

**Chief of Naval Operations  
Adm. Jonathan Greenert delivers remarks at the  
House Armed Services Committee Holds Hearing on  
President Obama's Fiscal 2013 Budget Request for the U.S. Navy  
February 16, 2012**

**MCKEON:**

The committee will come to order.

Good afternoon, ladies and gentlemen. Thank you for joining us today as we consider the president's fiscal year 2013 budget request for the Department of the Navy.

We're pleased to welcome the secretary of the Navy, the Honorable Ray Mabus; the chief of naval operations, Admiral Jonathan Greenert, in your final -- in your first posture hearing before the committee as NCO; and General James Amos, commandant of the Marine Corps.

Thank you, gentlemen, for your service and for your leadership, all that you do to help our outstanding sailors and Marines.

We clearly understand the challenges the Department of the Navy faced in crafting this budget request considering the administration's cuts and the mandates of the Budget Control Act of fiscal year 2011.

The fiscal year 2012 budget request projected the construction of 57 new ships from fiscal year '13 to '17. With this budget request, the shipbuilding procurement account was reduced over the same period by \$13.1 billion, and the number of new construction ships was reduced to 41, a decrease of 16 ships or 28 percent over the next five years.

The fiscal year 2012 budget request also projected building 873 new aircraft and unmanned aerial vehicles for the Navy and Marine Corps from fiscal year '13 to '17. And with this budget request that number has been reduced 13 percent to 763.

Also, the Marine Corps will decrease in size by 20,000 Marines during the same time frame.

Additionally, the Navy will decommission seven cruiser and two amphibious ships before the end of their service lives.

Overall, the department in the Navy budget request for fiscal year '13 is \$155.9 billion, which is \$5.5 billion less than the fiscal year '12 budget request and \$9.5 billion less than the planned fiscal year '13 request submitted with last year's budget request.

Amidst these dramatic changes to force structure a few months ago, the administration outlined revised strategic guidance that would pivot our forces from the land wars of the past 10 years to focus more on the Asia-Pacific region, and area where naval and seapower is critical.

This area has close to half the population of the world, with certain countries that have invested in the development of what is called anti-access area denial -- denial capabilities.

Our Navy and expeditionary forces are instrumental in protecting our national interests in this vital region of the world. I'm concerned the budget cuts of this significance to our Navy and expeditionary forces will increase our risk in this theater.

A couple of weekends ago I had the pleasure and privilege, along with some of our colleagues, of seeing our Navy and Marine Corps in action by visiting the USS Wasp and the USS Enterprise as they participated in exercise Bold Alligator, the largest amphibious exercise conducted in over 10 years.

It's encouraging to see our Navy-Marine Corps team back together after the Marines have necessarily been focused more on the land wars in Iraq and Afghanistan.

One thing is a constant when I go on these trips: Our soldiers, sailors, airmen and Marines are the best fighting force in the world and they deserve our best support.

I look forward to your testimony here today.

Mr. Smith?

**SMITH:**

Thank you, Mr. Chairman.

I think you've given an excellent summary of the challenges facing the Marine Corps and the Navy. And I also want to thank General Amos and Admiral Greenert for their great service to our country and their great leadership.

And this is a period of transition. I want to thank all of you for your work on putting together a strategic review to take a look at how our national security needs had changed and what our new strategy should be. A lot has changed in the last 10 years, and it's certainly made sense to have the top leadership at the Pentagon get together and look at those changes and to figure out what the best strategy to meet our national securities needs should be.

And I compliment all of you for participating in that process and for the quality of the document that you produced. You have definitely put together a budget -- budget that lays out a clear strategy and then spends the money to match that strategy.

Now, it's not easy, primarily because you can never be guaranteed what challenges are going to come. There is always a certain amount of uncertainty. The best you can do is manage that risk. But I truly believe that the plan that you put forth does the best job of doing that that we could do in our uncertain world.

I am particularly interested in the new laydown, the shift in the focus to the Asian theater, as has been mentioned; what that means in terms of your ships, where they're going to be, how they're going to move to meet that challenge, and in particular, how that's going to impact Guam. As an American territory, we are particularly concerned about what's going to happen with the basing there.

I know some changes have been made. I understand that the plans that we initially revealed six years ago did not work out, in large part, because of the costs accelerated to an unacceptable level. And new plans have been (inaudible) in place, but I'm very interested in how you intend to carry out those new plans.

And continue to work with the nation of Japan on what their acceptance is going to be on where we can station our Marines in Okinawa and -- or on the mainland of Japan.

But overall, I think you've done a great job. I look forward to your testimony. I think, as I said, the chairman did a great job of summarizing what the challenges are, and I look forward to the hearing today, questions from our members, your testimony.

Again, thank you for your service, and thank you for putting together an excellent plan for our national defense.

**MCKEON:**

Thank you.

As I mentioned earlier, we have the Honorable Ray Mabus, secretary of the Navy; the Admiral Jonathan Greenert, chief of naval operations; General James F. Amos, United States Marine Corps commandant.

Gentlemen, thank you very much for the service you've provided for many, many years to this nation. And for the people that serve with you, thank them for us, please.

Secretary Mabus?

**MABUS:**

Thank you, Mr. Chairman.

Mr. Chairman, Congressman Smith, members of the committee, the pride that the commandant of the Marine Corps, General Jim Amos, the chief of naval operations, Admiral Jon (ph) Greenert and I take in leading the dedicated sailors, Marines and civilians in the Department of the Navy who selfishly serve the United States is exceeded only by the accomplishments of these brave individuals.

Whatever is asked of them by the American people through their command in chief, from Afghanistan to Libya, from assisting the stricken people of Japan, to assuring open sea lanes around the world, from bringing Osama bin Laden to final justice, to bringing hostages out of wherever they may be hidden by terrorists or pirates, they answer the call, they get the mission done.

The CNO, the commandant and I are confident the United States Navy and Marine Corps are well-prepared to meet the requirements of the new defense strategy and maintain their status as the most formidable expeditionary fighting force the world has ever known. No one should ever doubt the ability, capability or superiority of the Navy and Marine Corps team.

As we reposition after two long ground wars, it was essential to review our basic strategic posture. The new guidance, developed under the leadership of the president and the secretary of defense, with the full involvement of every service secretary and every service chief, responds to changes in global security.

The budget presented to implement this strategy, which was also arrived at through full collaboration of all the services, ensures that the Navy and Marine Corps will be able to fully execute this strategy while meeting the constraints imposed under the congressionally passed Budget Control Act.

This new strategy has an understandable focus on the Western Pacific and Arabian Gulf region, as you mentioned, Mr. Chairman, while maintaining our worldwide partnerships and our global

presence using innovative, low cost, light footprint engagements. It requires a Navy-Marine Corps team that is built and ready for any eventuality on land, in the air, on and under the world's oceans, or in the vast cyber seas, and operated forward to protect American interests, respond to crises and to deter or if necessary win wars.

The impact of two ground wars in the last decade on our Navy fleet and force is unmistakable. A fleet that stood at 316 ships and an end-strength of over 377,000 sailors on 9/11/2001 dropped to 283 ships and close to 49,000 fewer sailors just eight years later when I took office.

This administration has made it a priority to rebuild our fleet. Despite the budget constraints imposed under the Budget Control Act, our plan assures that we will have no fewer ships at the end of this five-year budget cycle than we have today, although the fleet of 2017 will include more -- more capable ships, equipped with state-of-the-art technology and manned, as always, a highly skilled personnel.

Although we are presenting one five-year budget plan, one FYDP, this is certainly not a one FYDP issue. As the defense strategy states, we're building a force for 2020 and beyond.

In the years beyond our current FYDP, we have a plan to grow our fleet and ensure capacity continues to match missions. In fact, our plan will once again have us cross the threshold of 300 ships by 2019.

#### **MABUS:**

Overall, we will fully meet the requirements of the new strategy and maintain the industrial base we need.

The Marine Corps will also return to its maritime roots, resume its traditional role as the nation's expeditionary force in readiness. Our Marines will retain the lessons of a decade of hard and effective fighting in Iraq and Afghanistan as they transition back to a middleweight amphibious force, optimized for forward presence, engagement and rapid crisis response.

We will carefully manage the reduction in active duty end-strength from 202,000 to 182,100 by the end of fiscal year '16 in order to keep faith with our Marines and their families to the maximum extent possible.

This restructured Marine Corps, reached through a plan that was arrived at after a year-and-a-half of careful study will be smaller, but it will be fast. It will be agile. It will be lethal. The number of Marines in certain critical jobs like special forces and cyber will be increased and unit manning levels, and thus readiness, will go up.

Both the Navy and Marine Corps will continue to decrease operational vulnerabilities in ways that are cost-efficient. That means we will maintain our efforts to reduce our dependence on foreign oil and to use energy more efficiently. These efforts have already made us better warfighters.

By deploying to Afghanistan with solar blankets to charge radios and other electrical items, the Marine patrol dropped 700 pounds in batteries from their packs and decreased the need for risky supply missions. Using less fuel in-theater can mean fewer convoys, which saves lives. For every 50 convoys we bring in fuel, a Marine is killed or wounded. That is too high a price to pay.

We all know the reality of a global, volatile oil market. Every time the cost of a barrel of oil goes up \$1, it costs the Department of the Navy \$31 million in extra fuel cost. These price spikes have

to be paid for out of our operational funds. That means that our sailors and Marines steam less, fly less, train less.

For these reasons, we have to be relentless in our pursuit of energy goals that will continue to make us a more effective fighting force and our military and our nation more energy independent.

As much as we have focused on our fleet's assets of ships and aircraft, vehicles, submarines, they don't sail or fly or drive or dive without the men and women who wear the uniform and their families. They have taken care of us. They have kept the faith with us. We owe them no less.

The commitment to sailors, Marines and their families is there whether they serve four years or 40. It begins the moment they raise their hand and take the oath to defend our nation. It continues through the training and education that spans their career. It reaches out to their loved ones because it's not just an individual who serves, but an entire family.

It supports our wounded warriors with recovery, rehabilitation and re-integration. It continues with transition services for our veterans to locate new jobs and the GI Bill for their continued education or to transfer for a family-member's education.

The list goes on and on and on as it should. Our commitment to our sailors and Marines can never waver. It can never end. For 236 years from steam -- from sail to steam to nuclear, from the USS Constitution to the USS Carl Vinson, from Tripoli to Tripoli, our maritime warriors have upheld a proud heritage, protected our nation, projected our power, and provided freedom of the seas. In coming year, this new strategy and our plans to execute that strategy will assure that our naval heritage not only perseveres, but that our Navy and Marine Corps continue to prevail.

Thank you, Mr. Chairman and members of the committee.

**MCKEON:**

Thank you, Mr. Chairman.

Admiral?

**GREENERT:**

Chairman McKeon, Ranking Member Smith, distinguished members of the committee, it's my honor to appear for the first time before you to discuss the Navy's budget submission. Because of the dedication of our 625,000 active and reserve sailors and civilians, and their families, the Navy and our primary joint partner, the U.S. Marine Corps, remain a vital part of our national security. I am honored to serve and lead the Navy in these challenging times and I thank you and this committee for your continued support.

I'd like to make three short points here today: the Navy's importance to our nation's security; the enduring tenets and the priorities that have guided my decisions since I've been the chief; and how these tenets and these priorities have shaped Navy's budget submission.

Today, our Navy is the world's preeminent maritime force. Our global fleet operates forward from U.S. bases and partner-nation places around the world to deter aggression, respond to crises, and when needed and when called upon, win our nation's wars. If you refer to the chartlet

in front of you, you can see that on any given day we have about 50,000 sailors and 145 ships underway, with about 100 of those ships deployed overseas.

Because we ensure access to what I refer to as the maritime crossroads, where shipping lanes and our security interests intersect, we can influence events abroad and advance the country's interests. These crossroads are indicated by what might be orange bow ties, or if you're mechanically inclined, valve symbols on the chartlet.

For example, in the Middle East, we have 30 ships and more than 22,000 sailors at sea and ashore. They are combating piracy, supporting operations in Afghanistan, assuring our allies, and maintaining a presence in the region to deter or counter destabilizing activities. These forces rely on facilities in Bahrain, our U.S. partner for six decades.

In the Asia-Pacific, we have about 50 ships supported by our base on Guam and our facilities or places in Singapore, the Republic of Korea and Japan. In the Indian Ocean, we depend on Diego Garcia, with a fleet-tender stationed there and an airfield for ship repair and logistics support.

Around the Horn of Africa, we depend on the airfield and the port in Djibouti to support our forces conducting counterterrorism and counter-piracy operations. And in Europe we rely on places in Spain, Italy and Greece to sustain our forces forward in support of our NATO allies. In our own hemisphere, our port and airfield at Guantanamo Bay will grow more important in the next several years as the Panama Canal is widened.

When I assumed the watch as the chief of naval operations, I established three key principles for our decision-making. I call them tenets. To me, they're clear, unambiguous direction for our Navy leadership. They are warfighting first, operate forward, and be ready. These are very much in my calculus to reduce the risk in our ability to meet our assigned missions.

Warfighting first. That means the Navy has to be ready to fight and win today, while building the ability to win tomorrow. This is our primary mission and all our efforts must be grounded in this fundamental responsibility.

Iran's recent provocative rhetoric highlights the need for us to have a forward-deployed warfighting capability. In our F.Y. 2013 budget submission, we redirected funding toward weapons, systems, sensors and tactical training that can be more rapidly fielded to the fleet. Including in there were demonstrators and prototypes that could quickly improve our force's capabilities.

Operate forward. That means we will provide the nation an offshore option to deter, influence and win in an era of uncertainty. Our ability to operate forward depends on our bases and what I call places overseas where we can rest, repair, refuel and resupply. Our fiscal year 2013 budget submission supports several initiatives to establish our forward posture, including placing forward-deployed naval force destroyers in Rota, Spain, forward-stationing Littoral Combat ships in Singapore, and patrol coastal ships in Bahrain.

