 program. And  
24 our procurement rates frankly have been stretched over a  
25 7-year period. Typically aviation programs will see a tail-

1 up at the end of production. So what we are trying to do is  
2 capture the end of production, avoid the tail-up with  
3 economic order quantity material procurements inside of the  
4 multiyear. We would be able to take care of the vendor base  
5 early and overall drive the cost out of the program to the  
6 extent possible. So it is more about affordability than any  
7 other factor, and between our 65 aircraft and potential FMS,  
8 we are looking to provide as much stability as possible to  
9 the industrial base to drive those costs down.

10 Senator Reed: So one of the primary factors here is  
11 the anticipated termination of procurement of the V-22. Is  
12 that correct?

13 Mr. Stackley: Yes, sir. We reach our inventory  
14 objective at the end of the 7-year period.

15 Senator Reed: Thank you.

16 The LCS. The chairman has gone into great detail and I  
17 think very thoughtful detail about this vessel. Admiral  
18 Richardson, right now, my understanding -- and correct me if  
19 I am wrong. It is not capable of the mine sweeping mission.  
20 It is not capable of the antisubmarine mission. What  
21 missions is the ship capable of performing?

22 Admiral Richardson: It is currently capable for its  
23 anti-surface warfare mission. Sort of that module has been  
24 delivered and deployed. The ASW, antisubmarine warfare, and  
25 the mine countermeasure mission module's capability is on

1 track to deliver in time for deployment in the early 2020s,  
2 prioritized the mine countermeasure mission because, as you  
3 know, we are running out -- we are sunseting the current  
4 capability there. But we are devoted to maintaining a  
5 continuous capability for MCM.

6 Senator Reed: There have been some comments that the  
7 LCS is difficult to keep up with the speed with the carrier  
8 task force that is moving as fast as it can to avoid  
9 detection or engagement. Is there any validity to that?

10 Admiral Richardson: I will tell you I would take the  
11 question and say it is not really designed as a ship that  
12 would operate like that, moving across vast distances with a  
13 carrier strike group. We would employ that ship in a  
14 different way.

15 Senator Reed: But as I understand -- and again, I am  
16 certainly not the expert on naval operations, but as we move  
17 towards the Pacific and particularly as we encounter rising  
18 adversaries, it is more likely that we be engaged in these  
19 types of blue water operations. Is that fair?

20 Admiral Richardson: That is fair. And that is why we  
21 have the plan to forward deploy those in Singapore and in  
22 theater so that they are there providing that presence,  
23 contributing to that distributed fleet level maritime  
24 operation.

25 Senator Reed: And, Secretary Stackley, the chairman

1 talked in detail about the carrier program, and I just want  
2 to understand. There is an issue with the catapult system,  
3 its ability to launch aircraft, particularly aircraft that  
4 have all of their fuel tanks in place. Apparently it can  
5 launch if there are no fuel tanks or a few fuel tanks. Is  
6 this issue of the catapult system different than the issues  
7 you addressed in terms of the overall capability and cost  
8 overruns of the carrier?

9 Mr. Stackley: I would not describe it that way, sir.  
10 What we are going through right now is developing the  
11 bulletin for launch and recovery of the various type model  
12 series aircraft in the fleet that will be operating off of  
13 the carrier. And so we started at Lakehurst where we have  
14 the land-based system, and they basically start slow and  
15 build up in terms of launching and recovering the aircraft.  
16 In that process with F-18's with fuel tanks attached, a  
17 vibration was detected. And so now what they are doing is  
18 going back through the software and adjusting the system to  
19 remove that vibration. And so today they are renewing that  
20 testing at Lakehurst in advance of when we will first do  
21 launch/recovery operations on the Ford later this summer.

22 I am going to call it a systems tuning effort that is  
23 taking place right now. Each aircraft is, frankly, going to  
24 be tuned by EMALS, the electromagnetic aircraft launching  
25 system, so that it optimizes the launch and recovery of

1 those aircraft for that configuration.

2 Senator Reed: And these problems will be -- you are  
3 anticipating with the new ships these problems will be  
4 solved.

5 Mr. Stackley: Absolutely, yes, sir.

6 Chairman McCain: And how much has been the cost of  
7 that experiment?

8 Mr. Stackley: I would have to get you the specifics  
9 regarding --

10 Chairman McCain: A couple hundred million. Right?

11 Admiral Richardson: The total system? Yes, sir.

12 Chairman McCain: Senator Inhofe?

13 Senator Inhofe: In the committee, we have heard  
14 repeatedly in recent months from all the services about the  
15 present global threat environment that we are in and our  
16 lack of adequate readiness. At our hearing, we had Dan  
17 Coats last month, the Director. He highlighted the threat  
18 from North Korea, China, Russia, Iran, terror networks  
19 around the country. And as bad as the global threat  
20 situation is, it does not seem likely to get better in the  
21 future.

22 Now, the Navy plays a central role in American response  
23 to all of these threats. And it seems like -- my  
24 observation is that we have heard less from the Navy about  
25 the threats and our readiness situation as we have the other



1 services. Would you like to get on record now? Do you  
2 agree with the rest of the services that that level of  
3 threat and the inadequacy of our response? Any comments?

4 Admiral Richardson: Sir, I completely agree, and I  
5 have been clear and consistent and on the record about the  
6 fact that our margin is eroding, that the threats are  
7 rising, and we need to move faster.

8 Senator Inhofe: And you too, General Neller?

9 General Neller: Sir, I think we have been maybe not as  
10 animated but pretty consistent in our comments on our  
11 concern about the closing gap between potential adversaries  
12 and ourselves and our need for modernization --

13 Senator Inhofe: That closing gap. That is a scary  
14 thing. I think when you say maybe more animated, maybe we  
15 need to be more animated because -- and I have said this  
16 several times -- we at this table up here to do not have the  
17 credibility that you guys in uniform have to let the  
18 American people know what this threat is. And so I would  
19 just encourage more.

20 General Neller: Senator, I hear you. I would say if  
21 you read -- and I will just state it. In our Force '20, our  
22 Marine operational concept, the tenet is we are not  
23 currently organized, trained, and equipped to face a peer  
24 adversary in the year 2025. And that is where we need to  
25 go.

1           Senator Inhofe: General Neller, the first operation of  
2 the F-35 squadron, VMFA-121, declared its initial operating  
3 capability in 2015. Earlier this year, they relocated to  
4 Japan, becoming the first forward-deployed permanent F-35  
5 squadron. The squadron participated in joint exercises with  
6 South Korean partners earlier this year, and we got lots of  
7 good reports. Would you kind of elaborate on how well they  
8 did?

9           General Neller: Yes, sir. 121 did some operations on  
10 the Korean Peninsula. They just recently went to Alaska and  
11 operated in an Air Force joint combined operation up there,  
12 kind of a version of Red Flag up there. I have not gotten  
13 the classified report, but from every report that I have  
14 received, their ability to operate, taking advantage of  
15 their fifth generation capabilities, be stealthy, not be  
16 seen, take advantage of that, and gain a high ratio of kills  
17 to losses over the adversary has been pretty consistent. I  
18 do not want to get into the specifics of that.

19           And their readiness, which was something with a new  
20 airplane, because as the CNO said, one thing that the  
21 appropriations in 2017 and what 2018 does, we have  
22 underfunded our parts and spares, not just for ground  
23 equipment but for aviation equipment. And so we are working  
24 on that. And their readiness has been about what we  
25 expected. We have run into some problems. I have met with

1 the squadron CO in Iwakuni, and there were some things we  
2 did not know about getting parts and spares in through a  
3 foreign country and some customs things, and we are working  
4 through that. They actually have better readiness in  
5 Alaska, being in the United States, than they did because of  
6 their ability to get access to parts. But they are doing  
7 actually a little bit better maintenance-wise, and  
8 operationally they are doing everything that we expected.

9 Senator Inhofe: Yes. Well, maintenance is another  
10 area. I wanted to get a couple things on the record. You  
11 know, we get the reports that I guess 62 percent or so, 63  
12 percent of the F-18's are broken, are not working properly.  
13 47 percent of all of the naval aircraft is having problems.  
14 Our depots are critical. As chair of the Readiness  
15 Subcommittee, which I have been for a number of years, I  
16 understand the key role that depots play in sustaining our  
17 aging force. And we have an aging force that we have never  
18 had anything like before.

19 I have been encouraged by the Air Force depot  
20 operations at Tinker, and I have seen firsthand how they are  
21 extending the service life to planes that we never thought  
22 we would have to be doing this at this age. And they are  
23 keeping the airmen flying, all the while saving about \$2.4  
24 billion. So they are doing a good job in the depots.

25 A GAO report -- I think it was in June just a couple

1 weeks ago -- concluded -- and quoting from this -- the  
2 readiness recovery for the Navy is premised on the adherence  
3 to deployment and maintenance schedules. And they are  
4 critical and that the Navy has had difficulty completing  
5 maintenance on time. Do you agree with that criticism,  
6 Secretary Stackley?

7 Mr. Stackley: Yes, I do, sir. And we have been  
8 pulling every lever we can to improve upon that. But that  
9 has been part of the challenges that we are dealing with.

10 Senator Inhofe: It is another challenge.

11 Mr. Stackley: In the particular case of the aircraft,  
12 we are bringing aircraft that had been flying above their  
13 historic fly rates into the depots, trying to extend their  
14 service life from 6,000 hours designed up to 9,000 and  
15 greater. And what that all adds up to is a lot of unknowns  
16 when you are bringing them in the depot that result in an  
17 extended period of time to take care of either adding to  
18 service life or taking care of the necessary repairs. So we  
19 are trying to learn from that history, become far more  
20 predictive so when the Super Hornets enter that same stage,  
21 that we have a far better engineering understanding of what  
22 needs to be done and we are better postured and prepared to  
23 do the work.

24 Senator Inhofe: A good clarification.

25 Thank you, Mr. Chairman.

1 Chairman McCain: Senator McCaskill?

2 Senator McCaskill: Thank you, Mr. Chairman.

3 Gentlemen, I am sure all of you are acutely aware --  
4 and the chairman made some passing reference to it in his  
5 opening statement -- about the atrocious level of readiness  
6 when it comes to F-18 Super Hornets currently in the Navy  
7 and Marine Corps. Recent numbers listed up to 62 percent of  
8 the F-18's and 74 percent of the Marine F-18's as unfit to  
9 fly and grounded pending needed maintenance. This readiness  
10 rate puts increased strain on those aircraft that are still  
11 air-worthy as they pick up the slack, which just exacerbates  
12 the problem.

13 I was heartened when I learned that a plan was being  
14 discussed to order 24 more of these tried and true aircraft  
15 on existing production lines. I was equally disheartened  
16 when that number arrived at our office as the number of 14.

17 Since this has been the number one slot in the unfunded  
18 priority list for the third year in a row, I need to  
19 understand how that 24 number got to 14 and what those 10  
20 fighter jets -- the money for those -- what that was used to  
21 pay for.

