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ARMED SERVICES COMMITTEE

**STATEMENT OF**

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**ON NAVY READINESS**

**BEFORE THE**

**SENATE ARMED SERVICES COMMITTEE**

**SUBCOMMITTEE ON**

**READINESS AND MANAGEMENT SUPPORT**

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Chairman Shaheen, Senator Ayotte, and distinguished members of the Senate Armed Services Subcommittee on Readiness and Management Support, I appreciate the opportunity to testify on the current state of Navy readiness and the resources necessary to provide a ready Navy in the future as described in our Fiscal Year 2015 budget request. Through the uncertainty of the past two years, our decisions continue to be guided by the three tenets CNO established when he first took office: *Warfighting First, Operate Forward, and Be Ready*. You will see that theme in deeds throughout my testimony.

Over the past two years, sequestration reductions and continuing resolutions (CRs) have challenged our ability to operate most efficiently and to fully deliver the capabilities and readiness required to support the 2012 *Defense Strategic Guidance*. However, we have appreciated the actions of Congress to help rebuild readiness and extend our planning horizon by supporting increases over sequestration funding levels through FY 2015 in the Bipartisan Budget Act of 2013 (BBA) and the FY 2014 Consolidated Appropriations Act. In applying these additional funds, Navy has prioritized near to mid-term readiness. The FY15 Navy budget submission reduces risk in some primary DSG missions when compared to a sequestration-level scenario, but it accepts greater risk as compared to PB14 levels. In addressing this shortfall, it is important that we make balanced choices between capability and capacity, cost and risk, across a wide range of competing priorities. We must balance current and future readiness to continue to deliver a ready Navy, now and in the future.

My testimony today will focus on the current readiness of the force and the related strategic risk, force structure management, and the resource requirements to sustain a ready Navy.

## **Our Navy Today**

At present, 104 ships (36% of the Navy) are deployed around the globe protecting the nation's interests, including two Carrier Strike Groups and three Amphibious Ready Groups with their embarked Marine Expeditionary Units. We continue our efforts to reassure allies and strengthen partnerships, with particular emphasis in the Asia-Pacific region, by leading or participating in more than 170 exercises and 600 training events annually with more than 20 allies and partners in the Pacific and Indian Oceans. The bilateral Talisman Saber 2013 exercise featured ten Royal Australian Navy ships and 14 U.S. Navy ships including the USS GEORGE WASHINGTON (CVN 73) Strike Group, the USS BONHOMME RICHARD (LHD 6) Amphibious Ready Group, and about 28,000 people. Navy units also played key roles in the multi-national, multi non-government agency effort for OPERATION DAMAYAN, supporting the typhoon recovery operations in the Philippines, underscoring yet again the importance of being "where it matters, when it matters." We are now preparing for the biennial Rim of the Pacific (RIMPAC) 2014 exercise this summer. It will be the largest in its 43 year history, with participation from 23 nations, including for the first time, the Chinese People's Liberation Army (Navy) (PLA(N)).

All Navy units continue to deploy independently certified as qualified in their required mission areas and capabilities. This will not change. However, budget uncertainties plague total force readiness. In FY13, we were left with no choice but to curtail or delay some deployments and our capacity to respond to contingencies was reduced as training for non-deployed forces was slowed. Additional funding appropriated by Congress above the sequestration level enabled the Navy to contribute increased resources to readiness accounts. A normal training and deployment cycle for ships and air squadrons is being restored, and additional funding is available for post-deployment units to improve contingency response capacity. With limited

resources, funding current readiness at the expense of other accounts slows platform modernization and restricts weapons procurement, and erodes shore infrastructure.

Additionally, we ended FY13 with a significant aviation depot backlog for the first time in quite a few years (16 airframes and 55 engines). Overtime restrictions and hiring freezes impacted productivity in both public shipyards and aviation depots. With workload increases we were already seeing from the growth in maintenance requirements driven by high operational tempo over the last several years, costs and maintenance periods increased, resulting in operational impacts across the Fleet and increased schedule uncertainty for our Sailors and their families.