We are also collaborating with the Marine Corps, and I'm working with the commandant, to determine the support and the lift needed for Marines to effectively operate forward in Darwin, Australia in the future.

Be ready. That means we will harness the teamwork, the talent and the imagination of our diverse force to be ready to fight and responsibly use our resources. This is more than completing required maintenance and ensuring parts and supplies are available. Being ready also

means being proficient, being competent with our weapons and sensors, our command and control, our communications and our engineering systems as well.

Applying these tenets that I just discussed to meet the defense strategic guidance, we built our 2013 budget submission while following three priorities. First, we will remain ready to meet our current challenges today. Consistent with the defense strategic guidance, I will continue to prioritize readiness over capacity and focus our warfighting presence on the Asia-Pacific and the Middle East.

Priority two, we will build a relevant and capable future force. Our Navy will evolve to remain the world's preeminent maritime force, and our shipbuilding and aircraft construction investments will form the foundation for that future fleet.

In developing our aircraft and ship procurement plans, we focused on three approaches: sustain the serial production of today's proven platforms, including the Arleigh Burke destroyers, Virginia Class submarines and the Super Hornet. Two, we will promptly field new platforms in development such as the Littoral Combat Ship, the Joint Strike Fighter, the Ford Class aircraft carrier, the P-8A Poseidon aircraft, and the America Class amphibious assault ship.

And number three, improve the capability of today's platforms through new weapons, sensors, unmanned vehicles, including the Fire Scout, the Fire-X and the advance missile defense radar. New weapons, sensors and unmanned systems will allow us to project power despite threats to access, as described in the new defense strategic guidance.

Although these systems will enable our continued dominance in the undersea environment, cyberspace presents a different set of challenges. Our 2013 budget submission supports our goal to operate effectively in cyberspace and fully exploit the electromagnetic spectrum.

Priority three, we will enable and support our sailors, civilians and their families. I am extremely proud of our people. We have a professional and a moral obligation to lead, to train, to equip and to motivate them. Our personnel programs deliver a high return on investment in readiness. We fully funded our programs to address operational stress, support families, eliminate the use of synthetic drugs like spice, the aggressively prevent suicides and sexual assaults.

I support the compensation reforms included in the Defense Department's 2013 budget submission, which I believe are appropriate changes to manage the costs of the all-volunteer force.

In closing, Mr. Chairman, your Navy will continue to be critical for our nation's security and prosperity by assuring access to the global commons and being at the front line of our nation's effort in war and in peace.

I assure the Congress, this committee, and the American people that we will be focused on warfighting, we will be operating forward, and we will be ready. With your support, I am sure we will be successful. Thank you.

**MCKEON:**

Thank you, Admiral. General?

## **AMOS:**

Chairman McKeon, Ranking Member Smith, members of the committee, I'm pleased to speak to you today again on behalf of the United States Marine Corps. As we sit today in this chamber, 30,000 Marines are forward-deployed around the world defending our nation's liberty, shaping strategic environments, engaging with our partners and allies, ensuring freedom of the seas and deterring aggression.

Over the past year, the forward presence and crisis response of America's Marines, working in concert with our most important joint partner, the United States Navy, has created opportunities and provided decision space for our nation's leaders.

Your Marines were first on the scene to provide humanitarian assistance and disaster relief in Japan in the aftermath of last year's monumental natural disasters, the first to fly air strikes over Libya. They evacuated noncombatants from Tunisia and reinforced our embassies in Egypt, Yemen and Bahrain.

While accomplishing all of that, your Corps continued sustained combat and counterinsurgency operations in Afghanistan. Having just returned last Wednesday from visiting many of the nearly 20,000 Marines and sailors deployed there, I can tell you firsthand that their professionalism and morale remain notably strong. There is an indomitable spirit displayed in all that they do. Their best interests and the needs of all of our forces in combat remain my number one priority.

History has shown that it is impossible to predict where, when and how America's interest will be threatened. Regardless of the global economic strain placed on governments and their military forces today, crises requiring military intervention will undoubtedly continue tomorrow and in the years to come.

As a maritime nation, dependent on the sea for the free exchange of ideas and trade, America requires security both at home and abroad, to maintain a strong economy, to access overseas markets and to assure our allies.

In an era of fiscal constraint, the United States Marine Corps is our nation's best risk mitigator, a certain force during uncertain times, one that will be the most ready when the nation is the least ready.

There is a cost to maintaining this capability, but it is nominal in the context of the total defense budget and provides true value to the American taxpayer.

This fiscal year I'm asking Congress for \$30.8 billion, 8 percent of the DOD budget. Your continued support will fund ongoing operations around the world, provide quality resources for our Marines, sailors and their families. It will reset equipment that is worn out from 10 years of war, and lastly, it will posture our forces for the future.

When the nation pays the sticker price for its Marines, it buys the ability to respond to crises anywhere in the world with forward- deployed and forward-engaged forces.

This same force can be reinforced quickly to project power and to contribute to joint assured access anywhere in the world in the event of a major contingency. No other force possess the flexibility and the organic sustainment to provide these capabilities.

As our nation begins to direct its attention to the challenges and opportunities of the post-Afghanistan world, the world where the Middle East and the Pacific rightfully take center stage,

the Marine Corps will be ever-mindful of the traditional friction points in other regions and prepare to respond as needed and as directed by the president.

The strategic guidance directs that we rebalance and reset for the future. We have a solid plan to do so and we have begun execution already. We will train and educate our Marines to succeed in the increasingly complex and challenging world of the 21st century. In doing so, we will not deviate from consistency in the five principles so critically important to the continued success of our nation's Corps.

Number one, we will recruit high-quality Marines. Number two, we will maintain a high state of unit readiness across the Corps. Three, we will balance capacity with strategic requirements. Four, we will ensure that our infrastructure is properly cared for and tended. And lastly, we will be responsible stewards of our equipment modernization effort.

As we execute a strategic pivot, I have made it a priority to keep faith with those who have served during the past 10 years of war. Through judicious choices and forward planning, ever-mindful of the economy in which we live, we have built a quality force that meets the needs of our nation.

By the end of F.Y. '16, your Corps will be streamlined to 182,100 Marines. This active-duty force will be complemented by the diverse depth of our operational reserve component that will remain at 39,600 strong.

Our emerging Marine Corps will be optimized for forward presence, engagement and rapid crisis response. It will be enhanced by critical enablers, special operators and cyber warfare Marines, all necessary on the modern battlefield.

To build down the Marine Corps from its current end strength of 202,000, I will need the assistance of Congress for the fiscal resources necessary to execute the drawdown at a measured and responsible rate of approximately 5,000 Marines a year, a rate that guards against a precipitous reduction that would be harmful to our Corps.

As we continue to work with our nation's leadership and my fellow joining partners, you have my assurance that your Corps will be ever-faithful in meeting our nation's need for an expeditionary force in readiness, a force that can respond to today's crisis with today's force today.

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

#### **MCKEON:**

Thank you very much for your testimony.

I -- I understand, when we came back after the last election for this Congress, that there was broad support to cut our spending here in Washington. And there was a cry that everything had to be on the table, including defense.

I thought that that was reasonable. With a budget the size of ours, if we couldn't find some savings, I felt like we -- we should be ashamed of ourselves. But I think that the amount that we are cutting is -- is the edge of too much, the budget that we're dealing with at this point.

But the thing that I really worry about every single day -- it seems like all day -- is sequestration. Now, I know that that's -- that's out of your hands to control that, but I -- I have some questions about it.

General, Admiral, I -- I would like to know, sequestration at this point is the law and it kicks in January 1st of '13. We were told when we passed the Deficit Reduction Act that the sequestration would be so onerous that we wouldn't have to worry about it coming into effect.

Well, we see that the super committee wasn't able to accomplish their work; no further cuts, no -- nothing was done about entitlements or about the part of the budget that's the real problem.

We know, I think, if we cut all of the defense budget, if we cut all of the discretionary spending, we would still be running a deficit of about half trillion dollars a year. But that's behind us now. They didn't do their work. What's ahead of us is the sequestration.

And the way it's set up, as you pointed out, Mr. Secretary, you've had months to plan and prepare for this -- these cuts that were going through the budget (inaudible) right now.

But the sequestration is just an across-the-board whack. And when we had a briefing -- you were here, I guess it was a couple weeks ago -- the question was asked of Dr. Carter, "What are you doing, what are you planning for sequestration in January?" He said it doesn't require any planing because it's just -- everything's cut evenly. We just have to take out the budget, go line-by-line and just cut everything 8 percent, 9 percent -- however it works out.

My question is, at what point do you start doing something about this? You, I know, are not gonna wait till January 1st to take action on this.

Admiral, General, when do you start putting into place things that are going to take effect January 1st next year?

(UNKNOWN)

Mr. Chairman, as you -- as you may know, the Office of Management and Budget has directed the department not to plan for sequestration, and so as you stated we're not at this time.

But as we discussed in briefings with this committee and others, sometime late this summer, if -- if there is no other action or direction, step one for us would be, as we think toward the next budget, we need to think about our strategy and we would be giving that some thought, as Dr. Carter indicated in his briefings.

But beyond that, our direction has been not to plan for such occurrence.

**MCKEON:**

Boy, I think that -- I understand you -- you follow orders, but to my way of thinking, to say don't even think about it, don't plan when we know that it's the current law.

I know I've talked to leaders of industry, those that build the planes and the ships and the things (inaudible) they are instituting programs, they are going to be laying people off. They have to.

I think it's totally irresponsible to put you in a position by command that you can't think about it. I understand that it's going to be very tough implementing all of these budget cuts that we're doing right now, but the way -- the way the Congress has been, our track record isn't good. It doesn't look good that we will fix this. And I would hope that the administration would focus on this and would do something about fixing it prior to January 1st.

General?

**AMOS:**

Chairman, I echo my colleague's exact response. If I can make a couple of anecdotal comments. It'll be very difficult to plan for it right now because if sequestration came about we would end up likely going back in and having to redo a complete new strategy. That would then eventually shape the outcome of the budget.

We don't know whether it's -- what will happen. OMB, it's my understanding that OMB will tell us the percentage of reductions within sequestration if it hits. It could be somewhere between 10 and 20 percent.

My budget is \$24 billion, if you don't include the OCO. So if you just take \$10 billion -- or 10 percent out of that, that's \$2.4 billion. So immediately you start getting a sense of the impact for - - on an annual basis -- for your Marine Corps.

The president could also exclude, it's my understanding, personnel. When we built the strategy -- and certainly I think I can speak for all the service chiefs -- to avoid a hollow force, and we talked capacity earlier, we balanced capacity with capability as we -- as we fleshed out the strategy. And we've got that force that's not hollow.

If personnel is excluded from sequestration, that's a recipe for a hollow force. That means you maintain -- I maintain 182,000 Marines and I have to dial down my other two areas in procurement and operations and maintenance. That's equipment, that's modernization, and it's the ability to train and educate Marines.

So it would -- at this point it would be nearly impossible to guess what it would be. If it was balanced across all three of those accounts and personnel was not -- was not sequestered off the side, we still wouldn't know until Congress.

So it's -- it is a near impossible situation for us. I will tell you that the impact of sequestration, we'll have a reduced forward presence, it will be a refined strategy as we know it today. And I think it's certainly going to stagnate reset on my part in the Marine Corps. I mentioned in my opening comments 10 years of combat. The equipment that's in Afghanistan today came from Iraq. It came from Iraq. It will stagnate the ability to reset that force.

**MCKEON:**

You had the opportunity I know before, we have it in the record, of when we had a hearing in September where you also testified on this.

Admiral?

**GREENERT:**

Mr. Chairman, I was just going to say, you know, we talk about planning. That's one thing. If you say, "Well, are you going to do when it comes?" there'll -- there'll come a time when, in order to prevent devastation, which is what happens when you just algorithmically apply all this to every single account, can't do it with a 0.87 ship, a 0.87 salary, there'll come a time when in

order to take care of our people -- and we'll start with people -- that is logically how we'll do this, to be sure they get paid and they're cared for and all that.

So that's the execution part, to sustain contracts, to do the best we can if there's an algorithmic application. That time will come, probably in the summer. We do contingency planning. That's in our DNA in the military.

**MCKEON:**

I just see this as catastrophic, the upheaval that it will cause throughout our whole defense system.

Mr. Secretary, how many contracts do you have on things that you -- that you buy? Just estimate.

**MABUS:**

I can tell you pretty exactly the value of the contracts.

**MCKEON:**

No, I want to know how many individual contracts.

**MABUS:**

That I can't tell you.

**MCKEON:**

In the thousands?

**MABUS:**

Yes, sir.

**MCKEON:**

Would those have to all be rewritten at that time?

**MABUS:**

My understanding of sequestration is everything gets -- gets it.

**MCKEON:**

Yes. And if the -- it would be 8 percent. And if the president's takes out the personnel, then it's 12 percent.

But every contract, to my understanding, would have to be rewritten, renegotiated January 1st, next year. I mean, if we really focus in and see what an irresponsible position we've put ourselves in, this is -- this is -- I'm going to ask each of the service chiefs this question, each of the secretaries, because I want the country to understand where we're heading. We're going right off a cliff. And we better, all of us, wake up and do something about fixing that before.

Our normal year, a normal presidential election year, we leave about the end of September to go home and campaign. We generally come back to finish up unfinished things. But if -- if this election's anything like the last election, total upheaval. If the Senate changes hands there's what -- who's going to want to fix anything from November to the end of December. And the new Congress isn't sworn in till after January 1st. The new president isn't sworn in till January 20th. And you're going to be having to deal with those things January 1st.

Thank you very much for your service.

Mr. Smith?

**SMITH:**

Doesn't have to be a new president, Mr. Chairman. I just want to throw that out there.

(CROSSTALK)

**SMITH:**

I know it was just turn of a phrase, but anyway.