22 Mr. Stackley: Yes, ma'am. Let me start with this and  
23 maybe the CNO would like to join.

24 We do not look at just the fiscal year 2018 column. We  
25 look at the total number of Super Hornets that we need to

1 add to our inventory to address the challenges that we are  
2 going to be facing when the Super Hornet is going through  
3 the same service life extension program that the legacy  
4 F-18's are. And we think that we need a solid 80, and that  
5 number may go up. We will have to see our review during the  
6 POM-19 process. To meet a solid 80 that we have laid in  
7 over the 5-year program.

8 In the near year, 2018, when we look at industrial base  
9 considerations, we also factor in foreign military sales.  
10 So we are working hard on the foreign military sales side,  
11 which I think you are well familiar with that involves a  
12 significant quantity of aircraft which, in addition to the  
13 14 that we have laid into the budget, gives us that front-  
14 end stability. And then as you look in the following years  
15 in the FYDP, the 5-year defense plan, we get to our ultimate  
16 80.

17 Bottom line is we believe we need a solid 80 as a  
18 threshold in terms of dealing with the risks associated with  
19 our TACAIR in the future. The 14 in fiscal year 2018  
20 reflects a balance between our budget constraints and  
21 bringing in foreign military sales aircraft to manage across  
22 the industrial base. That is kind of the crux of it.

23 And one minor correction. The readiness issues that  
24 you cited for our strike fighters -- those are our legacy  
25 F-18's that are suffering those numbers. Right now, the

1 Super Hornets are doing well. They are doing well. They  
2 have not entered that stage of their service life where we  
3 are seeing the challenges that we are seeing today on the  
4 legacy, and we want to get out in front of that.

5 Admiral Richardson: Ma'am I will add on to that.

6 First, I agree with everything that the Secretary said.  
7 And these aircraft will help maintain inventory as the Super  
8 Hornets enter that life cycle extension program. We are  
9 working very closely with industry. As the Secretary said,  
10 we are learning the lessons of the legacy Hornets so that  
11 that process goes much smoother. But we are going to need  
12 about 80 aircraft to maintain inventory while they go into  
13 their life cycle extension.

14 Senator McCaskill: So the number that was arrived at  
15 was for production stability in light of budget constraints  
16 as opposed to using 10 of those jets to pay for some other  
17 system.

18 Admiral Richardson: The first requirement was the  
19 total number of aircraft we need, and then we had to figure  
20 out how best to buy that within our budget constraints.

21 Senator McCaskill: Got it.

22 Back in 2016, General Neller -- and at that hearing, I  
23 believe General Milley was here with you. We have been  
24 briefed. The staff has been briefed in January where the  
25 service representatives responsible for monitoring and

1 providing briefings on the topic stated full gender  
2 integration appears to be moving forward as intended and,  
3 most significantly, stated no measurable negative impact on  
4 readiness.

5 With that briefing in January, I would like to repeat  
6 the question I asked of you in 2016 when I asked if you  
7 supported the measure to require women to register for the  
8 selective service. At that point in time, you indicated  
9 that you did, along with General Milley. I just wanted to  
10 double check and make sure that you still believe that it is  
11 an important step forward that we require all Americans to  
12 register for selective service, not just one gender.

13 General Neller: It is my personal opinion, yes.

14 Senator McCaskill: Thank you very much.

15 Thank you, Mr. Chairman.

16 Chairman McCain: Senator Cotton?

17 Senator Cotton: Thank you.

18 Thank you, gentlemen, for your testimony.

19 Every other member of this committee so far has spoken  
20 about the budget, so I will as well. I will simply  
21 reiterate today and maybe every time in the future, as Cato  
22 did with Carthidge, the Budget Control Act must be repealed.  
23 The 112th Congress was not the Constitutional Convention.  
24 The Budget Control Act is not the Constitution. Congress  
25 has made it clear that we cannot abide by those caps, so why



1 do we simply not repeal it and do our constitutional duty of  
2 appropriating money every single year, in particular since  
3 every Senator on this dais from Deb Fischer to that end and  
4 Joe Donnelly to that end did not even vote on the Budget  
5 Control Act.

6       General Neller, I had the opportunity yesterday to  
7 attend the funeral of one of your marines at Arlington  
8 National Cemetery. Thank you for sending a representative  
9 there. Private 1st Class Larry Roberts was a sniper. He  
10 died in November, 1943 in the Tarawa Atoll. He, along with  
11 several others, could not be identified for decades, but  
12 ultimately, thanks to the work of Honor Flights and the  
13 Defense POW/MIA Accounting Agency his remains were  
14 identified and he was laid to rest. He had a small family,  
15 obviously, as an 18-year-old man who sacrificed his life 74  
16 years ago. He did not have a wife or children. But the  
17 children of his parents' siblings were there to pay their  
18 respects. In some ways, I feel that the people who most  
19 need to know about that funeral are your marines and your  
20 sailors and our soldiers and our airmen that if they go  
21 missing or captured or are killed, that our country will  
22 spare no expense. We will not rest. We will bear any  
23 burden to find them and bring them home and let them rest in  
24 honor the way they deserve.

25       You said earlier, General Neller, in response to a

1 question from Mr. Inhofe that you were not organized to face  
2 a peer adversary in 2025. Could you explain more about why  
3 that is the case?

4 General Neller: Congressman, since 9/11, we have  
5 organized, trained, and equipped the force to fight a  
6 counterinsurgency and conduct stability ops. The training  
7 that I had as a junior officer and the later as a regimental  
8 commander to fight primarily a combined arms fight against a  
9 peer ground combat force was not required. And so we did  
10 what we needed to do to meet the current threat. And we  
11 recognized several years ago -- many of my predecessors --  
12 that we had started to lose our capability to conduct  
13 combined arms in the more traditional sense.

14 Now when you take the current operating environment and  
15 what we anticipate the future operating environment, when  
16 you add space, cyber, information, the long-range precision  
17 weapons, the use of different capabilities, active  
18 protection systems, unmanned aircraft, our adversaries have  
19 taken this time when we have been focused on the CT and the  
20 insurgencies to develop these capabilities. And although we  
21 still retain one-on-one against them, I think, an edge, the  
22 edge has closed. And so we need to look at our force and  
23 the capabilities we have.

24 So our intent is, with the end strength of 185,000 we  
25 have been given by the appropriations, to start that

1 process, to increase the number of marines that do  
2 electronic warfare, increase the number of marines that do  
3 command and control, increase the number of marines that do  
4 cyber, increase the number of marines that do information,  
5 that do air defense and those capabilities that we think are  
6 going to be important in that type of an environment. And  
7 if we are able to grow the force, we will continue to add to  
8 that capability and, at the same time, remodernize the  
9 legacy force and make it more survivable and lethal.

10 Senator Cotton: To achieve decisive victory over a  
11 peer competitor in 2025, it sounds like you are stressing  
12 more the skill sets and the training that your marines have  
13 rather than the absolute number of marines you need?

14 General Neller: You get into the question, Senator, as  
15 you know, of capacity and capability. So right now, the  
16 focus is on the capability sets. And it is going to take a  
17 long time. With all due respect to my own tribe, the  
18 infantry tribe, I can make a competent individual infantry  
19 marine in about 6 to 9 months. It is probably a little bit  
20 longer now because the requirements are much more  
21 complicated.

22 But the marines and, I would say, the sailors, the  
23 airmen, and the soldiers we are going to need in the future  
24 to do these other things are going to be expensive and are  
25 going to take time to grow and build. You got to recruit

1 them. You got to find them. You got to train them, and  
2 then you have got to keep them. So right now, we are  
3 focused on capacity -- or on capability over capacity, but  
4 eventually we are going to have to get to the capacity  
5 question.

6 Senator Cotton: Admiral Richardson, you face some of  
7 the same challenges with personnel. You have introduced a  
8 number of talent management programs to recruit, train, and  
9 retain the best people. Could you give us an update on that  
10 and maybe discuss the next steps, especially as it relates  
11 to pilots since we have seen the kind of pressures the Air  
12 Force faces with their pilots?

13 Admiral Richardson: Yes, sir. And I agree completely  
14 with the Commandant in terms of what the stressors are and  
15 how to achieve that balance between capability and capacity.  
16 You have got to be there with credible options to provide  
17 decision-makers the options that the Navy and the Marine  
18 Corps team is responsible for delivering.

19 In terms of talent management, we have got our Sailor  
20 2025 initiative which really is a bundle of about 40  
21 different initiatives that get after that.

22 With respect to your specific question on pilots, the  
23 very most urgent thing we have to do is get their aircraft  
24 ready to fly. Our pilots joined the Navy and the Marine  
25 Corps to fly high performance aircraft. That is why they

1 came. That is why they want to stay, and so that is our  
2 first priority.

3 Senator Cotton: Thank you.

4 Senator Reed [presiding]: On behalf of Chairman  
5 McCain, Senator Blumenthal, please.

6 Senator Blumenthal: Thank you, Senator Reed.

7 Welcome, gentlemen, and thank you for your  
8 extraordinary service and for your candid and forthcoming  
9 answers today.

10 Admiral Richardson, you know of my longstanding support  
11 for our undersea warfare superiority. And I was very, very  
12 gratified to see that the Navy has heeded my calls and  
13 others and added a second Virginia class submarine in fiscal  
14 year 2021 where there was previously just one because of the  
15 beginning of the Columbia class production. This signals  
16 that the Navy is confident that the industrial base has that  
17 capability and, I take it, ready to meet the challenge.

18 I see that the budget allows for an accelerated fleet  
19 plan for fiscal year 2021, but it deviates from the plan in  
20 fiscal year 2022, which has no additional money for attack  
21 submarines. Can you explain that fact?

22 Admiral Richardson: Sir, we continue to work very  
23 closely with the industrial base within the fiscal guidance  
24 that we have to maximize and maintain our undersea  
25 superiority. As you know, sir, because you are so deeply

1 involved, many parts of that industrial base have really  
2 been leaned out by the sort of minimum production rates that  
3 we have got, particularly the nuclear part of that  
4 industrial base where we are in many areas the sole customer  
5 and there is only one provider. So I have got the team  
6 looking at what is the capacity, provided stable and  
7 consistent funding that sent that signal of confidence from  
8 the government that they would invest in new production  
9 lines, et cetera to maybe increase the rates further still.

10 Senator Blumenthal: Let me just cut through what I  
11 think you are saying. You have doubts about the capability  
12 of the industrial base to produce that additional submarine  
13 in fiscal year 2022?

14 Admiral Richardson: No, sir, no doubts. I just want  
15 to make sure that we are understanding the theoretical  
16 limits of that base to see how far we can go.

17 Senator Blumenthal: Well, I want to make sure that we  
18 understand the practical limits and what we meet and exceed  
19 those limits because we need to produce that additional  
20 submarine in fiscal year 2022. Would you agree?