### **Readiness Risk**

In his written statement for the full committee hearing on the FY15 Department of the Navy Posture, the Chief of Naval Operations addresses in detail the current and projected level of strategic risk in terms of the ten missions of the Defense Strategic Guidance. Today, I would like to highlight three areas of readiness-specific risk for consideration:

- Balance between readiness funding and force structure, both current and future. The FY15 Navy budget submission, with anticipated OCO funding, provides the operations and maintenance funding necessary to maintain, train and operate the proposed operational Fleet structure and sustain required levels of readiness. The Navy proposed a phased modernization for 11 *Ticonderoga*-class cruisers that will add 137 operational “ship years” with fully modernized and relevant ships. A similar plan is proposed for three *Whidbey Island*-class LSDs requiring modernization. We would prefer to maintain routine deployments with these ships and continue a normal modernization schedule, but without the associated readiness funding this will create an imbalance, negatively impacting readiness across the Fleet.

- Return to sequestration-level funding in FY 2016 and beyond. Additional force structure adjustments, most notably inactivation of one nuclear aircraft carrier and one carrier air wing, would be required to fund adequate readiness of the remaining force structure if sequestration funding levels were our fate across the remainder of the FYDP. This would result in a smaller and less capable Navy with insufficient capability and capacity to execute at least four of the ten primary DSG mission areas. Continuing to address this challenge on an annual basis without a realistic FYDP planning horizon sub-optimizes decision-making, impacts future readiness and safety, risks long-term gaps in the professional development of our personnel, and ultimately increases cost.
- Continued leverage of Overseas Contingency Operations funding for readiness. Navy readiness accounts remain leveraged in OCO as in previous years, representing future risk to readiness, modernization and force structure. Additionally, while surface ship maintenance reset is appropriately funded with OCO, it will require continued funding across the FYDP because some work requires a dry-dock maintenance availability with intervals that average eight years. I also note that DOD's final FY15 OCO request will depend on policy decisions about our enduring presence in Afghanistan that have not yet been made.

### **Our Navy Tomorrow**

The Navy FY 2015 budget request continues the near to mid-term readiness of the Fleet, but risks future readiness from slowed modernization, restricted weapons procurement and limited shore infrastructure sustainment. With continued OCO funding, the budget request will meet the adjudicated requirements of the FY 2015 Global Force Management Allocation Plan (GFMAP), including at least two Carrier Strike Groups (CSGs) and two Amphibious Ready Groups (ARGs), operating forward, fully mission-capable and certified for deployment. Compared to a program at the revised BCA caps (e.g., the sequestration level), PB15 improves

our ability to conduct the ten primary missions of the Defense Strategic Guidance but with increased risk in at least two primary mission areas compared to PB14. We continue to expand forward presence and relieve stress on the rest of the force through traditional and innovative approaches, including the use of new platforms like Joint High Speed Vessel and Mobile Landing Platform, to ensure the Navy/Marine Corps team is where it matters, when it matters, to achieve the security interests of the nation.

Maximizing our presence overseas also requires us to maximize operational efficiencies. Our FY15 request includes investments in energy efficiency that provide our forces with endurance, range and flexibility while on station, which results in our Navy's persistent, distributed presence in theaters of enormous distance like the Pacific.

#### *Generating the Force*

Navy manages force generation using the Fleet Response Plan (FRP). This cyclic process is designed to synchronize periodic deep maintenance and modernization necessary to the readiness and training of the Fleet to achieve GFMAP forward presence objectives and provide contingency response capacity. The reality of the past decade has been the continuing employment of our contingency response capacity to generate increased presence, while driving up maintenance requirements and in turn squeezing the time available to complete required maintenance and training. In testimony over the last several years, we have described this practice as unsustainable. In FY15, Navy will begin implementation of the Optimized Fleet Response Plan (O-FRP) to address these challenges. Designed to stabilize maintenance schedules and provide sufficient time to maintain and train the force while continuing to meet operational commitments, O-FRP also aligns supporting processes and resources to improve readiness outcomes. In addition, it provides a more predictable schedule for our Sailors and their families.

### *Ship Operations*

The baseline Ship Operations request for FY15 provides for 45 underway OPTEMPO days per quarter deployed and 20 days non-deployed, and would support the highest priority presence requirements of the Combatant Commanders, including 2.0 global presence for CSGs, 2.0 ARGs and an acceptable number of deployed submarines. Navy's OCO request will provide a level of funding that meets the full adjudicated FY 2015 GFMAP ship presence requirement, higher operational tempo for deployed forces and sufficient operating funding for organizational (individual ship) level maintenance and training.