**MCKEON:**

(inaudible)

**SMITH:**

No, you said the new president will be sworn in on January 20th. I had to point it doesn't have to be a new one, just -- just for balance sake. But that's just a joke, Mr. Chairman, don't worry about it.

Well, thank you. (inaudible) in my opening remarks, I want to thank Secretary Mabus also for naming the Littoral Combat Ship after Congresswoman Giffords. Those of us who have served with her on this committee know that that honor is richly deserved, and we thank you for doing that.

She, you know, served on this committee her entire four years in Congress and was incredibly dedicated to the military. I had the privilege of traveling with her to Iraq and Afghanistan, variety of other places where our troops were stationed. She was absolutely dedicated to our military during her service in Congress. I think this is a very appropriate honor and I very much on behalf of the committee want to thank you and appreciate you doing that.

I do share the chairman's concerns about sequestration. I think it's just not debatable that it would be devastating. The number alone is entirely too big and the way that it is done, as I think the chairman did an excellent job of describing, is just unworkable and unmanageable. You know, at

an absolute minimum we would have to come back in and change that, to at least give you some flexibility in terms of how you would implement it.

But I do think that we need to sound that alarm more loudly that we must prevent this. Now, it is possible and I think highly likely, actually, that we would come in, in December, and find a way to avoid sequestration. For one thing, \$4.2 trillion worth of tax cuts also expire, kick in on January 1. That more than gets us to the \$1.2 trillion.

But we don't want to do that, and I think what we need you gentlemen to do and what this committee needs to do is to point out that even if at the absolute last second, as we are wont to do around here, we avoid catastrophe, it would still be a disaster. The planning, the efforts to try to figure out, well, is it happening, is it not happening, as the chairman pointed out, you know, contractors are going to be laying off people, not hiring people, we really need to step up the pressure and let people know that we need to do something to prevent sequestration.

Now, the something that we need to do is to find \$1.2 trillion in savings over the course of 10 years. There's been a few ideas put out by Mr. McKeon, by Senator McCain, by the president. In his budget he finds \$3 trillion in savings, which would avoid sequestration.

We really need to find a way to come together. You know, a constituent suggested something to me several months ago just off the top that is sounding better and better, and that was, you know, it's \$1.2 trillion, if the Democrats and Republicans can't agree on it, OK, Republicans, you get to find \$600 billion, Democrats, you get to find \$600 billion, agree on it, and let's go.

But whatever it is that we do, we need to find that solution. The only two minor amendments I would make -- well, not so minor actually -- is I think we're actually headed towards two different cliffs on this one. Certainly sequestration is a cliff, but so is the sheer size of our debt and deficit. I know not everybody agrees on that point, but fiscal year 2011 we spent \$3.6 trillion, we took in \$2.3 trillion. That's a \$1.3 trillion gap and I think the third consecutive year of trillion-dollar deficits.

That, too, is a threat to our national security and we have to find a way to confront that. So simply finding a way to once again avoid that cliff, to say, "Well, we're just not going to do sequestration," to avoid the sequestration cliff and then ignoring the debt and deficit cliff I don't think is a reasonable option. And I do think the \$487 billion in savings over 10 years is a very reasonable number. I think you gentlemen have proven that with the strategy and the plan that you've put together.

I will point out again it is not actually a cut, it is a decrease in the projected increase over the course of those 10 years. So I think it certainly ought to be manageable.

But I will -- will have a stronger note of agreement with the chairman today than we -- than we had yesterday and simply focus on the fact that we agree that sequestration must be avoided. We must sort of raise the alarm on how big a problem this is and how unacceptable it is to wait until December and then address it at the last minute. You know, I just wanted to add that comment and support the chairman that we need to do something about sequestration. I don't have any questions. I've had the opportunity to speak with all of you and had those questions answered very adequately. I will yield my time. Thank you.

**MCKEON:**

Just one comment. Actually in the plan that was given to us we do show 3 percent negative growth over the next five years. So it is a cut.

Mr. Akin?

**AKIN:**

Thank you, Mr. Chairman.

And thank you, Mr. Secretary, Admiral and General for joining us today.

And I'm -- I'm going to follow a little bit the pattern of what we've heard because I don't think it can be emphasized enough. And what you have come here today with is essentially a 10 percent cut across the board for all of the Department of Defense. And so you were given a number, you had to manage to that and try and come up with the best force you could given the money you had.

But that's not talking about the elephant that's in the room, which is another 10 percent cut with no flexibility as to how you're going to manage that. That's what we call sequestration.

And you've said that you're just following orders. The orders were don't plan for it right now. And I think there isn't any way to plan for sequestration because it's just a disaster and administratively it's impossible to do.

But I guess -- I guess the thing that -- that concerns me is, is that I don't sense here on the Hill a commitment from everybody to turn that sequestration around.

And so I would charge all three of you, I believe you (inaudible), does anybody disagree that this would be a disaster for our defense, to have another 10 percent through a sequestration, isn't that a mess? That would be a mess unlike anything you've seen in your military service probably? Is that correct? I don't mean to put words in your mouth, I just -- you've already said this, I just -- OK.

So I thought, in terms of questions, I wanted to start there, just make it absolutely clear for the record that this is intolerable and that this is highly destructive to our ability to keep America secure.

Is that -- is that where we are? Mr. Secretary? I want to hear a resounding, "Yeah, I don't want to do sequestration."

**MABUS:**

Yes, sir, you will get a resounding yeah, that we do not want to do sequestration...

**AKIN:**

Right.

**MABUS:**

... not only in the amount it takes out, but also in the...

**AKIN:**

Method.

**MABUS:**

... flexibility.

**AKIN:**

Yeah. Right. OK.

Now, let's take a look at where the Navy came out. We took about a 10 percent cut in defense overall. Was your overall budget cut about 10 percent also with what you're showing us today is how you're working this out? Or did you take a little less than that?

**MABUS:**

We went down from F.Y. '12 of \$157 billion to \$155 billion. So we did not take a 10 percent cut, sir.

**AKIN:**

Say those numbers again, please.

**MABUS:**

In F.Y. '12 the department of the Navy got \$157 billion. That's not counting OCO. And for our F.Y. '13 request, it's \$155.9 billion, so almost \$156 billion.

**AKIN:**

So I guess my sense is correct then because it looks to me like what you're -- what you put together here for the Navy and the Marine Corps appears to me, if I had to sit in your shoes and I had to make the cuts that you're talking about doing, it seems to me I think I would have tended to go the same way you did in terms of what you retire and what you're trying to build and trying to balance that all out.

But your cut was not -- clearly not a 10 percent cut, it was quite a bit less than that. Is that correct?

**MABUS:**

Yes, sir.

**AKIN:**

OK. And consequently what you're talking about you're really keeping up with the number of aircraft carriers, you're keeping up with the number of destroyers that were planned to be built pretty much, keeping up with Littoral Combat Ships, that's pretty much on track. Submarine you're staying pretty much even what we're talking about. Is that correct?

**MABUS:**

Yes, sir. We had to move one Virginia class submarine from '14 outside the FYDP to '18. We had to move two Littoral Combat Ships from '16 and '17 outside the FYDP, but we remain committed to the 55 build of that and to the 11 carriers, as you mentioned.

**AKIN:**

Right. OK.

The concern about the Ohio class, we didn't really have a good solution for that in the budget before, and it becomes an even less good solution now when we starting looking beyond just the FYDP and you start looking at where we have to start paying for that. Is that correct?

**MABUS:**

Yes, sir. We've brought the cost down from about \$7 billion to about \$5 billion a boat now. And as you know, we've slipped the construction date two years for the beginning of that class. But when that class is being built it will clearly have a major impact on the rest of our shipbuilding program.

**AKIN:**

Good. Well, I appreciate what you've done and...

**MCKEON:**

The gentleman's time has expired.

**AKIN:**

... thank you for doing the best you could with what you had.

**MCKEON:**

Mr. Reyes?

**REYES:**

Thank you, Mr. Chairman.

Mr. Secretary, Admiral and General, welcome and thank you for being here with us.

Mr. Secretary, I wanted to echo my thanks to you for naming ships celebrating the great diversity of our country, especially most recently Sergeant Rafael Peralta, who I know my colleague Duncan Hunter recommended. We very much appreciate that, and also naming a ship after Cesar Chavez. He was a World War II veteran who one of my uncles that actually served and participated on D-Day actually knew. And I remember him telling me that the Navy then was much different than it is today for Mexican-Americans. So I appreciate you -- you doing that.

And also thanks for naming ships after Jack Murtha, who cared so much about all our military, but especially the Marine Corps, and certainly deserved that great honor, as well as our good friend and colleagues Gabby Giffords.

So I just wanted to add my thanks to you, Mr. Secretary. I know you took a bit of heat, but it's I think a testament to recognizing that diversity is this country's greatest strength and I appreciate what you've done.

I wanted to ask a question on the -- on the V-22s, General Amos. I will tell you up front I'm concerned about cutting back the Marine Corps, just like I am about cutting back the Army in terms of the threats that we face. I recognize that some cuts need to be made, but I just -- I just want to express that concern.

And -- but as it relates to the V-22s, according to the information that I have, the budget shows cuts to the V-22 production of about 10 a year. And the total -- the total number of V-22s for the Marine Corps going down to or -- by those 10 or are those purchases just simply being delayed?

**AMOS:**

Congressman, the program of record for the V-22 has always been 360, for many, many years. We have -- we -- out of this FYDP we slid to the right, just outside the FYDP, 24 tails. We're still going to buy those airplanes, it just became a function of trying to balance ourselves and balancing the needs with the wants and -- or the ability to pay for it.

So we're still going to buy those V-22s. They're performing magnificently. I flew all over Afghanistan last week in them. Marines love them. And they've doing very, very well.

So it is a strong program and we intend to buy all 360, sir.

**REYES:**

So the Marine Corps is not planning on eliminating any of the V-22 squadrons under this plan?

**AMOS:**

We are not, sir.

**REYES:**

OK. That's great news. And I just -- I visited in Afghanistan the last time with the chairman. We were flown around in the V-22s. You're absolutely right, the Marines love them. They're a great

aircraft, from everything that I have seen, both here in this country and also deployed under wartime conditions. So I just wanted to make sure we weren't cutting those aircraft out.

So with that, thank you. Thank you all for the work that you do.

And, Mr. Chairman, I yield back the balance of my time.

**MCKEON:**

Thank you.

Mr. Forbes?

**FORBES:**

Thank you, Mr. Chairman.

Mr. Secretary, this is a copy of the much heralded new strategy. It's about eight pages long. And one of the things that we know very clear is that that's been driven by the budget. The secretary of defense said yesterday he was given about \$487 billion of cuts, he had to get a strategy that would work within those parameters.

General Amos just said if sequestration comes through, we have other budget dollars, that we'd have to do an entirely different strategy, not because of security changes, but because of dollar changes.

The result of all of that has been that we have gone from 1989, where we had 566 ships in the Navy, to 285 ships under these budget cuts. And I also hear you bragging that we're not going to get any worse.

Then we are going to have a \$10 billion cut in our shipbuilding budget. The independent panel, bipartisan, that reviewed the QDR, said we needed 346 ships. The Navy's been saying we need 313 ships.

Now once again we're saying, OK, let's take our pencil and erase that and say 285 is OK. We're decommissioning seven cruisers early. We're decommissioning two smaller amphibious ships. You're reducing your amphibious ship requirements from 38 ships to 33 and possibly 30. We're delaying the procurement of a Virginia class attack submarine. In eight years the Chinese will outnumber us in subs in the Pacific 78 to 32. And we're facing another trillion dollars in budget cuts if sequestration falls through.

Mr. Secretary, it's kind of like that book that used to be out, "Where's Waldo?" I've been looking to see and hoping that the secretary of the Navy would be coming in pounding on the desk saying, "Enough is enough. I'm going to fight for my ships. I'm going to fight for my planes. I'm not going to be satisfied to be the lowest we've been in 20 years." And I haven't seen you doing that.

And so I went to your website and I assumed, well, it's just because he hasn't been here, he's been out saying it somewhere else. So I pulled up your website and since August you've given four major policy speeches. Three of those four speeches have been about alternative energy.

Now, look, I love green energy, so I'm not against it. It's a matter of priorities. I look at all the cuts we're making, not in alternative energy, they're going up. I look again at your priorities,

third top priority you have is to have the Navy lead the nation in sustainable energy. You're not the secretary of the energy, you're the secretary of the Navy.

And, Mr. Secretary, I say this, that's despite the fact that the Navy's biofuel blends cost nearly four times, they're \$15 a gallon, conventional Navy fuel. You spent \$12 million on 450,000 gallons of fermented algae biofuel, and here's your statement. Not that it's going to save lives of our sailors, you said because the Navy's going to once again lead by helping to establish a market for biofuels.

Last year I had a request that you were coming to our office or sending somebody and you wanted reprogramming of \$170 million, and I said, "Thank goodness. He's going to come in say, 'We need more ships, we need more planes, we need more op time, we're going to fight for our prepositioned stocks,'" and what you came in and asked for, essentially, was you asked to send that \$170 million so we could use it for biofuels for algae. And, again, the quote you said, not saving lives of sailors, but it helps advance the biofuels market.

Now, Mr. Secretary, the reason I say that is because in today's Washington Post we have two key articles that worry me. One of them says this. This is the title.

"Obama's Asia strategy gives Navy key role, but fewer ships." That worries me when we're shifting to the Pacific, but we have fewer ships. And I would think we'd be pounding on the desk saying, "We need more ships." That's -- it's too few ships.

And then the other thing that worries me is the same paper I see "federal funds flow to clean energy firms with Obama administration (inaudible)"; \$3.9 billion -- I don't know if it's true. I'm just saying what The Washington Post said -- in federal grants and financing flowed to 21 companies backed by firms with connections to five Obama administration staffers and advisers.