21 Admiral Richardson: We will take every submarine that  
22 we can get right now, sir.

23 Senator Blumenthal: Well, I do not know quite how to  
24 put it more bluntly, but I hope that we can work together  
25 because I will do whatever is necessary to make sure that we

1 have both the funding and the capability in terms of  
2 training and skill education and so forth in Connecticut,  
3 which is where we produce submarines, to make sure that we  
4 meet that schedule because I consider it vital to our  
5 national security.

6 Admiral Richardson: Yes, sir. I agree.

7 Mr. Stackley: Sir, can I offer --

8 Senator Blumenthal: Yes. I am sorry. Mr. Secretary?

9 Mr. Stackley: In the defense strategy review leading  
10 into the 2019 budget request, we are going to be taking a  
11 very hard look at this. Our domination of the undersea  
12 domain is clear today. We have to ensure that we do not  
13 lose that grip, and the CNO's future fleet plan highlights  
14 the need for additional attack submarines.

15 That all said, we are just today at the point in which  
16 we are producing two Virginia class submarines per year. We  
17 are going to add the Ohio replacement, the Columbia 2. That  
18 will get us to three. Going the next step to three  
19 Virginias per year, commensurate with the Columbia class,  
20 that is another element of risk.

21 So while we are going to look at it hard and we are  
22 going to determine what needs to be done, we have not done  
23 that yet. We will do that with full collaboration with the  
24 Congress because we all have to be in this together. So as  
25 we go through the review, as we identify the risks, the

1 steps that would need to be taken, we will work closely with  
2 you and the other interested members of committees to  
3 determine what is possible and then how to get there.

4 Senator Blumenthal: Thank you. I look forward to  
5 working with you on that issue.

6 General Neller, in your testimony, you note that the  
7 CH-53K is, quote, the only maritime heavy lift helicopter  
8 capable of supporting current and future warfighting  
9 concepts. I take that statement and others in your  
10 testimony as a strong endorsement of this program. Can you  
11 please explain to the committee why you consider this  
12 aircraft so important and why the funding should be  
13 authorized for the additional helicopters in the NDAA,  
14 please?

15 General Neller: Well, Senator, we need a marinized  
16 aircraft to stay aboard ship so it is not affected by  
17 corrosion, and we have to be able to lift all parts of the  
18 ground combat element ashore. The CH-53K is going to lift a  
19 third more than any other helicopter in the world, including  
20 the CH-53 Echo we have now, which was fielded in 1981. So  
21 the capabilities of this airplane -- it is a completely new  
22 airplane, composite body, wider, incredibly more powerful,  
23 and we believe it is going to be more reliable, which will  
24 drive the cost down. So we could put money back in the 53  
25 Echo, but we decided several years ago that that just was



1 not cost effective, and we are resetting those airplanes,  
2 the Echoes, now because their readiness was actually near  
3 that or maybe even more dramatically bad than the F-18's.  
4 So we need this airplane. We need new iron.

5 The aircraft is on schedule. We are watching the price  
6 very closely because there are some price concerns, but I  
7 think we are in a good place. But we would ask that we get  
8 the support to continue to procure this airplane. And I  
9 will do my very best to monitor the progress and make sure  
10 it is on time and on schedule and on cost.

11 Senator Blumenthal: Well, I just thank you and  
12 conclude by saying I agree strongly that the CH-53E, as you  
13 say in your testimony, should be replaced, not extended, and  
14 I hope the committee will join in that view. Thank you.

15 Senator Reed: Thank you.

16 On behalf of the chairman, Senator Rounds, please.

17 Senator Rounds: Thank you, sir.

18 Gentlemen, thank you for your service to our country.

19 I would like to talk about readiness. I would like to  
20 talk specifically about spare parts and maintenance.

21 General Neller, I think to Senator Inhofe's question, you  
22 were pushing pretty hard to talk about the need for spare  
23 parts and the need to be able to repair the equipment that  
24 you have got. I would like to give you an opportunity to  
25 share just how serious the situation is right now and the

1 need to continue to improve the availability of parts for  
2 all aspects of the operations that you are responsible for,  
3 sir.

4 General Neller: Well, thank you, Senator.

5 As I have learned as we have gone through the fiscal  
6 year 2017 and the 2018 budget, particularly the aviation but  
7 to some degree with the ground equipment, we have not funded  
8 parts and spares at our requisite level. You would think it  
9 would have been funded it at 100 percent but it was funded  
10 well below that, in some cases at 75 percent. So if you  
11 fund readiness or parts and spares at 75 percent, the best  
12 you can expect is 75 percent readiness. You want 100  
13 percent readiness, you got to pay for the parts and spares  
14 and that costs money.

15 So to Senator McCaskill's comment about F-18's, right  
16 now of the F-18's that we require, we have 75 ready basic  
17 aircraft, but of those that are on the line, 47 are short  
18 parts right today. Now I get parts. I can fix those  
19 airplanes. Now, they may be on a schedule of service.

20 And I can say that same about ground equipment.

21 So we are making it and we are making the ready force  
22 as forward deployed on the backs of our soldiers, sailors,  
23 airmen, and marines that are out there taking parts off one  
24 end item and putting it on another to get that one ready to  
25 go, so they got to do all the work twice. I do not want

1 them to have to do that because it takes extra work and then  
2 it goes back to what the CNO said. Okay, we are the top dog  
3 in this league and you are going to give me the parts to fix  
4 this stuff. And my aircrew want to fly, and the maintainers  
5 should not have to do the work twice.

6       So we would ask your support I think in the proposed  
7 budget for 2018, and you will see some more of that in the  
8 supplemental is focused on continuing that. What we have  
9 started now is a beginning movement toward improved  
10 readiness. There is slight but consistent improvement. I  
11 mean, the number of ready basic aircraft that we have on the  
12 line is almost 90 more than it was a year ago. It is still  
13 not where it needs to be. No one is declaring victory. But  
14 if we get continued support for high level parts and spares,  
15 we will continue to make progress.

16       Senator Rounds: Admiral Richardson, I have kind of got  
17 the same question for you, and that is when it comes to  
18 spare parts but not just spare parts but also munitions. Do  
19 you have the munitions and the spare parts that you need to  
20 do your job?

21       Admiral Richardson: Well, with respect to aviation, it  
22 is one team with the Marine Corps. It is naval aviation  
23 that we talk about. And so those problems that the  
24 Commandant highlighted -- that is a naval aviation  
25 situation. And so we share that. And I would say that we

1 both share also the shortfall in munitions. And so the  
2 budget request before the Congress now includes sort of  
3 almost record level funding for parts funded to the maximum  
4 executable value there to restore those parts and then also  
5 includes funding for more munitions.

6 Senator Rounds: Which munitions are you short today?

7 Admiral Richardson: What we would call the preferred  
8 munitions. So these are precision munitions. Those are the  
9 ones that are most used and will be most useful in the  
10 fight, and then undersea weapons as well, torpedoes.

11 Senator Rounds: Senator Inhofe also talked a little  
12 bit about depot and depot activity. I am just curious. You  
13 do depots particularly for aviation, and you operate them.  
14 You are having challenges right now because you have got a  
15 whole lot of F/A-18's that have got to undergo a lot of  
16 work, work that has not been done in the past but it needs  
17 to be done now because of their age.

18 It seems to me that the Air Force would be challenged  
19 in the same way. They have got aircraft that they are  
20 putting hours on as well.

21 Is there a formal avenue for Air Force and Navy depots  
22 to share information concerning best practices?

23 Admiral Richardson: Sir, there is an avenue. I would  
24 have to check on exactly the formality of that. But we are  
25 collaborating and learning lessons back and forth in just

1 about everything that regards aviation.

2 Senator Rounds: Is there a formalized process to look  
3 at best practices at a depot in terms of where, one, the  
4 Navy or the Air Force is working and learning the best ways  
5 to do it and sharing systems analysis between the two?

6 Admiral Richardson: There is.

7 Mr. Secretary, do you want to --

8 Mr. Stackley: Sir, that is clearly an opportunity  
9 where we can do better. It is an informal process. There  
10 is close dialogue right now between the systems commands,  
11 Navy, Marine Corps, Air Force. But when we look at the  
12 practices across the depots, they are very different. And  
13 so now we are informally pulling out the best practices. It  
14 is an opportunity that we have got to take advantage of and  
15 we are working on it.

16 Senator Rounds: Thank you. Thank you, sir.

17 My time has expired.

18 Senator Reed: Thank you very much.

19 On behalf of the chairman, Senator Donnelly, please.

20 Senator Donnelly: Thank you, Mr. Chairman.

21 Thank you all for your service.

22 I appreciate the commitment you made to improving the  
23 mental health and resiliency of our service members and  
24 families. I brought this up to every service and to  
25 Secretary Mattis earlier this week. As you may know,

1 Congress passed the Sexton Act as a part of the fiscal year  
2 2015 NDAA requiring every service provide a robust annual  
3 mental health assessment for every service member. It is  
4 the law.

5 I have been told in the past that the Sexton Act  
6 requirements would be fully implemented in the Navy and  
7 Marine Corps by the date of October 2017. Admiral, can you  
8 confirm you are still on target?

9 Admiral Richardson: Sir, we are still on target.

10 Senator Donnelly: General, can you confirm you are  
11 still on target?

12 General Neller: Yes, sir, to the best of my knowledge.

13 Senator Donnelly: Thank you.

14 General, I would also like to invite you, if you have  
15 the time. We have Naval Surface Warfare Center-Crane in  
16 Indiana. They do a lot of work for the Corps, do a lot of  
17 terrific work for the Corps. And if you can figure out a  
18 way to get there, we would love to have you.

19 General Neller: Yes, sir. I will do that because the  
20 parents of this young man live in Dubois and I need to go  
21 back and see them anyway.

22 Senator Donnelly: I will go with you.

23 Admiral Richardson, one of the many areas of Crane's  
24 work that we have discussed is their contribution to the  
25 netted Navy vision. Can you tell us more about your current

1 plans on that and what we can do to support that vision?

2 Admiral Richardson: Sir, the netted Navy vision really  
3 is that we would provide a complete level of connectivity  
4 between our Navy and other joint service sensors, including  
5 maybe even private sector sensors, connect those through our  
6 platforms, our command centers, and into our payloads. Key  
7 to that will be making sure that we have the confidence in  
8 all of our systems down to the chip level that these things  
9 are free of tampering, that they are integral and cannot be  
10 hacked into or do not have any kind of a software in them.  
11 This is the type of work that Crane does for us, getting  
12 down to the microscopic level to make sure that we are  
13 getting what we pay for.

14 Senator Donnelly: General, what is your biggest  
15 concern right now as the commander of the Corps, the biggest  
16 challenge that you face?

17 General Neller: I think the overall readiness of the  
18 force, and that is more than just the material readiness and  
19 the airplanes, the helicopters, the tanks, the LEVs, the  
20 weaponry. I believe that that is fixable. My concern is  
21 the tempo that we are operating under. And we are going to  
22 get young men and women that want join and we are still  
23 recruiting, but for the first time, I am seeing that our  
24 career force, particularly our senior enlisted, are starting  
25 to show the effects of 15-16 years of war. And we need them

1 to stay because they are the ones that keep this thing  
2 going, and then they teach the young marines that come in  
3 what right looks like.