### *Air Operations (Flying Hour Program)*

The Flying Hour Program (FHP) funds operations, intermediate and unit-level maintenance, and training for ten Navy carrier air wings, three Marine Corps air wings, Fleet Air Support aircraft, training squadrons, Reserve forces and various enabling activities. The FY15 baseline program provides funding to maintain required levels of readiness for deployment or surge operations, enabling the Navy and Marine Corps aviation forces to perform their primary missions by funding the average T-2.5/T-2.0 USN/USMC training readiness requirement in the base budget. OCO funding will be requested for higher deployed operating tempo.

### *Fleet Training, Training Ranges and Targets*

We are sustaining investments in key training capabilities, including Fleet Synthetic Training, Threat Simulation Systems, and the Tactical Combat Training System as well as improving training capabilities for our surface force Sailors. Our request continues procurement of high speed, maneuverable surface targets to emulate the anti-access fast assault craft threat, and continues development of the next generation of aerial targets.

Physical and electronic encroachment on our Navy ranges, operating areas, and special use air space continue to impact our ability to conduct training, testing, and evaluation activities. Our FY15 budget request continues to mitigate challenges presented by traditional and emergent encroachment, such as urban expansion, electromagnetic spectrum and frequency loss, ocean observing systems deployment, and foreign investment proximate to our installations and ranges.

*Readiness Investments Required to Sustain the Force - Ship and Aircraft Maintenance*

The Navy maintenance budget requests are built upon our proven sustainment models, continue our ongoing investment in improved material readiness of our surface combatants, and move forward the integration of new capabilities into naval aviation.

The FY15 budget request funds 80% of the ship maintenance across the force, supporting both depot and intermediate level maintenance for carriers, submarines and surface ships. OCO funding will be requested to execute the full requirement, including continued reduction of the backlog of maintenance in our surface ships resulting from the recent years of high operational tempo and deferred maintenance. The request also funds 80% of our aviation depot maintenance requirement, and supports the transition to new electronic attack, helicopter, and maritime patrol aircraft.

*Navy Expeditionary Combat Forces*

Navy expeditionary combat forces support ongoing combat operations and enduring Combatant Commander requirements by deploying maritime security, construction, explosive ordnance disposal, logistics and intelligence units to execute missions across the full spectrum of naval, joint and combined operations. Our baseline funding request in FY15 represents 42% of the enduring requirement, necessitating supplemental funding to meet the full requirement. As U.S. force levels in Afghanistan decrease, Navy expeditionary forces remain instrumental to the retrograde and reset of equipment and personnel, providing engineering and maneuver support to



the joint ground combat elements. Continued OCO funding for the reset of deployed equipment will be critical to the long-term readiness of the force.

#### *Readiness Investments Required to Sustain the Force – Shore Infrastructure*

The Navy's shore infrastructure – both in the United States and overseas – provides essential support to our Fleet. In addition to supporting operational and combat readiness, it is also a critical element in the quality of life and quality of work for our Sailors, Navy civilians, and their families. As we have done for several years, we continue to take risk in the long-term viability of our shore infrastructure to sustain Fleet readiness under the current top line. Due to fiscal constraints, the Department of the Navy will not meet the mandated capital investment of 6% across all shipyards and depots described in 10 USC 2476 in the FY 2015 baseline budget. The Navy projects an investment of 3.5% in FY 2015. PB-15 does, however, fund the most critical deficiencies related to productivity and safety at our Naval Shipyards.

#### **Our Navy into the Future**

As we look to the future, we see continuing need for Navy forces on station to meet the mission requirements of the Combatant Commanders. Global operations continue to assume an increasingly maritime focus. The Navy chiefly maintains regional stability in the deterrence of aggression and the assurance of our allies. Our Navy is operating where it matters, when it matters – and we see no future reduction of these requirements. As the CNO has testified, a return to revised BCA cap spending levels in FY16 and beyond will lead us to a Navy that would be insufficient in size and capability to conduct the missions of the 2012 *Defense Strategic Guidance*.

Fortunately, we retain the most critical and foundational element of the future force, our Sailors. They are the highest quality, most diverse force in our history and continue to make us the finest Navy in the world. On behalf of all these men and women of the United States Navy - active, reserve, and civilian - thank you for your continued support.