So Mr. Secretary, here's my question. I understand that alternative fuels may help our guys in the field. But wouldn't you agree that the things they'd be more concerned about is having more ships, more planes, more pre-positioned stocks, more op (ph) time home than what they're having? And shouldn't we refocus our priorities and make those things our priorities instead of advancing a biofuels market?

And I'm going to give you the rest of the time to respond to that.

#### **MABUS:**

Well, thank you, Congressman.

I have made it the priority of this administration to build the fleet. Because as I pointed out in my opening statement, in the eight years before I got there, the fleet had declined pretty dramatically both in terms of ships and in terms of people. So in one of the great defense build-ups that this country has ever known, the Navy went down. The number of ships went down. The number of sailors went down.

Today, we have just last year -- we have 36 ships under contract. And they're all, by the way, firm fixed-price contracts so that we can afford these ships, so that we get the ships that we need. To compare the 285 ships that we will have in 2017 to the whatever number of ships we had in 1989, the different capacity, the different capabilities, the advancements that we have made...

**FORBES:**

Mr. Secretary, I don't want to interrupt you there, but I just want to say this. I'm not comparing them to what we had in 1989. I'm comparing to what the Chinese may be building over the next several years because they've got more ships now in their navy than we do. Granted, not the same capability, but at some particular time, it bothers me that their curve is going up and ours is either holding firm or going down. And I'll let you...

**MCKEON:**

The gentleman's time has expired.

Mr. McIntyre?

**MCINTYRE:**

Thank you, Mr. Chairman.

And Mr. Secretary, Admiral and General, thank you for your commitment here.

Interestingly enough, I wanted to ask about a similar question, but let me say as a member of both the Agriculture and Armed Services Committee, I know, Mr. Secretary, it was my pleasure to be with you at the Pentagon when you and Secretary Vilsack originally signed the agreement for the Navy to use biofuels as part of your alternative energy supply for aircraft and ships in January of 2010.

And as you know, in April of 2010, it was my honor to share with you some hometown product you have there. We flew to Pax River Naval Air Station to see the F-18 make its debut as the Green Hornet, when it first flew on biofuels.

On page 30 of your testimony, you mention the fact that we as a nation use over 22 percent of the world's fuel, but only possess less than 2 percent of the world's oil reserves. Even if we tap every domestic resource, we do not have enough to meet all the needs over time. And as a minority producer of fuel, we will never control the price. And then you state by no later than 2020, 50 percent of the department's energy will come from alternative sources.

Would you say that you're still on course to -- to meet or achieve that goal by 2020?

**MABUS:**

Yes, sir, we are.

**MCINTYRE:**

And with the work that you've done in biofuels, are you -- are you confident that it will be able to be used in the aircraft and in the ships as you had originally planned?

**MABUS:**

We have certified all our aircraft, both Navy and Marine Corps, on 50/50 blends of biofuel and av gas, and we're doing our surface ships -- our surface combatants now. But the answer is yes.

**MCINTYRE:**

OK. All right. And then I notice you have followed up with the secretary of agriculture, secretary of energy and obviously the Department of the Navy with a memorandum of understanding with regard to further use of biofuels to make sure we stay on course.

**MABUS:**

Yes, sir.

**MCINTYRE:**

All right. Thank you. And thank you for your interest in that. I can say from both perspectives, defense and agriculture, and what that means for our not being dependent on foreign oil forces. General Amos, are you satisfied with the performance of the F-35B version of the Joint Strike Fighter? And are you convinced that the program should go forward as was originally planned before it was suspended?

**AMOS:**

Congressman, I absolutely am. I watched that program carefully as the assistant commandant and when I took this job almost 16, 17 months ago, I was determined to pay extraordinary attention to the F-35B. I've done that over the last 15 months. I watch it like the stock market. I've watched the change this year. I've watched those five major engineering issues, the bulkheads, the articulating drive shaft, the aux air doors, the roll posts, the overheating.

I've watched that change. I watched the weight margin change to a favorable weight. I watched the airplane complete its test flights and test points. And then I flew out with the secretary of the Navy on board the USS Wasp several months ago to watch it at sea trials.

Congressman, I'm absolutely convinced that the program is back on track and I highly supported the secretary of defense's position to remove it off probation.

**MCINTYRE:**

Thank you, sir. And thank you for your leadership in that effort.

Admiral, I wanted to ask you, with the Ohio Class SSBNs scheduled to begin retiring in 2027, how will delaying the Ohio Class replacement program by two years affect the Navy's ability to meet STRATCOM's at-sea requirements?

**GREENERT:**

Well, what we'll have to do, we -- we owe a certain number of submarines in a certain number of time. I can't give you those numbers specifically due to the classification. But the point here is we have to measure the ability to meet that operational availability during that timeframe. We've done that. We've evaluated it. And it is equivalent to that -- the operational availability of SSBNs that we provide today.

Today's numbers are acceptable to Strategic Command. We'll work with them in the future, but they look the same.

**MCINTYRE:**

And would you say in all candor that the delay in the Ohio Class replacement program is being done solely for budget reasons?

**GREENERT:**

Predominantly budget reasons, but there is an advantage to this, and that is the design feature will be much more mature when we get to construction.

**MCINTYRE:**

All right. And are you convinced that the opportunity to stretch the Virginia Class submarine is - is one of the answers to -- to deal with this issue?

**GREENERT:**

Are you saying to -- are you talking about the Virginia payload? Or do you mean stretch the program out?

**MCINTYRE:**

No, the payload.

**GREENERT:**

The payload?

**MCINTYRE:**

Yes, sir.

**GREENERT:**

Yes, sir. I believe the payload is a viable solution to replace SSGN. We have done exactly this type of thing, that is an insertion of a cruise missile launch platform. We do it with the SSGNs today, and it works quite well.

**MCINTYRE:**

OK. Thank you.

Thank you, Mr. Chairman. I believe my time is expired.

**MCKEON:**

Thank you very much.

Mr. Turner?

**TURNER:**

Thank you, Mr. Chairman.

Gentlemen, we appreciate your answers today and we all know this is a time of austerity. The president's proposing budgets to cut national defense. We're all concerned as to what that means for our national security.

And the questions that you're getting today are how do you take the cuts that are being proposed and ensure that we're not going things that make us less safe; that if we actually look to savings, we look to savings that does not reduce our national security.

So with that, we have, you know, all these members have several concerns and I do also.

Admiral Greenert, if you look at the National Nuclear Security Administration's recent budget proposal, it cuts funding for the W76 life extension program, also known as the W76-1. As you know, this is the key warhead for the Navy's D5 submarine-launched ballistic missiles. Can you please talk about any concerns that you have with this proposal? Are there any operational constraints this creates in terms of Navy's planning? And would you know why the NNSA would have changed plans? And do you approve of this plan?

And also, Admiral Greenert, if you would -- you were commenting on the delay for the SSBN-X. Does -- does the fact that the schedule has been delayed eat up all of our margin for error? Could you please speak on the concerns that people have as to what that effect is going to be?

And also, Secretary Mabus, could you please, in talking about the SSBN-X, were our British allies OK with this delay in the SSBN-X? Reports are that the U.K. minister of defense specifically asked that this delay not occur. I understand you were at the meeting with Secretary Panetta. Would you please elaborate on any British concerns that they might have as we look to how we work and coordinate with our allies?

Admiral?

**GREENERT:**

Thank you, Mr. Turner.

The -- we are concerned beyond the F.Y. '13 submission by the NNSA with regard to their warhead upgrade. We have to keep our -- our strategic nuclear systems, including the warheads, modernized. That affects the targeting, it affects the numbers, and our delivery.

So looking at the '13 submission, we're OK with that. When we look at '14 and up, we are concerned. We have committed -- the NNSA, the Department of Defense, the Navy's involved, the OSD staff -- we're going to get together, shake this thing out, make sure we prioritize. It's more than the warheads that are involved here. It's also the SSBN-Xs, their propulsion plant, their nuclear propulsion plant, development of that fuel.

It's all mixed in the same budget. So we want to sit down and say, "OK, what are the priorities here? How are we going to meet it? When does it have to deliver?" And make sure we're all aligned. And that -- that is set up for this summer. For '13, though, sir, I'm OK. I'm sanguine with that.

To answer your question on the delay of the SSBN-X, when you talk about risk, do you mean risk to the ability to provide SSBNs to the fleet? Is that what you're referring to? Or the completion of the project?

**TURNER:**

When you have the Ohio Class that's scheduled for -- for retirement, you certainly have a schedule that is tight.

**GREENERT:**

Right.

**TURNER:**

And when you lose two years, certainly everyone has concerns as to what's going to be your overall operational effect.

**GREENERT:**

Thank you. I understand.

Yes, the -- what we were going to do is, of course, as the Trident submarine class retired, and they will start to retire in 2029, we were going to bring in the SSBN-X. So when you -- when you retire those two, we'll go from 12 to 10 operational SSBNs out there. That is close to what we provide today. And as I said, we -- we measured what do we provide today? Is that acceptable? What will be have out there for capacity? Is that acceptable?

We see that to be OK right now. We'll watch it very closely.

**MABUS:**

Congressman, I was in the meeting with Secretary Panetta and the British Defense Minister Hammond. I had met with the defense minister from Britain a couple months before that to talk about this very subject.

We've had technical teams both going to Britain and coming here to talk about the issue of the common missile compartment, which is the one thing that will be alike in our Ohio Class replacements and their Vanguard successor class.

And I think a concise answer is that the British are satisfied with -- with the schedule as it is today. Their concerns have been met in terms of the common missile compartment when it will - - when the design will be ready and that their construction schedule can go on as planned with our schedule sliding two years.

**TURNER:**

Mr. Secretary, do you believe that everybody agrees with your assessment of that, that they're fine?

(CROSSTALK)

**TURNER:**

I mean, we're obviously gonna be looking at the issue too. I mean, do you -- I understand you answer that it was -- is your belief, but -- but do you believe that there are those that believe that they're not fine?

**MABUS:**

I know that the -- their minister of defense is fine. Passed that, I -- I don't know, sir.

(CROSSTALK)

(UNKNOWN)

Mr. Chairman, I've worked with the first sealord on this. What we've agreed to do is we have two teams, Brits and U.S., sitting down together, both our missile experts, to follow this through. We will sign a memorandum of understanding that this is what we will do, what we will bring in, what they will bring in. We'll bring that to fruition in May.

So we are in constant collaboration on this, and we won't let them down.

**MCKEON:**

Thank you. Gentleman's time has expired.

Mr. Langevin?

**LANGEVIN:**

Thank you, Mr. Chairman.

Secretary Mabus, Admiral Greenert and General Amos, I want to thank you for coming here before us today and -- and for your service to our nation.

I want to talk briefly about a couple of areas, hopeful, Virginia-class submarine and also talk about cyber.

First of all, with respect to submarines, we -- we obviously have a tremendous capability and tremendous success with the cost- efficiency and production rates of the Virginia-class submarines due to the Navy's decision to procure two ships per year.

Like many of my colleagues, I have deep reservations about the proposed shift of Virginia-class submarine from the F.Y. 2014 out -- to outside the FYDP.

With the current schedule for decommissioning aging boats, even before this move the attack submarine force will already be falling to unacceptable levels in future years. And I believe that such a shift could prove damaging to our nation's stated strategy of pivoting more of our focus to the Asia-Pacific region, as well as incur additional unnecessary costs and workforce challenges.

With that, Admiral Greenert, would it be fair to say that the availability of Virginia-class submarines will continue to be in the ever-more vitally important to our future strategic goals? And could you elaborate on how the Navy decided to assume additional risks?

**GREENERT:**

Sir, the Virginia-class submarine, in -- in my opinion -- I have empirical data on this -- is the best performing submarine in the world, and I don't see anything challenging it for the horizon, as I can see. It is -- it is the key to our undersea dominance.

The -- the decision in fiscal year '14 was strictly a fiscal decision. We have a budget to meet. We looked across -- as I've stated in my statement, that we look across keeping the -- the force whole, making sure we take care of our people. I have to be ready -- when I say whole -- W-H-O-L-E, and not hollow.

And when we looked and balanced with our force structure that we have today with our procurement, we -- that's what resulted, was that submarine. So it's strictly a fiscal decision.

**LANGEVIN:**

OK. I just point out that -- that as -- my understanding that even right now that our -- the request from our combatant commander is for the capability that our submarines offer. We can only meet about 60 percent of those requests right now.

This is obviously a vitally important platform, and -- and we need to do everything we need to do to protect that program and keep it strong.

Secretary Mabus, I also want to discuss a topic that's been a great priority of mine for many years now, cyber security and critical infrastructure.

While I believe that we're making progress, I firmly believe America is still dangerously vulnerable to a cyber attack against our networks in general and our electric grid in particular.

Vice Admiral Barry McCullough (ph) previously testified before this committee that these systems are, and I quote, very vulnerable to attack and that much of the power and water systems -- the naval bases are served by single sources that are very -- that have very limited backup capabilities.

My question is, what progress has the Navy made in addressing these -- the threats to both its critical infrastructure and its secure and unsecure networks? And how does this budget support those goals?

**MABUS:**

In terms of the electrical infrastructure, Admiral McCullough (ph) was exactly right. But we have been working very hard to see how we can get our bases off the grid if the grid goes down to -- so that we can maintain our military capabilities regardless of what happens to the larger grid.

It's -- we're looking at collections of bases that are close to each other, do micro grids with them. We're looking at energy sharing arrangements between bases so that as we build up capacity on those bases to produce our own energy, particular alternative energy that we will not be dependent on -- on the outside grid, to move that energy to our bases.

So I think we have a ways to go, but I think we have made a very good start in hardening our bases against that sort of disruption.

In terms of the classified and unclassified networks, cyber is one of the major concerns not only of Navy and Marine Corps, but of the whole Defense Department. This budget -- I think you see for -- for the Navy, for the Marine Corps, for the Department of the Navy as a whole, we devote substantial resources to our cyber capabilities, both defensive and offensive. We have stood up 10th Fleet, as you know, as our cyber command which holds in under the National Cyber Command that DOD has set up.