4 So I have some concerns about that, and part of that  
5 concern I think they have is then you want to see that there  
6 is commitment from leadership and commitment from the Nation  
7 to not just recognize what they have done the last 15 years  
8 but also to make sure that they have got the new equipment  
9 and the new gear and the new capabilities they need to be  
10 successful, if and when they have to go back and fight  
11 again.

12 Senator Donnelly: Thank you.

13 Admiral, what is your biggest concern right now?

14 Admiral Richardson: Sir, very similar to the  
15 Commandant's, the current pace of operations and the  
16 relative pace of improvement, and the gap between that  
17 challenge and sort of the stable level of support that they  
18 need. And that has manifested itself in the major  
19 discussion we have today in terms of readiness. It will  
20 continue to manifest itself in the future in terms of  
21 modernization. And that will come back and start to affect  
22 our most valuable asset, which is our people where you have  
23 been focused like a laser on making sure we take care of the  
24 people. Once that happens in an all-volunteer force, that  
25 is very difficult to recover. It takes a long time to build



1 a sergeant or a chief petty officer, and that is a difficult  
2 thing. If they leave, that is hard to recover.

3 Senator Donnelly: The last question I would like to  
4 ask is just like in the last few days, an Iranian Naval  
5 vessel flashed a laser on a Marine helicopter. Have you and  
6 the Commandant worked out a scenario to make sure that our  
7 men and women are protected, that we take appropriate steps,  
8 and that we have this figured out in advance as to what we  
9 are going to do?

10 Admiral Richardson: Yes, sir. All of those commanders  
11 in theater have the equipment, the rules of engagement, and  
12 the authorities they need to make sure that they and their  
13 teams are protected.

14 Senator Donnelly: Thank you, Mr. Chairman.

15 Senator Reed: On behalf of Chairman McCain, Senator  
16 Ernst, please.

17 Senator Ernst: Thank you very much.

18 Thank you, gentlemen, for joining us today. We  
19 certainly appreciate your dedication and service.

20 We have heard a number of points made about acquisition  
21 and the fact that we need to do this in a much more  
22 efficient manner. And, Secretary Stackley, I would like to  
23 start with you, sir.

24 I was pleased to hear that the Navy has actually  
25 increased their outreach to small businesses as a way to

1 speed up the failures that we have seen in the acquisition  
2 process. And our small businesses can provide the  
3 Department with a lot of much needed products. As a matter  
4 of fact, we have a very small company in Iowa, in small town  
5 Iowa, that provides a pump that is on every single Navy  
6 ship. And what additional authorities can we provide to the  
7 Department in order to speed up the acquisition process?  
8 And how do we increase the outreach that we have to those  
9 small businesses?

10 Mr. Stackley: Yes, ma'am. Let me first start with the  
11 authorities. I believe we have tremendous authority  
12 already, and what we have got to do is become better  
13 practitioners in terms of using those authorities.

14 Senator Ernst: And how do we do that?

15 Mr. Stackley: I press on our acquisition team. It is  
16 like go use every authority that you have got, use the great  
17 weight of the government behind you to tackle some of these  
18 issues. Do not let, frankly, the bureaucracy become the  
19 problem. So I think we have authorities that we need, and  
20 we are not hesitant to come to you all to -- frankly, it is  
21 not more authority that we need -- unlock some of the  
22 burdens that we have got so we can speed up. And I know  
23 that the CNO and the Commandant and I with our acquisition  
24 team -- we are trying to push the boundary. We want to be  
25 told to slow down and not the alternative.

1           With regards to small business, this takes a lot of  
2 work and it is work that is well worth it. I can tell you  
3 that yesterday I walked into the office of the Acting  
4 Assistant Secretary of the Navy, side by side with the  
5 Commander of Naval Sea Systems Command. We were sitting  
6 down to talk to one small business on one matter that this  
7 small business had getting through a certification with the  
8 Naval Sea Systems Command.

9           Driving to do this, because we are not going to win  
10 foxhole by foxhole in the small business arena, but I have  
11 got to train every acquisition manager, professional that  
12 small business is your best friend. We have a phrase that  
13 we use that small business is big business for the  
14 Department of the Navy. They bring innovation. They bring  
15 speed. They bring, frankly, a very friendly cost structure.  
16 But they are not well adept at dealing with the large  
17 government. So what we have got to do is tailor our  
18 processes for them, engage with them, make them a part of  
19 the team and not have them intimidated or otherwise blocked  
20 from entry.

21           So, first, in terms of authorities, I think we are well  
22 equipped with authorities. We will not be hesitant to come  
23 and request additional authorities or relaxations of some of  
24 the existing language that encumbers us. And with regards  
25 to small business, we look for every opportunity, every

1 forum. What I have got to get is every program manager,  
2 every acquisition professional to recognize that -- it does  
3 not have to be a Boeing or a Lockheed or a Northrop Grumman  
4 or a General Dynamics that you are dealing with. You have  
5 to start to deal with the small businesses that bring the  
6 innovation and are so good for the Navy.

7 Senator Ernst: Very good. I appreciate that,  
8 Secretary. So the takeaway I think for the committee is  
9 that you have the authorities you need. You need perhaps  
10 less of the regulation and rules, less burdensome oversight.  
11 Is that correct?

12 Mr. Stackley: Yes, ma'am. What has happened over the  
13 decades is language has been added provision by provision,  
14 authorization act by authorization act telling us how to do  
15 our business. And what we are recognizing -- I think what  
16 everybody is recognizing -- is all of these interlocking  
17 requirements are, in fact, slowing us down. What we need is  
18 good order and discipline, but if we have too much  
19 prescriptive language in telling us how to do our job, it  
20 will slow us down. So we have got to work. We have got to  
21 tailor where we can within our authorities, and we have to  
22 work with you all to identify where we have what I would  
23 call dead language that requires us to do things that add no  
24 value but then do cost us time and money.

25 Senator Ernst: Very good. Thank you. So peeling back

1 some of those regulations will be important.

2 And just very briefly, General Neller, while we are on  
3 acquisition, a question to you. Why is the Marine Corps  
4 just now beginning to look at the M-320 grenade launcher for  
5 the infantry when the Army has been using this for the past  
6 8 years? I might think that is a little bit of waste of  
7 money if the Army has successfully used this for a number of  
8 years in combat.

9 General Neller: Senator, I saw that article today, and  
10 that is the first time personally. I mean, we talk about  
11 weapons. In fact, General Shrader was in my office. We  
12 talked about ammo, M-27, different types of weapons that we  
13 are looking at and trying to create as much commonality with  
14 the Army because they can buy in economy of scale. No one  
15 has ever come up to me and said, hey, the M-203 is not  
16 getting it done. We need a new grenade launcher. So I will  
17 have to get back to with you. Clearly, though, if it is a  
18 better, more effective, more efficient way to deliver that  
19 particular munition, then we are all over it.

20 Just real quick, I am way out of my lane on small  
21 business, but I will tell you that we talked a lot about  
22 stability of the budget. And every one of those big  
23 contractors out there you talked about is really made up, I  
24 have learned, of a bunch of small businesses. You know, the  
25 big guy can survive if there is inconsistency in the

1 funding. That small business -- they cannot because they  
2 got to buy product. They got to put on workers. And if  
3 there is a CR, you cannot go. That is what kills us because  
4 that is where our parts and spares come from in many cases,  
5 from these small businesses. So that is why it so important  
6 that we get budget stability.

7 But I will get back to you and I owe you an answer on  
8 the grenade launcher.

9 [The information follows:]

10 [COMMITTEE INSERT]

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1 Senator Ernst: Absolutely. Thank you, gentlemen.

2 Yes?

3 Admiral Richardson: If I could just pile on the  
4 acquisition piece. We are talking with industry, and those  
5 industries that do business both in the private sector and  
6 the government. I think I mentioned in my written statement  
7 it is almost like two worlds in terms of achieving quality  
8 and predictability. So just to Secretary Stackley's point,  
9 they estimate that that overhead costs us 20 percent. And  
10 that 20 percent impedance is often just too high for small  
11 business to get over. And so I think that we help the Navy,  
12 we help the government, we help the taxpayer, and we help  
13 small business by cutting through that. It is a significant  
14 amount.

15 Senator Ernst: Thank you very much, gentlemen. I  
16 appreciate it.

17 Senator Reed: Thank you, Senator Ernst.

18 On behalf of Chairman McCain, Senator Kaine.

19 Senator Kaine: Thank you.

20 And thanks to all the witnesses for your testimony.

21 I just have one question. It is kind of a long-term  
22 question that I would like you to address. And, Admiral  
23 Richardson, if you would be first.

24 We are grappling with, in some of these hearings, the  
25 proposal to grow the Navy from 308 ships to 355. And I am

1 on the Budget Committee too, and we have folks who are on  
2 the Budget Committee. We have folks who are appropriators  
3 as part of this committee. If you are growing the Navy to  
4 that level, there are other changes that you are going to be  
5 contemplating as well, depending upon the mixture of ships.  
6 Some of the ships have aviation support elements to them.  
7 So what might that mean for naval and marine aviation? Many  
8 of those ships have marine expeditionary units connected to  
9 them. What might that mean for the Marines and particularly  
10 end strength numbers?

11 And I know you are probably early into the thinking  
12 about this, but let us look down the road a little bit. If  
13 we get over some of the concerns about sequester and we  
14 start to budget based on priorities instead of trimming our  
15 priorities to deal with budget uncertainty, as we grow to  
16 355, what should we expect from you to us around additional  
17 changes like aviation, personnel, et cetera? And if you  
18 could each tackle that, that would be helpful.

19 Admiral Richardson: Sir, I will be happy to start.  
20 You have hit the nail right on the head, sir. And the idea  
21 or the concept is wholeness. And so I would advocate that  
22 we do not -- as we grow the Navy, we have to grow it in  
23 balance. So certainly there is a fundamental role for  
24 capacity, more ships. But as we do that, we are going to  
25 have to make sure, to the point that has been very clearly



1 made today, we buy the infrastructure to support those  
2 ships, the pier space, the power, everything they will need  
3 to dock those ships, the crews to man them, the parts to  
4 maintain them, the maintenance programs, if there is an  
5 aviation component to that, that we need to buy the  
6 aircraft. And so maintaining that balance as we grow will  
7 be absolutely critical, otherwise we will just have a large  
8 and potentially hollow Navy. We will need to maintain that  
9 wholeness.

10 Senator Kaine: Secretary Stackley?

11 Mr. Stackley: Yes, sir. I think the CNO captured it  
12 pretty well. Separately I can describe that the CBO has put  
13 out a report that describes the cost for a 355-ship Navy. I  
14 think they have captured some of those additional costs so  
15 that we can go into this eyes wide open. In the near term,  
16 building that Navy you described going from a 308-ship Navy  
17 to a 355-ship Navy -- we are not at that 308-ship Navy yet.  
18 So we do not get to 308 ships until about the 2022 time  
19 frame.

