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COMMITTEE ON ARMED SERVICES

STATEMENT OF

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ON NAVY READINESS

BEFORE THE

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SUBCOMMITTEE ON

READINESS AND MANAGEMENT SUPPORT

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Chairman Ayotte, Senator Kaine, 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 2016 budget request. As we meet, the Navy and our sister Services have entered a third year of fiscal uncertainty. In addition, new threats to our nation's interests are emerging and old tensions are surfacing. Today, it is my honor to represent all our active and reserve Sailors, particularly the 41,000 Sailors who are underway on ships and submarines or deployed in expeditionary roles overseas today. They are standing the watch and are ready to meet today's security challenges. American citizens can take great pride in the daily contributions of their sons and daughters who serve in Navy units around the world. We are where it matters, when it matters, ensuring the security that underpins the global economy and responding to crises.

Last August, the GEORGE H.W. BUSH carrier strike group, already forward present in the North Arabian Sea quickly relocated to the North Arabian Gulf. Flying 20-30 combat sorties per day, this Navy-Marine Corps strike fighter team was the only coalition strike option to project power against the Islamic State of Iraq and the Levant (ISIL) from the skies over Iraq and Syria for 54 days. Similarly, USS TRUXTON (DDG-103) arrived in the Black Sea to establish U.S. presence and to reassure allies a week after Russia invaded Crimea. In the Java Sea, USS FORT WORTH (LCS-3), a littoral combat ship, and USS SAMPSON (DDG-102), a destroyer, were among the first to support the Indonesian-led search effort for Air Asia Flight 8501. This forward presence is possible because Navy planning and budget decisions continue to be guided by the three tenets the Chief of Naval Operations (CNO) established when he first took office: *Warfighting First, Operate Forward, and Be Ready*. Each of these tenets helps drive a strong focus on readiness – both now and in the future.

Actions of Congress helped stabilize readiness by supporting increases over sequestered funding levels through the Bipartisan Budget Act of 2013, and the subsequent authorization and appropriations acts for FY14 and this year. Nonetheless, we have not yet recovered from the readiness impact of over a decade of combat operations, exacerbated by the imposition of a lengthy Continuing Resolution and followed by budget sequestration in FY13, just as we were beginning to reset the force. These circumstances created maintenance backlogs that have prevented us from getting ships back to the Fleet on time and aircraft back on the flight line. We continue our efforts to rebuild the workforce in our public depots – both shipyards and aviation readiness centers – and reduce the number of lost operational days, but it will take years to dig out of a readiness hole.

The FY16 Navy budget submission is designed to continue our readiness recovery, restoring our required contingency operations capacity by 2018-2020 while continuing to provide a sustainable forward presence. PB-16 is the minimum funding required to execute the nation's Defense Strategy, though we still carry risks in two important mission areas, notably when confronted with a technologically advanced adversary or when forced to deny the objective of an opportunistic aggressor in a second region while already engaged in a major contingency. As the CNO stated in his recent testimony to the full committee, risk in our ability to *Deter and Defeat Aggression* and *Project Power Despite Anti-Access/Area Denial (A2/AD) Challenges* mean “longer timelines to win, more ships and aircraft out of action in battle, more Sailors, Marines, and Merchant Mariners killed, and less credibility to deter adversaries and assure allies in the future.” That level of risk arises from capacity and readiness challenges as well as slower delivery of critical capabilities to the Fleet, particularly in air and missile defense and overall ordnance capacity.

My testimony today will focus on the current readiness of the Navy, and our plan, supported by our FY16 budget submission, to meet the challenges to delivering future readiness. If we return to a sequestered budget in FY16, we will not be able to execute the Defense Strategy as it is conveyed in the 2014 Quadrennial Defense Review and a revision will be required.

Current Navy Operations and Readiness

Employing a combination of Forward Deployed Naval Force ships homeported overseas and rotationally deploying units from CONUS, our Navy sustains a global presence of about 100 ships and submarines. Their combat power and other capabilities include the contributions of embarked Carrier Air Wings or other aviation units, Marine Expeditionary Units or elements of a Special Purpose Marine Air/Ground Task Force, Coast Guard detachments, and Special Operations units, among others. These capabilities are further enhanced by land-based or expeditionary Navy forces in theater. With additional ships training in home waters, approximately half the battle force is underway or deployed on any given day.

Every hour of every day around the globe we are executing missions. The sun never sets on the U.S. Navy. Ballistic Missile Submarines sustain the most survivable leg of our nation's nuclear triad. Carrier Strike Groups (CSGs), Amphibious Ready Groups (ARGs) and attack submarines (SSNs) conduct named operations in support of the Combatant Commanders (COCOMs) or exercise with other nations to build the partnerships essential to the stability of the global system. Ballistic Missile Defense-capable Cruisers and Destroyers protect U.S. and allied sea and shore-based assets. Our units operate with other nations through exercises or through executing theater security cooperation plans; activities essential to the stability of the global system. As an example, last month, USS FORT WORTH (LCS-3) practiced the Code for Unplanned Encounters at Sea (CUES) with the Chinese Navy, enhancing the professional

maritime relationship between the U.S. Seventh Fleet and the People's Liberation Army-Navy [PLA(N)]. Our crews and platforms are trained and certified to execute their core capabilities across the spectrum of military operations and are ready to be re-tasked as required to meet the next challenge. This was the case in August 2014 when the GEORGE HW BUSH CSG relocated from the Arabian Sea to the North Arabian Gulf and was on station, ready for combat operations, in less than 30 hours. The Navy is fundamentally multi-mission and rapidly adjusts to meet new challenges that might require U.S. presence and power projection forces.