And I think that this budget sends us in exactly the right direction in terms of making sure that we have the cyber capabilities that we need in this -- in today's world.

**MCKEON:**

The gentleman's time is expired.

I want to correct something for the record that I stated earlier. I think I may have said we have a 3 percent negative growth. It's 0.3 percent negative growth over the -- over the period, if we can get that corrected.

Mr. Kline?

**KLINE:**

Thank you, Mr. Chairman.

And thank you, gentlemen, for being here, for your service and for your testimony.

I share the concerns of many of my colleagues. And I know the concerns that you -- that you have, as well. Setting aside the nightmare sequestration, the budget in front of us is alarming

enough: the small, in my estimation, number of ships; the reduced number of amphibious ships. We're looking at expanding into the Pacific -- or reemphasizing the Pacific and reducing the number of ships at the same time.

And I know day in and day out the challenges to the Navy and Marine Corps team as they serve around the world, and reduced number of amphibious ships doesn't seem to be helpful there.

But I want to talk about personnel. The secretary indicated that after a year and a half study that the Marine Corps had looked at reducing its end-strength. And as I understand it, the Marine Corps did do a force structure review and came up with an end-strength of about 186,800. The budget says we're looking at 182,100, so it's even lower than the 186,000.

And General Amos, you said that that's a -- we're gonna come down at about 5,000 a year.

As you know, I've lived through one of these reductions -- as have you -- and it can be not fun, to say the very least, because you're gonna be -- it's not just a question of having 5,000 Marines walked out the door. You have to balance a recruiting effort, how many new Marines come in and (inaudible) your rank structure and how many staff NCOs leave and officers and so forth.

Can you talk at all about -- look -- having looked at that what that's gonna mean in terms of -- of forcing people out at a time when we've got a pretty shaky economy and we're still engaged in combat?

**AMOS:**

Congressman, I'll be happy to.

We did do the force structure, as you said, a year and a half ago. We've got a lot of -- a lot of analytical rigor behind that, and that was gonna bring us down roughly 16,000 Marines.

We're coming down another 4,000, so the total bill is 20,000 Marines. I will just tell you anecdotally up front and the committee that that 20,000 -- or that 182,000 point (ph) one Marine Corps is a very, very capable Marine Corps, capable of performing all the missions that are gonna be assigned to us. So I feel very good about that. I'm not the least bit hesitant.

Back to your question. We looked at how we could come down responsibly and, quote, "keep faith," unquote, with our Marines. Keeping faith to me means all those young men and women that came in on a four-year enlistment had an expectation that they would be allowed to complete it. So that's the first installment with keeping faith. And so it's my intent to allow them to complete their -- their enlistment.

Keeping faith means also that those -- those career Marines that have gone past a certain point on the way to retirement will be allowed to continue to reach retirement at 20. So as I look at this and I go, OK, inside that parameter between the recruiting piece of things and the retirement at age -- at 20 years, I've got a responsibility to keep faith.

Now, we're gonna dial the force down several ways. We're gonna reduce the amount of accessions (ph) and this year we're gonna bring in 28,500 Marines. We normally bring in 34,000, 35,000. We're going to tighten up the enlistments on those first-time enlistments. In other words, those Marines that finish their first enlistment after four years, they're going to be -- it's going to be more competitive to be able to stay in the Marine Corps.

We already have a highly qualified young man or woman. It's even gonna become more competitive so we reduced that.

We're looking now at reducing what we call the second term alignment program which are those that are finishing their second enlistment and (inaudible) making that a little bit more competitive. We're maximizing voluntary opportunities for Marines to leave early...

**KLINE:**

Could I interrupt for just a second because we're running out of time?

Can you jump to the officer corps because you're not dealing with an enlistment situation there, how you're gonna address that?

**AMOS:**

Sir, the -- the -- we're gonna shave off -- first of all, we get a portion of our officers that want to leave every single year anyway. And I don't have the number right here in front of me.

**KLINE:**

What are they thinking?

(CROSSTALK)

**AMOS:**

What are they thinking?

(LAUGHTER)

(UNKNOWN)

What officer would want to leave, is my question?

(UNKNOWN)

No -- no, I'm sorry, go ahead.

(CROSSTALK)

**AMOS:**

And by the way, retention is very high right now. But we have -- we have control measures on our officers. All our officers, for the most part, come in as reserve officers, much the same ways I did when I first came in.

You have an opportunity as a captain to become a career designated officer. That opportunity will shrink and become more competitive. So we're gonna control this thing with voluntary measures principally, and that's the direction we're headed.

**KLINE:**

OK. Thank you very much, Mr. Chairman.

**MCKEON:**

Thank you.

Mr. Larsen?

**LARSEN:**

Thank you, Mr. Chairman.

As you can hear, gentlemen, Chairman, there's a five-minute rule. We have a five-minute rule, so it's a little bit -- for me, I'd like to play a little bit of rapid-fire fill-in-the-blank. So I'll try to be very brief with my questions.

First off, Secretary Mabus, thank you for the good news about Naval Station Everett. It's very well-received at home. Folks are very happy to hear that.

The first question has to do with your comments on page nine of your testimony with regards to Growlers. You say, in the next two years, the buy will be completed. Is there anything that you see that is an obstacle to completing the Growler purchase?

**MABUS:**

No, sir, it will be completed in F.Y. '13, so we will buy out the Growlers then.

**LARSEN:**

OK, great.

Second, with regards to P-8A's, two questions. One has to do just to clarify the -- the plan buy in the FYDP. You're dropping by one in '15, by 10 in '16 and by one in '17 compared to the '12 FYDP. Is that right?

**MABUS:**

We're adding one in '17, so it's...

**LARSEN:**

You're adding one in '17?

**MABUS:**

It's a net of 10.

**LARSEN:**

Net 10, OK.

**MABUS:**

Yes, sir, not being dropped but being pushed to the right. We still have the same requirement, or the same number for P- 8s.

**LARSEN:**

So then the 10's being dropped -- is that -- is your plan then still to purchase those 10 but in the out years?

**MABUS:**

Outside the FYDP.

**LARSEN:**

Outside the existing FYDP?

**MABUS:**

Yes.

**LARSEN:**

Thanks. Thank you very much for that.

Admiral Greenert -- I'm sorry. Back to the -- sorry -- back to the operational test and evaluation question on the P-8As. And maybe Admiral Greenert can discuss this. Does the Navy plan -- does the Navy have a plan to address the issues that came up out of the OT&E with regards to the P-8As to ensure a successful initial operational test and evaluation program?

**GREENERT:**

Yes, sir, we do. In fact, I spoke to the squadron commander just earlier this week. He's not all that concerned. We've got to pay attention. We have to bring this plane in on time and IOC and get off the P-3. I'll follow it very closely.

**LARSEN:**

Well, I would -- you don't need to cover it now. I would appreciate getting a brief on that, if you could.

**GREENERT:**

We can do that.

**LARSEN:**

Thanks very much.

With regards to the future of unmanned, there's some discussion in, I think, both of your testimonies with regards to U-class and the future of unmanned.

Is that at all -- how is that reflected in the FYDP?

**GREENERT:**

For U-class, it's still a very important program for us. It has slid two years -- IOC has slid two years from 18 to 20. So it was outside the FYDP anyway, but it has slid two years to F.Y. '20.

**LARSEN:**

OK. So not even in the FYDP and it slid out two more years?

**GREENERT:**

Well, that affects how much we spend in the FYDP.

(LAUGHTER)

**LARSEN:**

Got it. I think that works for me.

Thank you. I yield back.

**MCKEON:**

Thank you. Mr. Conaway?

**CONAWAY:**

Thank you, Mr. Chairman.

Gentlemen, thank you for being here.

General Mabus -- Amos -- excuse me. Let me congratulate the Marine Corps for the forward lean you've got in trying to build accounting systems and internal control systems so that you can get the -- your books and records audited. You've taken the lead, and we're not quite there yet, but I want to publicly acknowledge those efforts on behalf of your team and your leadership from the top that's helping make that happen. So please keep up the good work and the efforts in that regard.

Secretary Mabus, I want to take up a line of questioning that my colleague from Virginia talked about, and that's this issue of renewable or green energy.

We've got about \$400 billion in last year's budget for those issues at the Department of Defense, to do things like what you talked about, reduce the number of convoys running up and down the roads in Afghanistan because we're doing things differently. I get that. That's the protection of the war fighter, and let's do that.

The Pacific Rim is an exercise we're about to do. You've bought fuel, blended fuel for the jets to fly at almost four times the cost of traditional fuel. So in order to make up for that difference, will those planes fly a quarter of the time they would have otherwise flown as a part of this exercise, or will they fly what they would have normally flown and you share the love of that extra cost across the entire team?

**MABUS:**

Sir, this demonstration of a carrier strike group doing not only aircraft on 50/50 blends of biofuel and av gas but also surface combatants on 50/50 blends of diesel and biofuels -- it -- we will do it; they will operate exactly...

**CONAWAY:**

So you'll share the love of those higher costs across your entire team?

**MABUS:**

Actually, sir, the -- the additional cost there is so tiny compared to the...

(CROSSTALK)

**MABUS:**

... compared to the additional cost of a dollar.

**CONAWAY:**

Let me just say this, that only in the Department of Defense budget -- there's not another budget on the face of the earth where \$600 million in new money would be considered tiny.

**MABUS:**

No, sir, I'm not talking about...

**CONAWAY:**

I know that, but every dollar you spend...

**MABUS:**

And I don't know where you got the \$600 million figure. However, the cost of this demonstration project is tiny in comparison to the \$1.1 billion bill we got when the Libya crisis started for the increase...

**CONAWAY:**

Well, that brings the point that you said, for every dollar increase in cost of fuel, we steam less and we fly less. Now, if you get to 2020 and you've got to this holy grail of a 50/50 blend across your team, that means that you'll be a third more expensive for fuel than the other services.

So are you arguing that it's in the nation's best interests for the Navy to steam a third less and to fly a third less, or should the Navy have an open-ended budget to buy fuel at whatever cost makes sense?

Because renewable fuels will always be more expensive, I guess, than conventional fuels.

**MABUS:**

Sir, I think that your premise is absolutely wrong and that if we -- if we do reach this, that we will reach it at a price that is absolutely competitive...

**CONAWAY:**

I disagree with that. Studies have shown that biofuels will be twice as expensive. That's where I got my analogy, that, even under full-up refinery circumstances, you're still going to be twice as expensive as conventional fuels.

**MABUS:**

That is not our analysis.

**CONAWAY:**

Well, gotcha. I understand that. Obviously, we've got a difference of opinion.

Let me ask the question this way: \$600 billion (sic) in new money for this initiative, coming out of, I guess, Department -- you know, otherwise misspent on DOE or whatever -- can you look us in the eye and tell us that you couldn't use your share, the Navy's share of that \$600 million somewhere else in the system?

Are you telling us your budget is so flush that you really don't have any place else to spend \$600 million?

**MABUS:**

Well, again, sir, I don't know where you're getting the \$600 million figure. But I know that this initiative is making us better war fighters. I know that this initiative is saving lives in Afghanistan.

**CONAWAY:**

And that was the -- that was the \$400 billion (sic) that's being spent on those kinds of things that is in the current budget that was there?

**MABUS:**

Four hundred billion?

**CONAWAY:**

Million -- excuse me -- \$400 million.

**MABUS:**

But I know that we are doing is making us a better military. And I know that, as we buy more of these -- and biofuel is an important part, but it's certainly not the only part. And things like solar, geothermal are competitive today to -- to...

**CONAWAY:**

To nuclear and coal? No, they're not. But it's going to be more expensive. So you would argue that, whatever the cost...

**MABUS:**

No, sir, it's not going to be more expensive.

**CONAWAY:**

It is more expensive today. We are in...

(CROSSTALK)

**CONAWAY:**

It is more expensive today, and we've got tight budgets. And so you're arguing in front of this committee, in front of everybody else, that we're better off paying four times for the fuel, for even a demonstration project. He who's responsible in small things will be responsible in large things. Even in the demonstration project that we are, quote/unquote, "better off" than -- than otherwise?

**MABUS:**

I think we would be irresponsible if we did not reduce our dependence on foreign oil and if we did not reduce the price shocks that come with the global oil market.

**CONAWAY:**

Those reductions are nowhere on the horizon in terms of reducing price shocks. They're going to be there for a long time.

**MCKEON:**

The gentleman's time is expired. Ms. Bordallo?

**BORDALLO:**

Thank you, Mr. Chairman.

Secretary Mabus and Admiral Greenert, our former naval forces commander in Guam, good to see you again, and General Amos, I thank you all for your testimonies.

General Amos, as you know, a critical component of the old buildup plan was to have a firing range on Guam, based on 8,600 Marines relocating and the majority of them being permanently stationed on Guam.

Now, I understand the U.S. is renegotiating the agreement with Japan and not all the figures are worked out. I seriously am concerned that the majority of these Marines relocating to Guam may now be rotational.

And I appreciate that there is an ongoing supplement EIS to review options for a firing range. Frankly, this is something that should have been done right from the beginning. Can you explain the need to this committee?

And I would appreciate it if your answers are brief. We have so little time up here.

**AMOS:**

Congresswoman, I'll be happy to talk about it as much as I understand it today, because, as you know, between our nation and Japan, there are negotiations under way right now to revisit the agreement of 2006.

First of all, I'd like to say that I'm very -- as a commandant, I'm bullish on going to Guam. I want my Marines on Guam, and I haven't changed that posture for many years, as you're aware.

**BORDALLO:**

Thank you, sir.

**AMOS:**

So we -- we want Guam. We need to go to Guam. The numbers will be worked by the two governments, but there will be a substantial amount of Marines on Guam when this thing is finally settled.

The mixture inside of there between rotating forces and permanent forces and family members will be decided at that time as well.