20 So we are building out the infrastructure, building up  
21 the manpower, the things that we need to support a 308-ship  
22 Navy today. What we need to be doing is planning on those  
23 additional elements that would go as we continue to grow the  
24 size of the force. And it is not just about ships. It is  
25 going to be the aviation element. It will be the Marine

1 Corps element.

2 And when you take that 355 number and you say what is  
3 the difference between 308 and 355, the biggest elements are  
4 attack submarines, destroyers, or a cruiser replacement, one  
5 carrier, and then getting our amphibs up to the full  
6 complement. So rather than just talk about a number of 355,  
7 you start to look at those specific elements. What do we  
8 need to grow that capability, and what are we going to do in  
9 the interim because it is going to take a while to get  
10 there.

11 Senator Kaine: General Neller, how about the Marines  
12 not just platforms but some of the personnel that might be  
13 involved in growing at that level?

14 General Neller: Senator, as the Secretary said, the  
15 majority of the growth is going to be -- we get to 38 amphib  
16 ships. We are doing things with Marine forces now on land  
17 that we would prefer to be doing from the sea. So I think  
18 at our structure now, we could support the manning. There  
19 are some other things. We put combat cargo --

20 Senator Kaine: So you might shift some land-based --

21 General Neller: We would take people from doing things  
22 they are doing now. Then we would take advantage of the  
23 ships.

24 Now, I will also tell you, though, that there are other  
25 things, as the Secretary and the CNO said. You know, every

1 amphib ship -- I mean, I got to put marines on there. I got  
2 put marine aviation on there. I got to put marine combat  
3 cargo personnel on there. But I have also got to have LCACs  
4 and LCUs. I got to have those surface connectors. And you  
5 look in the budget. That is something that is in the  
6 supplemental. That is a program. It is not a lot of money.  
7 But those connectors allow us to do the job and to go from  
8 over the horizon to put that force ashore, to exchange  
9 forces at sea at the sea base. So the connectors are  
10 something that would probably have to be grown, and  
11 certainly we would not get there if we do not fund the  
12 current program that we have.

13 Senator Kaine: Thank you, Mr. Chair.

14 Thanks to the witnesses.

15 Senator Reed: Thank you.

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

17 Senator Sullivan: Thank you, Mr. Chairman.

18 And, gentlemen, thank you for your service and  
19 testimony.

20 Last year around this time, we had done essentially  
21 what the Joint Chiefs had requested of the Congress. Our  
22 Appropriations Committee moved a defense appropriations bill  
23 out of committee -- it was very bipartisan, I think only one  
24 dissenting Senator -- on to the Senate floor. Last summer,  
25 we moved to vote on it, and unfortunately it was

1 filibustered. So we went to the usual playbook of a CR,  
2 omnibus at the end.

3 A number of us want to try and do that again, not  
4 filibuster it, but get a no-kidding budget out on the floor,  
5 voted on. Would that be your preferred course for the men  
6 and women in the military that we do that? Admiral?

7 Admiral Richardson: Yes, sir, by far the preferred  
8 course to pass the budget using normal procedures.

9 Senator Sullivan: General?

10 General Neller: Yes, sir.

11 Senator Sullivan: Mr. Secretary?

12 Mr. Stackley: I would say it is the only acceptable  
13 course, sir.

14 Senator Sullivan: Well, we are going to try and do  
15 that. And hopefully there will not be another filibuster  
16 and hopefully there will not be another continuing  
17 resolution. That is what we should be doing. It is good to  
18 hear that that is exactly what you want and the other  
19 courses of action are not helpful to our troops. Is that  
20 not correct? You are all nodding.

21 Admiral Richardson: Yes, sir.

22 Mr. Stackley: Yes, sir.

23 General Neller: Senator, I think that would go back to  
24 reinforce what the CNO said. I think it would restore  
25 confidence in the rank and file of all men and women in the

1 armed forces that they understand that what is happening in  
2 this city, they get it that we get it, and --

3 Senator Sullivan: And they are watching. Like that  
4 filibuster last year, people said, oh, nobody saw that. The  
5 troops saw that.

6 Admiral Richardson: You would be amazed, sir, at how  
7 insightful and tuned in your sailors and marines and  
8 soldiers are. They are watching this closely. The  
9 Commandant and I both get out around the world to talk to  
10 forward-deployed forces. At an all-hands call, a junior  
11 sailor will stand up and ask these questions. This is the  
12 sense that we do not get it that is arising. So I fully  
13 support that, sir.

14 Senator Sullivan: Thank you.

15 I wanted to just mention, you know, a number of us, the  
16 chairman, myself have been working with the service chiefs  
17 and DOD on the importance of the Pacific laydown of our  
18 forces, the Marines, the Navy, the Air Force. As the  
19 chairman said, we need to get this right. We need to make  
20 this strategic not tactical. If we do not get it right, we  
21 are going to be paying for it for the next 50 years. I have  
22 talked to Secretary Mattis about this.

23 And I just want to mention we look forward to working  
24 with you because I do believe it needs to be military,  
25 executive branch, and this committee and the Congress to

1 make sure we get that right. So I just want to mention I  
2 look forward to continuing to working with you, the other  
3 service chiefs, and OSD on this important initiative to  
4 getting our Pacific forces laydown correct because a lot of  
5 us do not think it is optimized right now. It, in some way,  
6 has been static for decades, and we want to work with you on  
7 that.

8 Admiral Richardson, I want to talk a little bit about  
9 the Arctic. The Department of Defense in January this year  
10 came out with a new Arctic strategy. It was directed by  
11 this committee and the Congress. It is much better than the  
12 old one. It talks about FONOPS, opening sea lanes, and  
13 lines of communication and commerce, transportation,  
14 protecting the sovereignty of the Arctic, the resources  
15 particularly as countries like Russia and China continue to  
16 build up forces and capabilities in the region.

17 I read the Arctic's 2014 road map put out by the Navy,  
18 the Navy's Arctic road map. As we pursue 300 to 355 ships,  
19 in this strategy it talked about the importance of looking  
20 at ice hardening some of these ships. What ships would you  
21 see we would need to look at ice hardening? And do you  
22 believe this Arctic strategy needs to be updated now that  
23 the Secretary of Defense has put out a much more robust  
24 strategy that was directed by this committee?

25 Admiral Richardson: Sir, I think that the answer to

1 all your questions is precisely the effort that we are  
2 undertaking this summer as we refresh our strategy in light  
3 of the national defense strategy review that we are doing.

4 Senator Sullivan: So are you going to update this  
5 strategy?

6 Admiral Richardson: We will update that strategy, yes,  
7 sir.

8 Senator Sullivan: And in terms of ice hardening ships,  
9 we have a 355-ship fleet that we are looking at.

10 Admiral Richardson: Right.

11 Senator Sullivan: What kind of ships would you believe  
12 we need to ice harden so we can conduct the kind of FONOPS  
13 that the current strategy lays out but, to be perfectly  
14 blunt, we do not have the capability to do it?

15 Admiral Richardson: It is absolutely true, we do not.  
16 We do not have the capacity or the capability. And so I owe  
17 you those answers as an output of the strategic review, sir.  
18 I do not want to give you a guess right now, but it would be  
19 those types of ships that would have decisive impact.

20 Senator Sullivan: And one final question. During your  
21 confirmation hearing, you mentioned the importance of  
22 working with the Coast Guard to cut through the red tape to  
23 work on upgrading and building out an icebreaker fleet.  
24 Right now, we have two icebreakers. One is broken. The  
25 Russians have 40. They are building 13 more. They are

1 controlling that what General Mattis called strategic  
2 terrain of the Arctic. Have you made any progress with the  
3 Coast Guard on that?

4 Admiral Richardson: We have made some progress. We  
5 have formalized our arrangements in terms of acquiring  
6 icebreakers. We have set up an office to get started on  
7 that. We are looking at now the requirements for that  
8 icebreaker. We are bringing all of our shipbuilding  
9 expertise to make sure that we support the Coast Guard in  
10 executing their mission. And so we have made some good  
11 progress this year.

12 Senator Sullivan: Thank you.

13 Thank you, Mr. Chairman.

14 Chairman McCain [presiding]: Should an icebreaker cost  
15 \$1 billion, Admiral?

16 Admiral Richardson: Sir, it does not seem that way,  
17 but we are working with the Coast Guard to review that.

18 Senator Sullivan: And take 10 years to make?

19 Admiral Richardson: Sir, it goes back to you need to  
20 get faster in acquisition.

21 Chairman McCain: Senator Gillibrand?

22 Senator Gillibrand: Thank you, Mr. Chairman.

23 Welcome, all of you, and thank you for your  
24 extraordinary service.

25 General Neller, can you give us an update on the



1 progress that you have made with the Marines United  
2 misconduct?

3 General Neller: Well, Senator, since I last appeared  
4 in front of this committee, we had a number of initiatives  
5 we have taken. We formed a task force of a number of  
6 marines, men and women, who gave us more insight into this.  
7 We have worked with NCIS. They have gone through literally  
8 thousands and thousands of pictures, looking for individuals  
9 they could identify. We have had people come forward.  
10 There were eventually 65 subjects. 59 were sent to commands  
11 for disposition. Many of them -- there was not sufficient  
12 evidence to forward them. To date, there were 33  
13 dispositions. The rest are still under investigation,  
14 resulting in one administrative separation, five NJPs, 20  
15 adverse administrative actions, and no action. There were  
16 also two other NJPs, and there is one pending a court  
17 martial.

18 So we have not stopped. We have required every marine  
19 to sign an administrative acknowledgement that they  
20 understand what their responsibilities are on social media  
21 and that actions that would degrade, defame, be derogatory,  
22 discrediting to another marine or to the institution make  
23 them potentially subject to the Uniform Code of Military  
24 Justice. I know that the Congress has worked and we are  
25 working with the Congress on certain legislation about the

1 use of someone else's picture on social media without their  
2 permission. I have gone personally, as all of my leaders  
3 have gone, and spoken to literally tens of thousands of  
4 marines and made them understand what their responsibilities  
5 are.

6 And more importantly, I think -- and I have said this  
7 publicly and I will say it here in front of this committee  
8 -- the social media things that we have seen have been --  
9 were just indicative of a problem with our culture that we  
10 did not properly respect or value the contributions of women  
11 in our Corps. And that is the problem we have to fix.

12 Senator Gillibrand: So out of the 65 subjects, none  
13 have been court martialed?

14 General Neller: One is pending, ma'am.

15 Senator Gillibrand: And what does that mean?

16 General Neller: That they are in the process of  
17 getting the article 32 and whether they will end up going to  
18 a court martial.

19 Senator Gillibrand: And were any of the people -- were  
20 any of the 65 subjects commanders?

21 General Neller: Not to my knowledge, but I would have  
22 to take that for the record and get back to you.

23 [The information follows:]

24 [COMMITTEE INSERT]

25 Senator Gillibrand: I am concerned that for those who

1 were found to have been -- are being held responsible that  
2 you chose NJPs. Why did that happen?