Navy will continue to sustain the readiness of our deployed forces under our FY16 budget submission, but it will require several years to fully recover the capability to rapidly respond to COCOM requirements for a major contingency. In addition to our forces that are globally deployed today, combined requirements include: three extra CSGs and three ARGs to deploy within 30 days to respond to a major crisis. However, on average, we have only been able to keep one CSG and one ARG in this readiness posture, 1/3 of the requirement. Assuming the best case of an on-time, sufficient, and stable budget with no major contingencies, we should be able to recover from accumulated backlogs by 2018 for CSGs and 2020 for ARGs – five plus years after the first round of sequestration.

Recovery of readiness also requires a commitment to protect the time required to properly maintain and modernize our capital-intensive force and to conduct full-spectrum training. Our updated force generation model – the Optimized Fleet Response Plan (OFRP) - is designed to meet this commitment as well as better align all elements that support readiness development. Achieving full readiness entails the restoration of required capacity to our public shipyards and aviation depots – primarily through hiring and workforce development. In addition to aviation depots backlogs, we must also overcome the challenges of extending the service life of our legacy F/A-18 Hornet aircraft to 10,000 hours. Underlying our plan is the

need to operate the battle force at a sustainable level over the long term. With this plan we recover our material readiness, keep faith with our Sailors and their Families by providing more predictability in the operations schedule, and control the pace of deployments.

Meeting Our Readiness Challenges

The Navy FY16 budget request continues to fully support the readiness of our deployed forces. The budget request sustains our credible and survivable sea-based strategic deterrent and with continued overseas contingency operations (OCO) funding meets the adjudicated requirements of the FY16 Global Force Management Allocation Plan (GFMAP). This includes at least two CSGs and two ARGs, operating forward, fully mission-capable and certified for deployment. We continue to employ innovative approaches, including the use of new platforms like the Joint High Speed Vessel and the Mobile Landing Platform, to ensure the Navy/Marine Corps team continues to meet the security requirements of our nation, while providing the opportunity to reset and sustain the material condition of the force. Greater use of capable auxiliaries helps relieve pressure on our overstretched amphibious fleet.

Generating the Force

Navy readiness is at its lowest point in many years. Budget reductions forced cuts to afloat and ashore operations, generated ship and aircraft maintenance backlogs, and compelled us to extend unit deployments. Since 2013, many ships have been on deployment for 8-10 months or longer, exacting a cost on the resiliency of our people, sustainability of our equipment, and service life of our ships.

Navy has managed force generation using the Fleet Response Plan (FRP) since it was adopted in 2003 and fully implemented in 2007. This cyclic process was designed to support

readiness by synchronizing periodic deep maintenance and modernization with the Fleet training required to achieve GFMAP forward presence objectives and provide contingency response capacity. However, the continued employment of our contingency response units to generate increased presence over the past decade has not only increased maintenance requirements, it has also limited their availability to complete required maintenance and training. As with previous testimony of the last few years, this practice is unsustainable.

In 2013 and 2014, for example, Naval forces provided six percent and five percent more forward presence, respectively, than allocated due to emergent operations and unanticipated contingencies. This unbudgeted employment amounted to greater than 2,200 days in theater over that approved on the global force management plan in 2013 and greater than 1,800 days in theater over in 2014. We should operate the Fleet at sustainable presence levels in order for the Navy to meet requirements, while still maintaining material readiness, giving ships time to modernize, and allowing them to reach their expected service lives.

This year, Navy began implementation of the Optimized Fleet Response Plan (OFRP) 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, OFRP aligns supporting processes and resources to improve overall readiness. Furthermore, it provides a more stable and predictable schedule for our Sailors and their Families. We will continue OFRP implementation across the FYDP.

Ship Operations

The baseline Ship Operations request for FY16 provides an average of 45 underway steaming days per quarter for deployed ships and 20 days non-deployed, and would support the highest priority presence requirements of the Combatant Commanders to include global presence

for two CSGs, two ARGs and an acceptable number of deployed submarines. With OCO, ship operations are funded at 58 steaming days deployed/24 days non-deployed. The requested funding will meet the full adjudicated FY16 GFMAP ship presence requirement, support higher operational tempo for deployed forces and provide full operating funding for 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 FY16 baseline program provides funding to build required levels of readiness for deployment and sustain the readiness of units that are deployed. Navy and Marine Corps aviation forces are intended to achieve an average T-2.5/T-2.0 USN/USMC training readiness requirement with the exception of non-deployed F/A-18 (A-D) squadrons. Because of shortfalls in available aircraft due to depot throughput issues, these squadrons are funded at the maximum executable level while non-deployed, resulting in an overall readiness average of T-2.8/2.4. All squadrons deploy meeting the T-2.0 readiness requirement and OCO provides for additional deployed operating tempo above baseline funding.