But when we laid out the ranges on Guam and then the adjacent ranges, the concept of adjacent ranges on Tinian and the need to do an EIS there, that was for that force -- you're absolutely correct -- which was going to be a little over 8,000 uniform-wearing Marines.

But the ranges on Guam were pretty modest, Congressman. You know, we had an urban training range. We had the live fire ranges. We had over on the -- you know, by Route 15 -- those would not even accommodate those forces that were on Guam.

So my expectation right now, absent any further information on force size, is that the ranges that we have planned for will still be required when the Marines arrive. And they will arrive down the road. I don't see a change in that because, quite honestly, we were already shy of capability and capacity there.

**BORDALLO:**

Thank you very much.

Secretary Mabus, I'd like to understand the Navy's plans for proceeding with improvement at Apra Harbor that are separate from the Marine Corps buildup.

Under the department's new strategic guidance, is there still a requirement for a transit carrier pier at Apra Harbor?

And have any other requirements for wharf and pier improvements changed due to the recently released strategic guidelines?

**MABUS:**

The answer is yes and no. Yes, we...

**BORDALLO:**

Well, good.

**MABUS:**

... still have the requirement. No, they have not changed.

**BORDALLO:**

Very good. Thank you.

Admiral Greenert, as the president stated in his State of the Union address, the U.S. will be focusing on increasing our military presence in the Asia-Pacific region. Admiral Greenert, you've recently mentioned that despite our pivot to the Asia-Pacific region, you will not be adding additional ships or subs to this area.

If the Navy doesn't plan on adding ships or subs to show a higher degree of military presence in this area, what role will the Navy play in strengthening the military presence in the Pacific -- Asia-Pacific region?

**GREENERT:**

Thank you, ma'am. Actually you'd say we are increasing. And it's really for me all about operating forward. In Singapore we endeavor to forward station four Littoral -- Littoral Combat Ships, the number to be determined. We need to sort through that and we have been asked to do that.

So to say we're not going to increase, what -- what I meant when I said that is in the near term. So when I look at next year, the Global Force Management Allocation Plan, we'll be using the same ships that we use today.

**BORDALLO:**

I see.

**GREENERT:**

That number is substantial, as you can see on that.

**BORDALLO:**

So when you...

**GREENERT:**

But we want to...

**BORDALLO:**

Yeah. So when you said you will not be adding, this is just for the near term?

**GREENERT:**

In the near -- the next -- you know, my demand signal is the Global Force Management Allocation Plan, tells me what to put forward. I do want to increase forward. In fact, at the end when -- at this end of this FYDP we're looking at, instead of 50, more like 55 ships we will have operating.

So for me it's how much we operate out there, if you see what I'm saying, have in the Western Pacific, as opposed to stationed in the Western Pacific.

**BORDALLO:**

Good. I'm glad you cleared that up.

Thank you very much, gentlemen.

I yield back.

**MCKEON:**

Thank you.

Mr. Wittman?

**WITTMAN:**

Thank you, Mr. Chairman.

Secretary Mabus, Admiral Greenert, General Amos, thanks so much for your service and for joining us today. I'd like to give special appreciation for our Marines and sailors that were part of Exercise Bold Alligator. Had a chance to go out to the USS Wasp and greet them. And, boy, what a great day.

I also want to give a particular personal thanks to the Marines with VMM-264 and VMM-266 for the great Osprey flights that we had from D.C. out to the Wasp and then back. Great, great group.

Admiral, let me -- let me start with you. I want to focus specifically on our L class of ships. I'm a little concerned, if you look at our inventory of L class ships you see that we have LSDs that are 26 to 22 years old, leaving six LSDs in the Whidbey Island class that are between 20 and 26 years old and then four LSDs that are in the Harper's Ferry class that are between 14 and 17 years old. And the LSD(X) replacement is now outside the FYDP and pushed even farther to the right.

And these replacements need to come sooner than later. As you know, the status of our amphibious fleet really concerns me, especially with a strategic shift in what our presence is going to be in the Asia-Pacific. And this problem, as we've seen, is compounded by cyclic operations, combat deployments, and by deferred maintenance over the past 10 years. We've been running them pretty hard. So there's a concern.

And we don't need to look any further than the current operational status of ships that support the 31st MEU in the Asia-Pacific to find an immediate example of that problem. And if we're going to execute this Asia-Pacific strategy the way we need to and make sure our Navy and Marine Corps team have what they need, then I really believe we need 38 amphibious ships. And I know that 33 is where we've said we can exist, but if you look at where we're going and the challenges out there, I think we need to clearly define in our 30-year shipbuilding plan how we get to 38.

And I'd like your thoughts on this situation, especially since there are no LSD replacements in the FYDP, so in five years we're going to have a fleet of 10 LSDs that range in age from 31 to 19 years old and we're not procuring any L class ships for at least six years.

And we've got a collision getting ready to occur. No LSDs for six years. We're going to start hopefully building them then, at the same time SSBN(X) starts to come on board. So that -- that sucking sound you're hearing as far as looking at budgets is going to be where does that money come from in a pretty expanding, challenging time.

So I'd like your thoughts on how do we -- how do we navigate our way through all of this.

**GREENERT:**

I'll try to -- I'll start in the near term. We've got to fund the maintenance, and that is in our budget. And I want to thank you for being an advocate for us for funding and what this committee has done under your leadership to get us the right funding in the year (ph), to take care of the ships here in the near term.

Our Surface Maintenance Engineering Program, SurfMEPP, has told us what is needed to get to the expected service life of these L class ships, 'cause if we don't get (inaudible) expected service life we're in trouble. So this year, '13, important year, the availabilities we'll do will be under that program and we got to fund it right and it is in our budget.

Two, the L class ships that are under construction, we've got to get them out of construction and over to the pier. So we'll work with that. And Mr. Stackley, the acquisition force, we'll do everything we can to get that moving.

Three, those that are not under contract but authorized and appropriated, let's get them under contract and get moving.

With regard to the future, we have a new strategic guidance that is (inaudible) to us. We now have to determine the capabilities associated. We have a pretty good feel for that. And we're doing a force structure assessment to lay down, OK, what are the required number of platforms, and that includes ships.

We're come forward with that shortly, we'll take it to the defense staff and we'll work it through and bring it over to show you all.

So I think we need to march through that.

Last piece I'd say, in that -- in that last LHA class that we put in there, money was tight there, but to me the most important thing we needed to do was get that large deck, given the choice between an LSD, the future one, and that large deck in '17, and so that's what we did, consulting with the commandant.

**WITTMAN:**

Sure.

General Amos?

**AMOS:**

Congressman, thank you for being the advocate, as General -- or Admiral Greenert said. You have been stalwart.

Admiral Greenert and I talked right towards the end of the budget when we -- things were really getting in, and I asked him two things. I said, "Admiral, would you please bring -- not decommission one of those three LSDs? And I'd be forever grateful if you brought that large deck inside the FYDP." And he accomplished both.

Hard choices were made inside this five-year defense plan. It -- I was there from the beginning. I watched this as we all tried to -- while the soup was being made, the sausage was being made, and they're tough. To be honest with you, sir, I'm very pleased at how this five- year defense plan turned out.

What I -- what I like -- shoot, sir, I'd like 50 ships. We're trying to cut Solomon's baby and make good business decisions, and we've done that in this -- in this strategy, we've done that in this budget cycle.

As Admiral Greenert was saying, we'll get an opportunity here over the next little bit to actually try to do in force structure, what do we really need as a naval force.

**MABUS:**

Mr. Courtney?

**COURTNEY:**

Thank you, Mr. Chairman.

Secretary Mabus, in your testimony on page 6 you stated, "We continue to explore ways to limit the submarine shortfall by increasing the near-term submarine build rate, improving affordability and maintaining the health of this critical industrial base."

I'm trying to read between the lines of that statement. It suggests some level of concern that this change in the -- in the five- year -- the FYDP for the Block 4 contract is creating a shortfall, and that's a concern. I mean, am I reading too much into that?

And, Admiral Greenert, if you want to comment in terms of your own feeling about what that dip in 2014 means in terms of the fleet, in terms of day-to-day operations, really not just in the short term, but also in the long term.

**MABUS:**

We would clearly like to have that ship in '14 instead of moving it to '18. And what that line says, it's -- since it's a '14 ship and we're doing the '13 budget, we're exploring to see if there are any ways that we can creatively pull that ship back. We cannot now because of budget constraints, but we're trying to see in terms of load at the yard, in terms of how we -- how we do advanced procurement, things like that, if perhaps we can -- we can do that.

And that is the -- I don't think there's anything between the lines. We were trying to say that, like the admiral and the general have said, like everybody here has said, we had to make some very

tough decisions. Moving that ship was one of those, and it was -- it was a purely financial thing, but it does keep the number of Virginia class subs within the proposed multi-year stable so that -- so that we can get the nine subs that we had planned to get. We would like to get that one earlier if it's possible.

**GREENERT:**

It's the best submarine in the world. I have empirical data that shows it, as I've said before. We have a shortfall, if you will, of SSN years for what has been analyzed to be what we need in the future. It was going to start somewhere around '25 and run for -- till about '42. Now it moves four years to the left, so it gets a little deeper.

So it's difficult and it exacerbates a problem. '14 was a tough year. Mr. Wittman earlier talked about LSDs. Those are a '14. So very difficult year for us to be able to balance out and it's strictly fiscal, sir.

**COURTNEY:**

Well, I appreciate those answers. Secretary Panetta, yesterday when I asked virtually the same question, pledged that he wanted to cooperate in terms of trying to achieve the same goal you just described, Mr. Secretary.

I've also been talking to appropriators about this issue and, again, at least have some early commitment to, again, see if we can put our heads together and fill that hole that you described.

I wanted to also just touch briefly, a couple of the other heads of the services have already made some comments regarding the BRAC proposal. General Odierno stated that, "I don't think you'll see a big Army installation being asked to close. We think we have the right footprint." On the other hand, General Schwartz said that, "We support the proposal. I think our expectation is that we would actually close bases in a future base closure round."

I don't want to put you on the spot, I don't want to make you uncomfortable, but I didn't know whether you felt comfortable commenting the way those other, again, branches did in terms of just their own sort of view of where you are in terms of installations.

**GREENERT:**

Nothing jumps out at this point to me that said this should close. But I do believe that it is a good process. And so once you sign on to the process, you know, you carry it through. But I'm not against the process. I think it has value.

**COURTNEY:**

Well, again, looking at the end strength reduction in Navy versus, again, other services, I mean, from a math standpoint, it just seems like the claim of excess would be -- it would seem less in terms of the Navy, just, again, as far as the reduction in terms of the size of your force. And I don't know whether that would be a factor.

**GREENERT:**

Yes. For us it's 6,000. It's all associated with force structure reductions. And as you know, we have a plan to distribute -- to distribute ships (inaudible) and make sure we're balanced. I hope we can carry out that. I think it's for the good of all.

And -- and it continues to align us toward the Pacific in accordance with our strategy.

**COURTNEY:**

All right. Thank you.

Thank you, Mr. Chairman, I yield back.

**MCKEON:**

Thank you.

Mr. Coffman?

**COFFMAN:**

Thank you, Mr. Chairman.

And General Amos, Admiral Greenert, and Secretary Mabus, thank you so much for your service to our country.

And I think my first concern concerns, Mr. Secretary, your comments about the United States Marine Corps and that we're going to bring them back to their maritime mission. And -- but given the -- the lack of shipping, I think that that's a -- that's a real problem.

Now, is it -- so it's my understanding, and let me, General Amos, let me take it to you, it's my understanding that this takes us down to a capability of one Marine -- being able to deploy at sea one Marine expeditionary brigade. Is that correct?

**AMOS:**

No, sir. One -- well, it just depends on how you load it and it depends on what the threat is and what you're going to do, but a single -- I haven't had benefit of actually doing the program five years ago and figuring out how many ships it took to put one Marine expeditionary brigade's worth. If you load it all up and you get everything on, it's 17 ships.

But when you start thinking about going against an enemy, you've got to determine, OK, well where are my ships and am I going to have 17. And what's the enemy going to do? What's my force build-up as I come ashore?

So not every enemy's the same. If we had a Saddam-like enemy, we could afford to probably take a different approach. So it's -- but the number for one MEB is 17 if you put everything on it. It doesn't mean you can't mitigate it if you don't have 17.

**COFFMAN:**

So we're essentially giving up the Marine Corps' doctrine -- traditional doctrine of saying we're going to do two -- we're going to be able to deploy two Marine expeditionary brigades. Is that correct?

**AMOS:**

Yes, sir. The -- we've agreed that forcible entry for our nation -- the capability for our nation are two Marine expeditionary brigades.

**COFFMAN:**

But we won't be able to deploy them at sea simultaneously. So we will not be able to -- so and essentially the Marine Corps is being -- it's mission is being constrained the same as -- as the other armed services in that we will engage in one conflict and do a spoiling or a holding action on another, but we will not be able to engage in two simultaneous major conflicts. Is that correct?

**AMOS:**

Sir, I think you have the strategy correct when you said we'll be able to engage thoroughly in one combat or one conflict, and be able to also engage in another to deter expectations and that type of thing.

**COFFMAN:**

OK. The...

**MABUS:**

Congressman?

**COFFMAN:**

Yes, Mr. Secretary?

**MABUS:**

You were talking about deployments and having our Marines on amphibious ready groups out and about. Under our shipbuilding plan and under this strategy, we will have nine three-ship ARGs at all times to -- to take Marines around the world to do what they do today. We will have one four-ship ARG based in Japan and we will have one large-deck amphib to be globally tasked to wherever the situation requires.

I just -- there were two things here. One was amphibious assault requirements.

**COFFMAN:**

I'm very concerned about the reduced capability. And I would hope that -- I mean, let me just say I hope -- I believe in cuts, that we -- everything ought to be on the table. But I believe in cuts that don't compromise capability and the cuts that are envisioned, that are put forward today, really do compromise capability.