3 General Neller: In going through this process, it  
4 became apparent to me and the leadership that there was some  
5 perception that there was not certain actions that  
6 commanders could take. And you know that I cannot prescribe  
7 an action to be taken by a commander because that would be  
8 considered undue command influence. But we have made it  
9 clear and we have given commanders a guidebook as part of  
10 this process. These are your options. These are the things  
11 you can do based on your investigation. The one thing you  
12 cannot do is nothing. You have to investigate this and come  
13 to some conclusion.

14 So this is not over. This is not going to end. And we  
15 have tried to set this up, myself, the Assistant Commandant,  
16 the Sergeant Major, where this education process, changing  
17 our culture, task the human talent management, the things  
18 that we are doing with it for diversity in the force are  
19 going to go forward as we try to change the culture.

20 But as far as specific actions against specific people,  
21 I have to be careful and I allow commanders to take their  
22 responsibilities as command and we follow through on these  
23 things and make sure there is going to be some adjudication,  
24 just like I can tell you any allegation of sexual assault  
25 made in the Marine Corps -- I can tell you exactly how every

1 single one of those allegations, whether substantiated or  
2 not -- how they ended up and where they were adjudicated at.

3 Senator Gillibrand: Well, I am concerned about it  
4 because our percentage of cases going to court martial are  
5 going down. Our percentages of convictions are going down.  
6 So I am very concerned about the judgment of the commanders  
7 when they make these judgments that they are not taking  
8 these crimes seriously enough. I mean, I am very troubled  
9 that they chose to do NJP instead of taking these cases to  
10 court martial. It is not an example of having no evidence.  
11 You know which photos are posted. You know where they came  
12 from. There are evidentiary trails to be made. So I would  
13 not say that it is likely that these are cases where they  
14 just could not prove their case. I think it sends the wrong  
15 message. If you are not taking these crimes seriously as an  
16 enormous disruption of good order and discipline, I fear  
17 that it is not going to change behavior.

18 General Neller: Senator, I understand your concern.  
19 On the court martial I would tell you that the Marine Corps,  
20 with regard to sexual assault, has the highest number of  
21 cases or percentage of cases taken to court martial and  
22 convictions. On this particular social media, again, we are  
23 still in the process. This is not over and we will see what  
24 happens. But I understand your concern, and I will get back  
25 to you as we further progress in this process.

1           Mr. Stackley: Ma'am, if I could just add one comment.  
2 I have been separately reviewing these side by side with the  
3 CNO and the Commandant. And one thing that we collectively  
4 came to agreement on was we need to strengthen our  
5 regulations to give commanders greater options and ability  
6 to prosecute deeper. And so we have put out an interim  
7 change to naval regulations that would give them greater  
8 authority to prosecute these cases going forward.

9           And at the same time, I know that Congress is looking  
10 at an act that would strengthen our case. And I would ask  
11 that our general counsel and JAG continue to work with  
12 Members, both on the Senate and the House side, to ensure  
13 that it has the teeth that we are looking for so that we can  
14 prosecute these individuals.

15           Chairman McCain: Senator Peters?

16           Senator Peters: Thank you, Mr. Chairman.

17           And to each of our witnesses today, thank you for your  
18 service and your testimony today.

19           Senior leaders have stated that the littoral combat  
20 ship is one of the Navy's most capable platforms. The LCS  
21 continues to meet stated Navy requirements and operational  
22 demands -- it is my understanding from both combat  
23 commanders -- and helps us achieve a goal of a global  
24 presence to reassure our allies, deter our adversaries, and  
25 ensure our peace, freedom of navigation, and international

1 maritime commerce.

2 In addition, because the LCS closes critical capability  
3 gaps that exist in today's fleet, the continuation of the  
4 LCS program will also enhance the Navy's warfighting  
5 posture.

6 And these are reasons that I have often looked to to  
7 continue to support the LCS program and was pleased to hear  
8 the administration has requested a second LCS in the fiscal  
9 year 2018 budget request.

10 Admiral Richardson, could you describe the Navy's  
11 requirement for small surface combatants and whether the  
12 budget request for two LCS allows the Navy to meet that  
13 requirement?

14 Admiral Richardson: Sir, we are committed to making  
15 the LCS program as capable as possible. We are working  
16 through the engineering and reliability issues that we saw  
17 with the first few ships. We have a stated requirement for  
18 52 small surface combatants, and LCSs contribute to that  
19 requirement.

20 Senator Peters: Thank you.

21 And, Secretary Stackley, you have previously testified  
22 about the importance of maintaining active shipyards and  
23 uniquely skilled workforce, including the need to avoid, I  
24 believe, quote, the sawtooth effect of hiring and firing at  
25 shipyards. The Navy says it wants to ensure continued

1 production of the LCS and the frigate. Could you please  
2 explain what that means? And is one ship through a yard  
3 every other year enough?

4 Mr. Stackley: Yes, sir. Right now, we are  
5 establishing a full and open competition for the frigate in  
6 2020, and both of our LCS builders are strong competitors  
7 for that future frigate. So we want to ensure that they are  
8 a healthy competitor and they maintain their viability in  
9 the interim.

10 You described one ship every other year per  
11 shipbuilder. When we submitted the budget, the budget that  
12 is on the Hill reflects one ship in 2018. Congress added  
13 one ship in 2017. So our strategy at the time was we would  
14 take the three ships in 2017, combined with one in 2018, to  
15 ensure that each of the builders has a ship in 2017 and 2018  
16 while we continue to look at 2019 and what unfolds in the  
17 industrial base in the interim.

18 That is being revisited with regard to -- there is a  
19 minimum sustaining rate, which would be one per year, and  
20 then there is the what we refer to as optimum or economic  
21 rate, which is the three ships every 2 years per builder.

22 So we are straddling those numbers and the decision was  
23 to add another ship in 2018, and that amended budget submit  
24 is pending.

25 Senator Peters: Thank you.

1 I would like to talk a little bit about the future of  
2 warfare as we look out in the next 10 years and how it will  
3 change dramatically. I recently met with the leadership  
4 from the Army Capabilities Integration Center, and we  
5 discussed what the future battlefield will look like and the  
6 pros and cons of autonomous vehicles, artificial  
7 intelligence, all of these new cutting-edge technologies  
8 that will create opportunities but also some tremendous  
9 challenges for us to meet.

10 So my question is, both Admiral Richardson and General  
11 Neller, just a broad question. How do you envision robotics  
12 and autonomous technology transforming both sea and  
13 amphibious warfare? And, General Neller, I read recently in  
14 "Seapower" about a technology demonstration at Camp  
15 Pendleton which showed off some futuristic applications,  
16 including drones, robots, mobile networks, autonomous  
17 systems, unmanned underwater craft, unmanned boats that can  
18 swarm, some pretty interesting things that you are working  
19 with in the Marine Corps. If you could elaborate on that  
20 for me, please. And then, Admiral Richardson, if you would  
21 follow up.

22 General Neller: Senator, I think there is huge, huge  
23 opportunity here with robotics and artificial intelligence.  
24 At the same time, I think there is some risk. I know right  
25 now that we could probably have an autonomously driven



1 vehicle, but then if I have that vehicle in a convoy, who is  
2 going to operate a weapon system on that? If that vehicle  
3 breaks down and has a flat tire, who is going to fix that  
4 flat tire? Because I have got no driver. I cannot  
5 autonomously fix a flat tire. The same thing with any  
6 vehicle. You start to take advantage of technology and you  
7 reduce the number of crew. Then, okay, somebody has got to  
8 fight the fire on the ship. Somebody has got to pull  
9 security while you repair the vehicle. Somebody has got to  
10 man the weapon system while somebody sleeps. So there are  
11 these trades. So I think that is what we are struggling  
12 with.

13 The things we saw in California -- there were a number  
14 of vendors out there, a lot of small businesses, a lot of  
15 people who have a lot of ideas that took certain things that  
16 we think have promise. There were about four or five of  
17 them that we are going to continue to work with and see if  
18 we can turn them into programs. And I have to get caught up  
19 in the acquisition matrix where it slows us down.

20 So I think there is a lot of there there, whether it be  
21 unmanned aircraft. One of my highest priorities is to  
22 create a group, four or five, unmanned aircraft that can  
23 take off and land from the deck of a ship and to use that to  
24 replace attack helicopters. So I think that is something  
25 that has got to happen because we do not want to be tied to

1 a long runway. We want to be able to come from the sea.

2 So all those things. You pick an area. Whether it is  
3 under sea, on the land, in the air, there is a lot of  
4 opportunity there and we continue to work with both our  
5 marines and our sailors and industry to try to take  
6 advantage.

7 Admiral Richardson: Sir, I will pile on and say not  
8 only unmanned but autonomous -- I think that there are a  
9 number of uses. And we are pursuing with aggression  
10 unmanned undersea, unmanned surface, and unmanned aircraft.

11 I would say in addition to unmanned and related to  
12 autonomy is this idea of information warfare and the role of  
13 information in whether it is cyber, space, or whatever.  
14 That is going to be a decisive difference, and so we have  
15 stood up the Digital Warfare Office to unite our efforts  
16 across the Navy to give us a coherent approach to  
17 information warfare as it pertains to the future of naval  
18 combat.

19 Senator Peters: Thank you very much. Appreciate it.

20 Chairman McCain: Senator Warren?

21 Senator Warren: Thank you, Mr. Chairman.

22 And thank you to our witnesses for being here.

23 I heard Senator Gillibrand earlier mention the problem  
24 of sexual harassment online and the problem with the  
25 loophole in the law. Senator Sullivan and I have an

1 amendment to close that loophole, and I just want to say  
2 thank you very much, Mr. Secretary and General Neller, for  
3 supporting that. I think we could make an important  
4 difference here.

5 I want to quickly ask about the importance of our non-  
6 military agencies and programs to the Navy mission. Admiral  
7 Richardson, would a significant reduction in funding to the  
8 State Department and other non-defense security agencies and  
9 programs make the Navy's job easier or harder to do?

10 Admiral Richardson: Harder, to be blunt about it,  
11 ma'am.

12 Senator Warren: I will take blunt.

13 Admiral Richardson: So the lack of diplomacy and those  
14 sorts of other elements of national power -- if those are  
15 not there, it makes our mission harder.

16 Senator Warren: Thank you very much. I appreciate  
17 that. I have asked every combatant commander basically the  
18 same question and gotten pretty much the same answer over  
19 and over. And I think it is really important.

20 Now, Admiral Richardson, we spend of lot of time in  
21 this committee talking about how many ships you need. Last  
22 year, the Navy conducted its own assessment and determined  
23 that the number was 355. But as you recently reminded us in  
24 your paper, "The Future Navy," not all ships are created  
25 equal, and actually some have better technology, better

1 upgraded capabilities. In fact, you said that even a 355-  
2 ship Navy using current technology is insufficient.