Spares

The replenishment of existing, “off the shelf” spares used in ship and aircraft maintenance is funded through the Ship Operations and Flying Hour Programs. With OCO, those programs are fully funded in PB16. The provision of initial and outfitting spares for new platforms, systems and modifications is funded through the spares accounts. Traditionally, these

accounts have been funded below the requirement due to limited funding or past execution issues. Due to the ultimate impact on readiness, PB16 sustains executable funding levels to reduce cross-decking and cannibalization of parts driven by large backlogs. This is complemented by Navy-wide efforts to improve execution of these accounts, which have shown considerable success in aviation spares over the last two years, and continues to be a focus area.

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

The Navy maintenance budget requests are built upon proven sustainment models. They are focused on continuing our ongoing investment to improve material readiness of our surface combatants, and support the integration of new capabilities into naval aviation.

The FY16 baseline budget request funds 80% of the ship maintenance requirement across the force, addressing both depot and intermediate level maintenance for carriers, submarines and surface ships. OCO funding provides the remaining 20% of the full baseline requirement to continue reduction of the backlog of life-cycle maintenance in our surface ships after years of high operational tempo and deferred maintenance. This year, the additional OCO for maintenance reset (\$557M) includes funding for aircraft carriers (CVNs) as well to address increased wear and tear outside of the propulsion plant as a result of high operational demands. Since much of this work can only be accomplished in drydock, maintenance reset must continue across the FYDP.

To address the increased workload in our public shipyards and improve on-time delivery of ships and submarines back to the Fleet, the FY16 budget grows the shipyard workforce, reaching a high of 33,500 personnel in FY17, with additional investment in workforce training and development. One attack submarine (SSN) availability is moved to the private sector in FY16 with plans for two additional SSN availabilities in the private sector in FY17 to mitigate

total workload. The FY16 budget includes \$89.5M in MILCON projects and \$142M in restoration and modernization projects for Naval Shipyards in FY16, for a total capital investment of 8.7% in these important facilities.

The Fleet Readiness Centers (FRCs), Navy's aviation depots, have been challenged to recover full productivity after hiring freezes, furlough, and overtime restrictions in FY13. They face a growing workload, particularly for the additional service life extension of our legacy F/A-18 Hornets. FRCs are aggressively hiring with a goal of reaching full capacity by the end of this year. The hiring of additional engineering support to address new repairs required to reach 10,000 hours of service life, reallocation of some of the workforce, and contracting for private sector support have all been undertaken to complete existing work-in-process at the FRCs, particularly for legacy Hornets. Field teams have been increased to improve flight line maintenance and understanding of the material condition of airframes coming to the depots. As new repairs and parts are identified and approved, kits are developed to ensure long-lead parts are readily available.

As a result of these challenges, the Aviation Depot Maintenance program is funded to an executable level of 77% in baseline, 83% with OCO for new work to be inducted in FY16. This funding level supports a total of 564 airframes and 1,834 engines/engine modules to be repaired.

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. In FY16, baseline funding is improved significantly over

prior years, providing 80% of the enduring requirement, with OCO supporting an additional 15% of the requirement.

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 funding level. However, in FY16 our facilities sustainment is improved to 84% of the OSD Facilities Sustainment Model versus 70% this year. When restoring and modernizing our infrastructure, we intend to prioritize life/safety issues and efficiency improvements to existing infrastructure and focus on repairing only the key components of our mission critical facilities. Lessor critical projects will remain deferred. Overall, the Department of the Navy will exceed the mandated capital investment of 6% across all shipyards and depots described in 10 USC 2476 with a 7.4% total investment in FY16. With the support provided by the Congress, Navy is on track to exceed the minimum investment in FY15 as well.

Looking Ahead

As we look to the future, the Navy will continue to be globally deployed to provide a credible and survivable strategic deterrent and to support the mission requirements of the regional Combatant Commanders. Global operations continue to assume an increasingly maritime focus, and our Navy will sustain its forward presence, warfighting focus, and readiness preparations to continue operating where it matters, when it matters. We see no future reduction

of these requirements and we have focused the FY16 Navy budget submission to address the challenges to achieving the necessary readiness to execute our missions. Any funding below this submission requires a revision of America's defense strategy. Sequestration would outright damage the national security of this country.

In closing, we should recall that our Sailors are the most important element of the future readiness of the Navy. Fortunately, they are the highest quality, most diverse force in our history and continue to make us the finest Navy in the world. As the CNO says, "They are our asymmetric advantage." On behalf of all our Sailors (active and reserve), Civilians and their Families let me reiterate our appreciation for the continued support of the members of the committee.