Let me just mention a couple -- a few issues that I would hope that you all would look at. And the Israeli defense force is a military organization that is always on a war footing, and -- but yet they're far more reliant on their reserve components than our military is. And it seems to me that we've institutionalized a very large standing military, although we've relied on the reserves more.

I don't believe that we're relying on to the extent that we could, at a great savings in terms of personnel costs where we're not cutting into acquisition costs. And that's something that I think you all ought to look at, as well as the other services as well.

And I think in -- in slowing personnel costs, given the fact that clearly we are going to have an end-strength reduction at some level, I believe that ought to slow down the promotion system. And that's something that hasn't been mentioned today. And I think it's -- it would be beneficial to the professionalism of our military that -- that our personnel have more experience and time in grade before they advance.

And so I -- I think that that's something that hasn't been explored, ought to be explored.

Thank you, Mr. Chairman. I yield back.

**MCKEON:**

Thank you.

Ms. Pingree?

Ms. Pingree?

After Ms. Pingree's five minutes, the committee will take a five- minute break and reconvene right after that.

Ms. Pingree?

PINGREE:

Thank you very much, Mr. Chair.

Secretary Mabus, Admiral Greenert and General Amos, thank you so much for persevering today, answering all of our questions, and for your dedicated service to the nation. I really appreciate that.

As highlighted in your testimony, Secretary Mabus, the budget included a request for two Arleigh Burke destroyers for F.Y. 2013, in addition to reauthorizing a five-year multi-year procurement through 2017.

I'm glad that the DDG-51 helps address the need for more adequate sea-based capabilities. However, given that the Navy identified the need for a 94 surface combatant force structure last April, a fleet of 88 still falls short of that. And I know many of the other members have been talking about the size of our Navy.

In particular, previous multi-year procurements of Arleigh Burke occurred at an average rate of three ships a year instead of two. Given the president's new guidance with emphasis on the Asia-Pacific region, and a recent GAO report that identified the steps that needed to be taken to mitigate the significant projected shortfall in cruisers and destroyers, do you really believe that a sustained annual procurement rate of more than two DDG-51s annually would be required long term to perform sea-based BMD missions?

**MABUS:**

The Arleigh Burke is, you have pointed out, clearly one of our best platforms and most flexible and most capable platforms that we have. As Admiral Greenert said, F.Y. '14 was our toughest budget year in this -- in this FYDP. But because of some savings that we were able to get on the last three DDGs that we bid out, between Bath and Huntington Ingalls, we saved some \$300 million on the projected cost of those three -- of those three DDGs.

We're hopeful that we will be able to use those savings to do advanced procurement for later DDGs, to make sure that we do have the build rate that we need to -- to get the ships that we need to get.

As you know, we're going to -- we're continually upgrading our existing DDGs to be ballistic missile-capable -- antiballistic missile-capable, and also that in F.Y. '16 we're shifting to the Block III of the DDGs, which will have the new air missile defense radar, incredibly capable system that will go on that ship.

So I think that if you look at the capabilities, the capacities of these ships, that the build plan that we have will give us the ships that we need for ballistic missile protection for air missile defense protection and for all the other myriad things that DDGs do.

**PINGREE:**

Well, thank you for your answer on that. I know I've heard the reply before that 2014 is a difficult year. And you, of course, know that maintaining our industrial capacity and keeping the work moving at a shipyard such as Bath is critically important.

I do appreciate your visiting Bath shipyard. I hope you'll be able to visit again and I want to remind you, of course, that Bath- built is best-built, so it's always good to see the Navy putting work there.

**MABUS:**

I'll come in the summer.

**PINGREE:**

What's that?

**MABUS:**

I'll come in the summer when the weather is a little warmer.

**PINGREE:**

Yes, July -- height of the lobster season. That's great.

Let me ask a quick question. I -- I know you, if I run out of time I'll have to take this in writing. It's somewhat of a different topic, but one that is a great concern to me and Representative Tsongas and some of the other members of the committee. And since I have you all here, I'd like to just put this out there.

I think all of you know that sexual assault in the armed forces is a critical issue that we must address, and you've all been giving quite a bit of attention to. There are thousands of cases every year of sexual assault reported in the military, but it's also thought that only about one in 10 women actually -- or men -- report the assault.

I'm very pleased to see that the Department of the Navy, and I -- I want to applaud you for this, taking a really active role in addressing the ongoing epidemic. But I am interested in hearing more about what other steps the Navy has taken to improve sexual assault response and what more we can be doing to help the victims. I just want to continue the attention on this. And as I said, we may run out of time, but it's important to all of us to see that we move forward on this issue.

**MABUS:**

It is, Congresswoman. It's a crime. It's an attack on a servicemember. It's an attack on a shipmate. And I know we're about to run out of time, and we will get you -- the Navy and Marine Corps have been active both from the top down and also the bottom up, so that every person that comes into the Navy and Marine Corps and every person who's in the Navy and Marine Corps are being trained in how to intervene and trying to bring the numbers down of this -- this absolutely awful crime.

**PINGREE:**

Thank you for your attention to that, and we can follow up with you later.

**MCKEON:**

The gentlelady's time has expired.

We will now take a five-minute recess and reconvene at two minutes after.

(RECESS)

**MCKEON:**

The committee will reconvene.

Mr. Rigell?

**RIGELL:**

Thank you, Mr. Chairman.

And to Secretary Mabus, CNO Greenert and Commandant Amos, thank you for being here, for your service to your country. And it has been a great privilege of mine to get to know each of you and to work with our men and women in uniform.

A week ago Saturday, I had the privilege to fly out to the Wasp and see our sailors and Marines in action. They -- their performance not only there, but across the world, and particularly in our combat zones, reflect excellence in leadership and I thank you for that.

Secretary Mabus, your prioritization of alternative fuels, it really does, in my view, merit more discussion and attention. Let me say first where we -- where we agree. I think I -- I quoted you -- I'm going to quote you here correctly that "We would be irresponsible if we do not reduce our dependence on -- on foreign oil."

I completely agree with that. You know, for example, when I hear that we have maybe a couple-hundred years of this type of fuel or that type of fuel, some people take comfort in that. It raises the alarm with me, you know, that we need to get on it. We need to move on this.

And off the coast of Virginia, I introduced legislation to open up the energy resources that are there, working with the Navy, of course, to make sure we don't interfere with the ship movement. And also wind -- you know, I think wind needs to be a part of that.

Now, with all of that said, a couple of statements that you made, they just don't comport with what I understand to be true. One is that like solar and geothermal energy are competitive today, what you're purchasing that energy for with what we get on the open market. And I -- I don't understand as well the statement "making us a better military." I do not understand that.

It seems to me that -- that we should focus within the DOD exclusively on what we do best or what the DOD does best, and raising up an Army, Navy and defending, and then energy exploration, efforts to make us more energy independent and to get more efficiency out of vehicles and equipment, that would be principally done in other departments, unless they want to begin supplemental funding of our Navy.

So the first question is, could you be specific, as specific as you can, with the opportunity costs? That is, the cost of pursuing alternative fuels, that if we had not purchased one dollar of them, the difference between that cost of fuel versus incorporating such a strong emphasis on alternative fuels.

**MABUS:**

Well, what I'd like to do is respond to your question how it makes us a better military. When you look at any military, you look at vulnerabilities. You look at vulnerabilities of your potential adversaries, but you also look at your own vulnerabilities.

And one of the vulnerabilities that we have as a military is our reliance on foreign sources of oil. The way I've stated it is we would never let these countries build our aircraft or our ships or our ground vehicles, but we give them a vote on whether they fly, whether they steam, whether they -- whether they're operated because we purchase too much of our energy from them.

And even if you have sufficient supply, the price shocks that come. As I pointed out, Libya started about a year ago almost, and just from that one crisis, the price of oil went up \$38 a barrel. That's a \$1.1 billion additional fuel bill for the Navy. And the only place we have to go get that money is out of our operational accounts.

And because it's a global commodity, because it -- the price is set globally and it's set on sometimes on rumor, sometimes on potential crises. You saw what happened just when the Iranians threatened to close the Straits of Hormuz, the price of oil shot up. I think we've got to insulate our military from that.

And then just in terms of history. Changing energy is one of the Navy's core competencies. It's one of our core missions. We went from sail to coal in the 1850s. We went from coal to oil in the early part of the 20th century. We pioneered nuclear as a method of transportation. So I would argue that it is exactly what the Navy and Marine Corps need to be -- need to be working on.

And finally, in terms of expeditionary energy, I'll go back to what I said. One death or one injury to a Marine guarding a fuel convoy is just too much.

**RIGELL:**

We share that value, Mr. Secretary.

The time does not permit me to respond directly to that like I would like. But can you tell me, do you have the information available readily, what that opportunity cost is -- the amount that we're spending on fuel that is higher than we would spend if we had just gone out to the market and bought fuel at the lowest available price?

**MABUS:**

We are buying such small amounts of -- and you're speaking now, I assume, of biofuels.

**RIGELL:**

Well, maybe we need to do this off line, because I don't want to get wrapped up here in my last minute. But this -- the principle is this, that there is an opportunity cost. My -- your threshold for that is higher than my own because it does put pressure on all other areas. And -- and we are in complete agreement, Mr. Secretary, that we need to -- we need to move away -- move away from our dependence on foreign oil.

I make the case that part of our oil -- our dollars at the pump are going to leaders who do not share our values -- Hugo Chavez; they end up flowing to madrasas in Pakistan. And you know what happens there, and they flow over into Afghanistan.

So you've got my full attention, Secretary Mabus, on this matter of moving the country to energy independence. But in -- in this competition for scarce resources, dollar resources, it does seem to me that are putting a disproportionate emphasis within DOD and the Navy.

**RIGELL:**

And I have 10 seconds, please.

**MABUS:**

Well, we will continue this offline, and I'll be very happy to do that.

On the land-based part of this energy, all our projects have a four- to six-year payback, so that after that time for only maintenance money you're going to be getting energy much cheaper than you do it today.

**RIGELL:**

Thank you, Secretary Mabus. Thank you.

**MCKEON:**

If things get really bad I guess we could drill in the ANWR, we could drill off the coast, we could find a lot of our own energy here.

Ms. Davis?

**DAVIS:**

Thank you, Mr. Chairman.

And, Secretary Mabus and Admiral Greenert, General Amos, thank you for all of your service and certainly working with me in San Diego. I appreciate that. Sorry I had to leave for a few minutes.

I was certainly pleased to hear that the Marine Corps is (sic) recently been engaged in revamping the transition assistance to those who are leaving the service.

And yesterday at our hearing Secretary Panetta mentioned and really raised his concerns regarding the large exodus of a segment of our service population which, as we move on with a smaller -- a smaller force -- over the next few years, of course -- that many more servicemembers will be returning to the civilian sector.

And I'm wondering, outside the service-mandated transition assistance programs that are already available, but again are being looked at because they haven't necessarily done all that we'd like them to do, what tools are available to our Marines and certainly our sailors as they begin that transition?

What are we doing in working with industry, with the civilian sector to capture best practices so that so many of these wonderful men and women will have a transition during some of these difficult economic times?

**AMOS:**

Congresswoman, thank you.

Actually we're very excited about a program that we debuted just last month at two of our major bases, both Camp Pendleton and down in Camp Lejeune. Came to the conclusion a year -- little over a year ago that we were failing in our responsibility to be able to consistently return young men and women back to society with jobs that they could hold their heads up. It was beyond me

that a young Marine could lead fellow Marines in combat and then have a hard time finding a job and find himself unemployed and then homeless.

So we started a complete revision. We started completely with a blank sheet of paper on our transition assistance program. In a nutshell, to capture industry, capture all these organizations, capture the unions, the trades, the universities that have consistently come to us over the last several years and said, "We want to help."

We end up with a program of about two days where we talk V.A., we talk about all that. And then, like "Price is Right," you get to choose behind one of four doors.

Education, in which case you walk behind that door and we've got skilled counselors that will help you fill out your college application. We've got habitual relations with universities right now where we can get young men and women into colleges.

You go behind door number two, and that's the trades, and that's the -- that's the union trades, that's the apprenticeship programs. We're putting Marines in that right now and we have that down in -- down in San Diego with the -- with the pipefitters union.

Door number three is entrepreneurship. If you think you want to go out and start your own business, we have folks that will help counsel you on that. We have successful business men and women that will counsel.

And door number four is, "I just want to get out and get a job," and we're going to help you fill out your resume.

So we're headed down that path. It's probably going to be a couple years before we really begin to feel the benefits of it, but, Congresswoman, we are dedicated to making a difference.

**DAVIS:**

Are there resources that really need to be tapped that we don't have the authorities to do or -- or that we haven't set up the programs or are planning to have the kind of support there that we really need. Because I think that some of these programs are, in fact, they are good, but they are reaching a relatively few number of Marines.

**AMOS:**

Ma'am, we've put out, oh goodness, about 30,000 Marines, a little bit more a year leave the corps, both (inaudible) retirement and the first enlistment that we talked about earlier.

My goal is that 100 percent of -- all of them -- have an opportunity to be able to find gainful employment. It's not a matter of a small number, my goal is 100 percent.

**DAVIS:**

And, Admiral, with the Navy as well?

**GREENERT:**

Ma'am, we've got -- we allow them -- entitle them 60 days of additional leave for job search. So it makes it easier. They don't have to plan that, doesn't make it more complicated.

We have what's called Navy Credential (sic) Opportunities Online, it's called COOL, C-O-O-L, and that takes their Navy job skills and transitions them for, if you will, civilian certifications, which is -- which are recognizable and translatable.

We also have an outplacement service. We contracted with a commercial contract -- outplacement service.

**DAVIS:**

Thank you. Look forward to working with you all on those.

**MCKEON:**

Thank you.

Mr. Scott?

**SCOTT:**

Thank you, Mr. Chairman.

And, Secretary Mabus, I want to get back to what Congressman Rigell was speaking about. My specific question -- and I'll elaborate on it a little bit -- is that the president in his State of the Union said that the Navy was going to add 1 gigawatt of renewable energy sources from solar, wind and geothermal. How much is the Navy going to spend on that?