3 Admiral, can you just say a word more about what that means  
4 and what kind of technology you think the fleet is lacking?

5 Admiral Richardson: First, ma'am, if I could, it was  
6 not just our assessments, but there is a family of  
7 assessments out there that talk about the size of the Navy,  
8 the future of the Navy, and they all converge around the  
9 mid-300s in terms of number of platforms. So we feel that  
10 we are on pretty solid ground there.

11 My point was, though, that if we just continue to build  
12 more of the Navy we have today, that will be insufficient to  
13 be superior and to meet our Nation's needs in the future.  
14 And so not only do we have to increase capacity, but the  
15 capability of those platforms each has to be increased. And  
16 then, as we talked about, networking them together, that  
17 combined capability, the ability adapt and combine  
18 differently through a network also has to be pursued.

19 Senator Warren: Right, and that makes a lot of sense  
20 to me that we need to be building with an eye toward the  
21 technologies of the future and what will give us a  
22 competitive advantage there.

23 In the same paper, you talk about a modular approach  
24 where the hull of the ship is built to last for decades, but  
25 the sensors and systems on board can be swapped out as

1 technology advances. And it seems to me that makes a lot of  
2 sense because we keep what still works and we upgrade the  
3 parts that do not. But that sure is not how we are building  
4 ships today.

5 Secretary Stackley, given your prior acquisition  
6 experience, what changes do you think we would need to make  
7 to our acquisition system in order to achieve Admiral  
8 Richardson's vision?

9 Mr. Stackley: Yes, ma'am. First, I describe that we  
10 are on that path. The fundamental first thing that we have  
11 go to do is move across the board to what we refer to as  
12 open systems architecture so that we are not tied to a  
13 design that is effectively owned by whoever the original  
14 equipment manufacturer was, and then we are tied to that  
15 organization to upgrade our ships. In an open systems  
16 design, we would be able to bring all of industry to bear to  
17 tackle our capability needs and that same design would  
18 foster a modernization approach that is timely and  
19 affordable. So step one is open systems architecture.

20 Step two is we, the government, have to have access to  
21 both the intellectual property and the data rights, but we  
22 have to know what we are going to do with that so that we  
23 can upgrade along the way.

24 But a third, critical part, which is not so much about  
25 acquisition, more about the way we do business, is a tighter

1 link between our intel communities and our technical  
2 community so that we are looking far enough ahead to  
3 understand where is the threat going and we can technically  
4 get there faster. And what we want to do is we want to move  
5 at the speed of technology, not the speed of administration.  
6 So the question that we have to be continually asking  
7 ourselves is when will technology allow us to get us there  
8 and then drive, drive, drive in that direction and not let  
9 the process control our speed.

10 And then the last -- it is in line with the  
11 authorization act from 2017 -- is greater access to  
12 commercial. So you all have given us the ability to use  
13 alternate approaches to acquisition and emphasized the need  
14 to go greater commercial. We cannot carry the development  
15 bill on our backs. We have to look at where is commercial  
16 technology going and design our ships in this open systems  
17 approach so we can leverage that development on the  
18 commercial side to help our warfighting problems.

19 Senator Warren: Thank you.

20 I am going to try to stay close to my time limit and  
21 just say I am going to submit some questions for the record  
22 about the progress you are making toward that and also about  
23 the budget on research. And I will put those in the record.

24 Thank you, Mr. Chairman.

25 Chairman McCain: Senator Wicker?

1           Senator Wicker: Thank you.

2           Secretary Stackley, Senator Reed asked you earlier  
3 about the catapult issue, and you indicated that the Navy is  
4 fixing the problem. Can you confirm that the first Ford  
5 class carrier will be ready for operations in 2020 with the  
6 first deployment in 2022?

7           Mr. Stackley: Yes, sir. That is exactly the schedule.  
8 We are on path of that schedule. With specific regards to  
9 the electromagnetic aircraft launching system, that land-  
10 based testing associated aircraft by aircraft is taking  
11 place as we move forward, and the first launch and recovery  
12 of aircraft to test the shipboard system is targeted for  
13 August. And then what we will do is we will march through  
14 each type model series aircraft well in advance of the 2020  
15 timeframe.

16          Senator Wicker: So problems, yes, but it is not going  
17 to slow you down.

18          Mr. Stackley: Correct.

19          Senator Wicker: In terms of the deployment goal.

20          Admiral Richardson, in January of this year, I  
21 understand that for the first time since World War II, there  
22 were no aircraft carriers deployed anywhere, none of ours.  
23 Is that correct?

24          Admiral Richardson: There was a time earlier this year  
25 when we had nobody on deployment. It was a very short

1 period of time.

2 Senator Wicker: Well, how long of a period of time was  
3 it?

4 Admiral Richardson: Like a week or something.

5 Senator Wicker: How many aircraft carriers do we have?

6 Admiral Richardson: We have 10 aircraft carriers right  
7 now.

8 Senator Wicker: And so what was the reason for that?  
9 Obviously, that is unusual. What happened there?

10 Admiral Richardson: A lot of it was just a matter of  
11 scheduling, and we have a number of aircraft carriers in  
12 maintenance. And so it is just the ratio of the demands to  
13 the supply and adhering to our OPTEMPO requirements.

14 Senator Wicker: So nothing to be concerned about, not  
15 noteworthy.

16 Admiral Richardson: Sir, this is the road to 355.  
17 That is the major concern is that we avoid these types of  
18 problems going forward, that our Navy is big enough and  
19 capable enough to meet all of those demands.

20 Senator Wicker: So if I mentioned that on the floor  
21 later on today, that would be a good point to make. Is that  
22 right, sir?

23 Admiral Richardson: That we need a larger Navy? Yes,  
24 sir.

25 Senator Wicker: Now, Secretary Stackley, let me ask



1 you about the V-22 and the DDG destroyers and the Virginia  
2 class submarines and multiyear authority. I asked Secretary  
3 Mattis Tuesday about these three multiyears, and he told  
4 this committee there is no doubt they could save money. And  
5 he committed to helping us in this regard, particularly with  
6 the Office of Cost Assessment and Program Evaluation, or  
7 CAPE.

8 What are your views on this, and can you help us in  
9 this regard?

10 Mr. Stackley: Well, absolutely the multiyears will  
11 save money. That is our big push for why we want get those  
12 across. And with regards to the CAPE's assessment that goes  
13 with this budget submission, we have their assurances. I  
14 have seen the letters that are coming over to the Hill today  
15 to meet your timelines.

16 Senator Wicker: So there will be letters coming over  
17 today for a preliminary assessment.

18 Mr. Stackley: Yes, sir.

19 Senator Wicker: That is excellent news. Thank you  
20 very much. I did not know that until now. So that is a  
21 positive development.

22 One more thing. Secretary Stackley, on page 11 of your  
23 testimony, you describe two types of unmanned underwater  
24 vehicles, a large and an extra large UUV. Will these large  
25 and extra large UUVs count as ships toward the 355-ship

1 goal? Why or why not? Is an intelligence assessment the  
2 limit of the capability of these proposed systems, and how  
3 far away are we from having these types of capabilities?

4 Mr. Stackley: Let me first describe that we are not  
5 planning on counting these in our 355. They are not inside  
6 the 355-ship force structure assessment that the CNO has  
7 accomplished. However, I think he has also been clear in  
8 this future fleet plan to describe how we have to leverage  
9 these capabilities because it is going to take us decades to  
10 get to 355 ships. But these capabilities are within our  
11 reach today, and they do a great job in terms of filling  
12 gaps that we have today with our smaller size Navy and they  
13 do missions that we cannot do with our submarines and our  
14 surface ships. So, no, they do not add to the 355.

15 In terms of level of maturity, I was just out on the  
16 west coast a few weeks ago looking at an example of an  
17 XLUUV, extremely impressive capability, fairly mature  
18 technology. Now what we have to do is explore how we would  
19 employ such vehicle inside of our concept of operations and  
20 what that means in terms of installing capabilities on  
21 board. Right now, it is a platform without specific  
22 capabilities. We have to decide what mission, and then the  
23 installation of those.

24 Senator Wicker: Do you anticipate capabilities beyond  
25 intelligence assessment?

1           Mr. Stackley: Yes, sir. I think we are already  
2 working on -- I think the CNO should probably answer that,  
3 but I think we are already working on concept of operations  
4 that go along that line.

5           Senator Wicker: Mr. Chairman, if the CNO could respond  
6 briefly.

7           Admiral Richardson: Sir, we could see them delivering  
8 payloads to different areas. The access that an undersea  
9 vehicle give is something -- that, combined with underwater  
10 payload, you can conceive of a whole number of missions in  
11 terms of what those things can deliver well beyond  
12 intelligence.

13          Senator Wicker: How soon?

14          Admiral Richardson: How soon for?

15          Senator Wicker: Might we have that?

16          Admiral Richardson: We are pushing as hard as we can.  
17 I am looking for something in the next few years.

18          Senator Wicker: Less than a decade?

19          Admiral Richardson: Far less than a decade.

20          Senator Wicker: Thank you.

21          Thank you, Mr. Chairman.

22          Chairman McCain: Senator King?

23          Senator King: Mr. Chairman, thank you very much.

24          Following up on this last point about the multiyear, I  
25 am totally in favor of multiyear contracts. It stabilizes

1 the industrial base, saves the taxpayers money. I think it  
2 is a very sensible way to go. But, Admiral Richardson, you  
3 testified a few minutes ago moving into construction before  
4 you have a mature design is a recipe for disaster. And that  
5 has been my judgment from all these hearings we have had,  
6 whatever the weapon system is.

7 My only concern about a multiyear on the flight III  
8 destroyers is whether we have a mature design. CRS says  
9 that a stable design is generally demonstrated by having  
10 built at least one ship to that design and concluding,  
11 through testing and operation, that the design does not  
12 require any substantial change during the contract.

13 So that is what worries me about the multiyear on the  
14 new flight III destroyer. Admiral Richardson, if you have  
15 any thoughts on that. I just want to be careful. It is not  
16 a question of doing it. It is a question of when we do it  
17 in terms of the maturity of the design.

18 Admiral Richardson: Yes, sir. I will start and  
19 Secretary Stackley can finish.

20 That is a very mature design. First, it is a  
21 modification to an existing design. It is not a clean sheet  
22 design. We are at a very mature point in terms of the  
23 design aspects of that flight III destroyer.

24 Mr. Stackley: If I could add. We measure various  
25 metrics and things, and the first thing you look for is that

1 you complete a critical design review before you go into the  
2 contracting phase. And in fact, the critical design review  
3 for the flight III was completed last November.

4 The next thing that we have been focused on is level  
5 completion of design, and today the flight III design is  
6 about 86 percent complete and everything is on track for it  
7 to be 100 percent complete prior to start of construction.

8 Senator King: That would be 100 percent complete prior  
9 to bidding or prior to start of construction?

10 Mr. Stackley: Prior to start of construction.

11 Senator King: Well, those are two different things.  
12 It is hard to bid on something that is not fully designed.

13 Mr. Stackley: Sir, I would tell you that we have never  
14 been in a position where we bid on a new ship program of any  
15 sort where it is a totally complete design.