**MABUS:**

Net taxpayer dollars zero. We're going to do it through public-private partnerships, we're going to do it through power offtake agreements and things like that. But in terms of building up the infrastructure, none.

**SCOTT:**

You're not going to spend anything on the infrastructure?

**MABUS:**

No, sir. It will be privately built and we will have offtake contracts for it.

**SCOTT:**

OK. It's going to be privately built. So somebody's going to spend something to build it and then you're going to lease it from them. Is that -- how will that work?

**MABUS:**

Private industry will build the facilities, whether it's solar or wind, and then we will buy the energy from that for our -- for our bases on land, obviously.

**SCOTT:**

And what will your cost per kilowatt hour be?

**MABUS:**

It will be whatever we're paying for kilowatt hour now, but it will be competitive with whatever we're doing. That's the whole -- the whole purpose of it, is to be competitive. And that would be the way we are approaching this, is that it has to be competitive.

**SCOTT:**

Well, Mr. Secretary, I certainly -- I hope you're as successful as you believe that'll be. I'd love to see a more detailed -- more detailed analysis of that. I mean, renewables are less than 10 percent of what's used throughout the world today, and the reason for that is the cost of the renewables. So I'd appreciate the opportunity to sit down and see more details on that.

**MABUS:**

I'll be happy to do that.

**SCOTT:**

And also are you aware that the Department of Energy actually got an increase in their budget recommendation?

**MABUS:**

I -- no, sir, I have not followed the Department of Energy's budget.

**SCOTT:**

Is there any other department in the president's budget recommendation that has received anywhere close to the types of cuts that the military has?

**MABUS:**

Yes, sir. I mean, the...

**SCOTT:**

Which departments?

**MABUS:**

Well, the -- the -- for the last two years V.A., Homeland Security and Department of Defense were the only agencies in the federal government that received increases, and the decreases that we're talking about today, the \$487 billion over the next 10 years or \$259 billion over the next five years, were the decreases mandated by Congress in the Budget Control Act.

**SCOTT:**

Well, I've said this before, I know, and I'll -- I did not vote for sequestration. And I'm -- I want to do everything I can to undo it. But I would -- I would very much like to see how we're going to generate that much electricity. That's enough to power 250,000 homes. And if it's not going to cost anything I'd like to...

**MABUS:**

The private would not invest in something like this if they didn't think it was going to be successful and profitable. And I'm confident that we will be able to do that. And when I say it won't cost anything, it will be no taxpayer dollars extended net for all the facilities, but we will have the benefit of buying the -- of buying the electricity.

And one of the things, a question I got asked earlier was about how secure are our sources of energy from the grid. And one of things would be to help us become independent of the grid so that we could continue our military operations.

**SCOTT:**

Absolutely. Absolutely. And I agree with that. And I just want to reiterate that you said that we as the military were going to pay the same price for a kilowatt hour.

**MABUS:**

At the -- at the end of the program we are -- that is the -- that is the absolute goal of the program, to be -- to have a competitive price with whatever we're paying today from utilities.

**SCOTT:**

The goal. But it's not contractually guaranteed.

**MABUS:**

We don't -- we don't have any contracts yet, sir.

**SCOTT:**

OK.

**MABUS:**

We're just beginning the program.

**SCOTT:**

The president announced it in the budget as if there was -- as if it was already laid out. I mean -- I'm sorry, in his address to Congress, as if it was already laid out. But, hey, I hope you're right. I hope he's right on this one. I'd love to see us be able to have renewables at the same price that we have nuclear power at. I'm looking forward to seeing you and going through that.

And I would take one issue with one thing that gets said. You know, this -- we say we're going from a win-win to a win-hold-win. I mean, the bottom line is, I think we've got the men and the women and the weapon systems to win and to win and to win again. I think the problem is we run into rules of engagement, if you will, that keep us from winning in an efficient and effective manner.

Thank you for your time. I yield back to the chair.

**MCKEON:**

Thank you.

Mr. Johnson?

**JOHNSON:**

Thank you, Mr. Chairman.

And thank you, Mr. Secretary, Mister -- or Mr. Secretary, Admiral and General, for being here today.

The new defense strategy and budget request reflect the hard work and forward thinking of President Obama, our DOD civilian leaders and our senior military commanders. And I want to thank you for that.

As I said yesterday to Secretary Panetta and General Dempsey, ominous and exaggerated fears expressed in response to the president's budget request, in terms of the reduction of funds spent for defense -- those fears are unfounded. There's no way a 1 percent reduction of the Pentagon's base budget from 2012 to 2013 could mean the difference between the world's greatest military and a hollowed-out force.

In fact, I believe there is room for further savings in the department's budget, though I strongly oppose across-the-board cuts that would be imposed by way of sequestration.

Secretary -- Mr. Secretary, I have a very specific request. By the end of this month, I would like to have -- I'd like for the Navy to analyze how much could be saved over the next 10 years by

going to a single LCS design and moving production to a single shipyard, even if that means reducing the build rate to three ships per year.

I'd also like to know which of the LCS designs you would choose if you could have only one. And I'd like this analysis by the end of this month. Would you be able to put that in writing for me?

**MABUS:**

Yes, sir. And I can give it to you right now.

It -- I made the decision in the summer of '09, when we bid out three LCSes and the prices came in just unacceptably high, that they would have to compete against each other.

Over the course of the year, as we -- as the bids went out and we said that price would be the major determinant of who the winner was and that we were going to select one shipyard to build 10 ships over the next five years and then they would give us the design for all their technical papers, all their designs, and we would bid it out for a second shipyard so we could keep competition going in the program, because we thought that was very important.

Over the course of the next year, those bids came down by about 40 percent. We came back to Congress and got permission to buy both variants. We have bought 10 ships of each variant over the five years from F.Y. '11 to F.Y. '14.

The last ship of each one of those variants will cost about \$350 million, which is a huge reduction from the original cost.

(CROSSTALK)

**MABUS:**

And the ships cost almost exactly the same thing. And these are firm, fixed-price contracts so we know what we're going to get and we know exactly how much we're going to pay for them.

**JOHNSON:**

Yeah, it just seems to me that two different designs mean two different training, logistics and maintenance efforts, the loss of economies of scale that would come from cranking out more of one kind of design. And it seems that -- I'm still not clear as to whether or not there is -- this is a good thing or not. And I'd like additional information on it if you would.

And I'd also like to say that the fiscal year '12 National Defense Authorization Act reinstated the requirement that the Navy provide Congress with a 30-year shipbuilding plan to inform us as we build this fiscal year '13 budget.

The requirement is codified at 10 USC-231 Section 1011. And no such plan has been provided as of yet. Is there -- will you get this plan to us by the end of the month?

**MABUS:**

We will get this plan to you when we get all the supporting budget documentation here. That has been our plan all along, sir.

**JOHNSON:**

When would that be?

**MABUS:**

It will be within the next few weeks. I'm not sure of the exact date, but it -- there's supporting documentation that comes over after the budget, and that was part of that supporting documentation.

**JOHNSON:**

Well, that information is sorely needed.

**MCKEON:**

The gentleman's time is expired. Mr. Palazzo?

**PALAZZO:**

Thank you, Mr. Chairman, and thank you to our witnesses who are here today and thank you for your service to our nation.

Mr. Secretary, thank you for working with the state of Mississippi on making sure the USS Mississippi commissioning became a reality. And of course I enjoyed being with you and my colleague "Two Subs" Joe in Groton, Connecticut for the christening. So thank you so much for that.

It's going to be a proud day for the entire state of Mississippi and the region, and I know the shipbuilders, whether they're from Groton, Connecticut or from Pascagoula, Mississippi, they build the world's greatest war ships, even though they're not in the same state. So thank you for that.

When I first read the strategic guidance, I must say I was relatively pleased that the Navy and Marine Corps has indicated that there will be an increase in the amount of attention given to the Pacific. And I was also pleased that the amphibious capability seemed to get a fair amount of attention.

I'm pleased that the Pacific is, of course, garnering attention because I actually had an opportunity to go on a CODEL with my one of my members from the House Armed Services Committee, and it opened my eyes to a lot of concerns and possibly emerging threats in that region and how it could affect our economic and national security, which I believe go hand in hand and are inseparable.

So to start, General Amos, not too long ago, according to Marine Corps testimony and reports submitted to Congress, the Marine Corps forceable entry requirement a minimum of 33 ships, 10 of which had to be aviation-capable big-deck ships.

The shift in strategy to more emphasis on Asia would require the same or more given the maritime makeup of the region. Is that correct?

**AMOS:**

Congressman, we've -- we've agreed and testified for several years that the capability we needed was two Marine expeditionary brigades worth of forceable entry.

I made a comment earlier in this testimony that -- that we ended up -- so the answer is yes, but in all that we've done, we've made some very difficult decisions to try to balance the budget, to try to make ends, ways and means meet.

So in everything here, there's an element of risk. I'm satisfied with the way the five-year defense plan has come out. I'm very grateful to my colleague to my right to agree to build another large-deck amphibious ship and not retire one of the LSDs. So I'm pleased with where we are right now.

**PALAZZO:**

OK. Thank you, General. That answered one of my other questions. It does -- the budget does not meet the requirement, but yet you support it for the reasons you stated.

Does this suggest that the forceable entry strategy amphibious doctrine has taken a backseat in the Marine Corps?

**AMOS:**

Absolutely not, sir.

**PALAZZO:**

So you're going to keep...

**AMOS:**

The truth of the matter is the -- from the sea, the only capability our nation has for forceable entry to impose its will somewhere down the road, even though it may be hard to imagine, but the only capability it has will be from those amphibious ships. And that's the forceable entry that the Navy and Marine Corps team brings.

**PALAZZO:**

Well, General, I agree with you.

The budget submitted to (inaudible) a big-deck LHA amphibious ship from current consideration by moving it outside the future year's defense plan -- does this alter the number of F-35B (inaudible) aircraft required by the Marine Corps?

How should we view the aviation part of the budget in the context of delayed or canceled aviation-capable ships?

**AMOS:**

Congressman, at the end of the day, the plan is to end up with 11 large-deck amphibious ships. And that's always been the requirement, and that is our plan right now. And to move, like I said, to bring LHA-8 inside the FYDP is -- is a very positive move.

It will not alter our requirements for STOVL F-35B. That's a -- we'll have the only capable -- capability throughout the world, to have a STOVL short-takeoff/ vertical landing airplane on a large-deck amphibious ship.

**PALAZZO:**

Well, thank you, General. And I don't have much time left. I would just like to reiterate, as a congressman from Mississippi's 4th Congressional District, I take very seriously my constitutional responsibilities as well as my oath to office.

And just as y'all have done, you made an oath to support and defend the Constitution of the United States against both enemies domestic and foreign. And I also feel like my number one congressional responsibility is the common defense of this nation, again, both at home and abroad.

And we have to do whatever it takes to make sure sequestration does not hit our military. You know, when I first got here, less than 13 months ago, we were talking about \$78 billion in cuts. And then it was \$100 billion in efficiency savings that was going to be reinvested. And now we're at \$487 billion with the possibility of another \$500 billion.

That's reckless. It's dangerous. It's morally irresponsible. And I do believe it's going to hollow out our forces and our military and it's going to cost more time, blood and treasure to reconstitute it for the not when -- not if but when another engagement happens.

So I don't want to balance our -- our financial woes on the backs of our men and women in uniform. So help us make sure that doesn't become a reality. Thank you.

**MCKEON:**

Just us.

(LAUGHTER)

Admiral, General, one final question. In your best military judgment, what do you see as the greatest risk that we pick up new risk by these cuts -- by this new cut strategy, all that you've just gone through?

We know we've added risk. We've picked up risk. What do you see in your best military judgment as the greatest risk?

**AMOS:**

Chairman, I -- I was in on the ground floor of developing this strategy, and I'm a -- I'm a big fan of it. I think it's the right strategy for the right time. I -- I truly mean that. I think it's right...

(CROSSTALK)

**MCKEON:**

And I thank you for all you've done for that. But -- but I think everybody realizes, before these cuts, we were still having -- we still having risk. This added to the risk. I'm just wondering what...

**AMOS:**

Sir, in my military opinion, the risk that is added here is just -- it's a function of -- and as I said about two weeks ago when we were in here talking strategy and budget, it is a function of capacity. It's the ability to be able to do multiple large-scale things around the world.

Has that happened before? I mean, has that -- and is it likely to happen in the future? I mean, that's the question. My sense right now is the risk is modest -- looking at the world, looking at the actors that are out there in the worlds, the ones that we -- the ones that we worry the most about, not the steady-state actors, the ones that are the big-time actors.

I think it's modest risk. And I think it's affordable and I think we can -- we can deal with it now, Mr. Chairman. I'm OK with that. But its capacity for large-scale, multiple things that might go on simultaneously, and I know that makes complete sense to you.

**MCKEON:**

Thank you.

Admiral?

**GREENERT:**

Mr. Chairman, I spent most of my career in the Pacific. And so what I've learned in my time out there is it's about relationships, solid partnerships, and what I'll call tangible presence. You've got to be there. They like to talk, but they want to see you.

And in my view, this -- this strategy is a good strategy. It nicely, I think, distributes capability. But as the general said, there's a capacity. And most of the questions today that we dealt with, I think, were capacity.

And for me and my six words, I've got to be -- we've got to think warfighting because when called upon, we've got to do it now, but we've got to be forward. And to me, the biggest risk is we are -- we do not understand that, that we've got to be out there and there are ways, I think, to do that and I think -- I'm hoping we'll get support for that.

And lastly, we have to be ready, not just parts and gas and all that. We have to be proficient at what we do and keep those investments intact.

Thank you for the opportunity to comment.

**MCKEON:**

Thank you very much.

Thank you for being here. Thank you for all you do for our nation.

This hearing is adjourned.