16 Design is broken down into different phases. So the  
17 phase of design that is necessary for the shipbuilders to  
18 complete their bid will be done. The next phases that they  
19 will press into are the details associated with taking this  
20 design and breaking it down to the design products that the  
21 mechanic on the factory floor needs.

22 Senator King: When do you under this scenario -- you  
23 say the letters are coming over today. When would you  
24 assume going through the steps that bids would be submitted?

25 Mr. Stackley: For the multiyear?

1 Senator King: Correct.

2 Mr. Stackley: I would expect probably within 6 months.

3 Senator King: Within 6 months of now, by the end of  
4 this year. Is that what you are suggesting?

5 Mr. Stackley: Yes, sir.

6 Senator King: And by that time, you are presuming we  
7 would be beyond event the 86 percent design.

8 Mr. Stackley: Yes, sir.

9 Now, I would describe -- I would use some other  
10 shipbuilding programs as examples. The Columbia program  
11 that is our number one priority that we are totally focused  
12 on -- we were on this design for 10 years prior to contract  
13 award -- her target is 83 percent complete design at start  
14 of construction because she is a new ship design. So that  
15 is at start of construction.

16 We are looking at 100 percent at start of construction  
17 and greater than 83 percent when they submit the bids. And  
18 the most recent new ship program that was competed was the  
19 Coast Guard offshore patrol craft, and the point in time  
20 when industry submitted their competitive bids for about a  
21 \$2 billion-plus program, they were maybe 50 percent  
22 complete.

23 Senator King: And I would say we do not know the  
24 outcome of that yet. That ship has not been built.

25 Mr. Stackley: Yes, sir.

1 Senator King: So we do not know where that is going.

2 Let me change the subject. First, Secretary Stackley,  
3 I want to compliment you on the testimony you gave about  
4 small businesses. You are absolutely right. We had some  
5 appalling testimony here 2 or 3 months ago from  
6 representatives of the technology industry who said that the  
7 smaller Silicon Valley companies will not even bid. They do  
8 not want to get involved with the Pentagon because it is too  
9 complicated and too burdensome. So anything you can do to  
10 clear the way for many of these small, innovative companies  
11 in terms of regulations, time, forms, paperwork I think is  
12 to be commended.

13 Mr. Stackley: I would just add two things. One, we  
14 have assigned every deputy program manager across the  
15 Department of the Navy as the small business advocate for  
16 all their program responsibilities. And I will give you one  
17 example. I got an email from a small business the other day  
18 who described how he can save \$40 million on our carrier  
19 program, and the problems that he was having matching up  
20 with, as the CNO described, the impedance mismatch with the  
21 large government. So I have taken his notion. I put him  
22 side by side with the deputy for shipbuilding working the  
23 carrier program to break that logjam free. It does require  
24 that level of effort, but the savings, the opportunities are  
25 huge.

1 Senator King: Excellent. I really appreciate it.

2 Mr. Chairman, could I ask one follow-up question?

3 A lot of the testimony today I think has rightfully  
4 focused on not only the 355-ship Navy but the deployability,  
5 if you will, of the Navy we have. And I would appreciate  
6 it, for the record -- and this may exist in various  
7 documents, but it would be nice to see it in one document --  
8 of what is the percentage of readiness of all of the  
9 equipment. For example, General Neller, you mentioned there  
10 are 47 out of 70 F-18's that are lacking parts. I would  
11 like to know what that figure is for destroyers, amphibis,  
12 submarines.

13 In other words, it does not matter what the nominal  
14 Navy is. The real question is what ships do we have that  
15 are ready to fight. And I would like to see an analysis --  
16 God forbid there was a two-front attack or the major  
17 problems we are anticipating or preparing for. If it  
18 occurred tomorrow, how much of the fleet and the personnel  
19 are trained and equipped, all of those things so we can  
20 compare, as I say the nominal Navy with the ready-to-fight  
21 Navy.

22 Admiral Richardson: Senator, we track that, and I will  
23 get on your calendar and we will walk you through that.

24 Senator King: I would very much appreciate that. I  
25 think that is important. I just think we need to fully



1 understand that. And I commend you for focusing in this  
2 budget on these issues of getting a higher level of  
3 maintenance and repair.

4 General Neller, one final question. You have 85,000 as  
5 your end strength, but that is at a one-to-two dwell-to-  
6 deployment. That seems to be a high stress level on your  
7 people. Talk to me about the deployment-dwell ratio.

8 General Neller: Senator, at 185,000, in the aggregate  
9 it is about one-to-two. There are some communities that are  
10 below that, harder than that. There are some that are  
11 better. When I came in the Marine Corps in the 1980s, we  
12 were a one-to-three force. That is the long-term  
13 sustainable I think not just for the maintenance of our gear  
14 and the training of our force but also for our families. So  
15 we have been at one-to-two. We can continue to sustain it,  
16 but I think now we are seeing both the effects on retention  
17 of senior career marines and on the wear and tear on the  
18 gear because if you are turning stuff a third faster, you  
19 are going to put more miles and hours on the stuff.

20 Senator King: And if retention goes down, that is  
21 going to cost the taxpayers a lot of money.

22 General Neller: Then so now you have to -- if you  
23 cannot retain your experienced middle management and you  
24 have got to do more maintenance on gear that is already  
25 older, you start to get in a spiral, and then now we find

1 ourselves where we are. And we are starting to dig  
2 ourselves out, but it is going to take time and it is going  
3 to take resources and stability in the budget.

4 Senator King: Thank you. Thank you very much,  
5 gentlemen.

6 Senator Reed [presiding]: Senator Perdue, please.

7 Senator Perdue: Thank you, Chair.

8 First, I want to apologize, Admiral and General Neller.  
9 I have only been here 2 years, but I want to apologize to  
10 you. Congress has defrauded the American people. And  
11 worse, it has defrauded in my opinion the men and women in  
12 uniform for the last 43 years. In the last 43 years, our  
13 budget process has only funded the Federal Government four  
14 times. 178 CRS have been used in those 43 years, and the  
15 last time we funded the Federal Government fully was before  
16 1980. We have 25 work days in the United States Senate  
17 between now and the end of this fiscal year. 25. There is  
18 no chance that we are going to fund this Federal Government  
19 the way that budget law in 1974 prescribes that would allow  
20 us to debate and fully fund our military. This has got to  
21 stop. I want to apologize for that.

22 I want to move to my question.

23 Just know there are some people working to try to  
24 change that. I would tell you I got your back and others  
25 have, but I do not know that yet because this is such an

1 institutional dysfunction, and it puts our men and women at  
2 risk. It puts the future of this country at risk because it  
3 endangers it. We have talked nothing but dollars and cents  
4 today. If you had the money, it would not be a problem. We  
5 have got the innovation, the technology, the capital. It  
6 does not matter. We could defend our country. We are not  
7 giving you the money you need. I have a question about  
8 that.

9 In the world, Admiral, there are about 400 submarines  
10 totally in the world. Is that directionally correct?

11 Admiral Richardson: That sounds about right, yes, sir.

12 Senator Perdue: In the Asia-Pacific, Admiral Harris  
13 tells there are about 230 of those are in the Asia-Pacific  
14 region, including the Indian Ocean as well. How many  
15 submarines do we have allocated to the Pacific right now --  
16 attack submarines, not the boomers, just the attack  
17 submarines.

18 Admiral Richardson: On a neighborhood of 30.

19 Senator Perdue: A little less than 30. Right? That  
20 is what Admiral Harris -- he confirmed that.

21 And our plan in 2020, say, the next 10 to 15 years --  
22 we have 52 attack submarines in our inventory today. Our  
23 plan in the Navy is taking that down to 42. So we basically  
24 have 30 attack submarines trying to keep up with over 200  
25 submarines in that area. And 160 of those, by the way, of

1 the 230 are China, Russia, and North Korea.

2 Sir, how are we going to mitigate that? And give us  
3 some confidence that those 30 boats are going to be able to  
4 protect us in the Pacific.

5 Admiral Richardson: Sir, we are going to mitigate that  
6 in every way we can. That will be a combination of some of  
7 the unmanned undersea vehicles that we talked about. That  
8 will help. We are looking to increase production of  
9 submarines. And so the addition of the submarine in 2021  
10 was one step in that direction. We are looking to see what  
11 the industrial base can bear with respect to taking that  
12 even higher. We are looking at life extensions of the  
13 current submarines. So it will help us through that trough.  
14 But I tell you we will be below requirements. The new  
15 requirement is 66 submarines.

16 Senator Perdue: That is part of the 355 --

17 Admiral Richardson: Yes, sir.

18 Senator Perdue: -- long-term plan, 30-year plan. I  
19 think the number that CBO estimates is \$26 billion a year --  
20 Secretary, is that right -- for the next 30 years. That is  
21 \$800 billion on those.

22 Mr. Stackley: Yes, sir.

23 Senator Perdue: And we do not have a capital budget in  
24 the Federal Government. That is one of the problems. We do  
25 this on cash flow year to year to year. That is the biggest

1 problem I have found coming from the business world. You  
2 are buying multi-million dollar -- billion dollar platforms.  
3 One of the SSBNs is what? \$10 billion a copy I think. Is  
4 that not about correct, Admiral? The SSBN, the new Columbia  
5 class?

6 Admiral Richardson: We are looking at a per unit cost  
7 about half that.

8 Senator Perdue: That is good news.

9 But we are trying to replace 14 Ohio class with 12  
10 Columbia class. What period of time is that projected over?  
11 And is that still in your current thinking, the current  
12 plan?

13 Admiral Richardson: Yes, sir. And there is good  
14 engineering logic behind that. By virtue of putting a life-  
15 of-the-ship core into one of those SSBNs, we eliminate the  
16 need for a long midlife refueling overhaul. And so we get  
17 more operational availability of that submarine. That  
18 allows us to cover down on the same mission in the strategic  
19 triad with --

20 Senator Perdue: By the time we get to commissioning  
21 those 12 Columbia class, how far past the useful life will  
22 the Ohio class submarines be? In other words, what kind of  
23 gap --

24 Admiral Richardson: There is zero margin in that plan.  
25 It is end to end. We have stretched the Ohio class out to

1 longer than any other class of submarine we have ever built.  
2 And so there is no more margin for that transition. In  
3 fact, we go down to 10 SSBNs for a while in that transition  
4 period, really kind of banking on reliability of the  
5 submarines to get us through that.

6 Senator Perdue: Thank you, guys, for your service.  
7 Thank you.

8 Thank you, Mr. Chairman.

9 Senator Reed: Thank you very much, Senator Perdue.

10 And on behalf of Chairman McCain, let me thank you for  
11 your testimony and your service.

12 And on behalf of the chairman, I will announce that the  
13 committee is adjourned.

14 [Whereupon, at 11:51 a.m., the hearing was adjourned.]

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