

Chief of Naval Operation
Adm. Gary Roughead delivers remarks at
Senate Armed Service Committee
March 8, 2011

LEVIN: Good morning, everybody.

I want to welcome Secretary Mabus, Admiral Roughead and General Amos to the committee this morning to testify on the plans and programs of the Department of the Navy, in our review of the fiscal year 2012 annual budget and overseas contingency operations request of the administration.

We are pleased to welcome General Amos to his first posture hearing as commandant and to welcome Admiral Roughead for what will probably be his last posture hearing before the committee as chief of naval operations.

We're grateful to each of you for your great service to our nation and for the valorous and truly professional service of the men and women under your command. And we're grateful to their families for the vital role families play in the success of careers and missions of our armed forces.

As we discuss the budget issues here at home, our eyes are principally focused on places far from here. Nearly 20,000 Marines are partnered with an equal number of Afghan security forces in Helmand province in the effort to bring security and stability to the people of southern Afghanistan.

The Marines have seen some tough fighting in clearing those areas of Taliban. They have also performed brilliantly in working with Afghan security forces and local Afghan leaders to keep these communities free of insurgent control and to help the Afghan people build a better future.

These efforts are showing progress, with villages secured in the central Helmand River Valley, market bazaars are reopening and children are returning to school.

The Marines are also helping to establish community watch groups throughout Helmand province, which are enabling local villagers to provide for their own security and to prevent a return of the Taliban.

When we met for the Navy posture hearing last year, the Marine Corps was completing its drawdown of forces in Iraq and was in the midst of its redeployment to Afghanistan.

The Navy has also been contributing directly to the war effort in CENTCOM as well. It has 14,000 active and reserve Sailors on the ground and another 10,000 at sea in Central Command, including ongoing individual augmentee support to operations in Iraq and Afghanistan.

And new challenges have emerged in recent days. Two ships with a Marine Expeditionary Unit of over 1,000 Marines aboard are in the Mediterranean. Missile launching ships are available, should the president choose to use them to strike Libyan targets, including military aircraft, air defenses, air strips, command centers, and bases.

Before exercising any use of force option, the president is appropriately seeking support from the international community, in particular, the support of other countries in the Arab and Muslim worlds and in the region.

It has been reported that some Arab states are apparently considering coordinating with the Africa Union (sic) in support of imposing a no-fly zone over Libya. Also, France and the United Kingdom are drafting a resolution for possible use at the United Nations.

Meanwhile, discussions are ongoing at NATO headquarters in advance of a defense ministerial meeting on March 10th and 11th.

Under the War Powers Act, the administration would need to consult with Congress before exercising a military option involving the use of force and to notify Congress promptly if a decision were made to use force.

The use and possible uses of our forces overseas makes it even more important that our budget provide for their success and their well-being.

Our witnesses this morning are faced with a number of critical issues that confront the Department of the Navy in the budget, such as balancing modernization needs against the costs of supporting ongoing operations.

We also know that you are facing serious complications, due to the fact that the Department of Defense does not have a full-year budget for the current fiscal year.

Many of the ongoing challenges facing the Department of the Navy center on acquisition programs. For instance, we have had great concerns about cost problems in the shipbuilding arena, including the littoral combat ship, or LCS, program.

Since last year, we approved a revised acquisition strategy for LCS that will result in \$2.9 billion in savings compared to the previous shipbuilding plan and has also contributed, at least in part, to the fact the Navy is buying additional ships in this budget and has added purchases of an additional 41 F-18 aircraft to help address a potential shortfall in tactical aviation.

We will be monitoring closely to ensure that the department actually achieves these savings and gets costs under control in other acquisition programs. The Navy has made modest progress in achieving the goal of a 313-ship fleet by increasing the size of the Navy fleet, and that has

increased from a low of 274 ships in March of 2007 to a planned level of 288 during fiscal year 2012.

We need to see more success stories, such as the savings from the LCS program or the savings from more efficient production of the Virginia class submarine or the savings from the F-18 multiyear procurement program if the Department of the Navy is going to make continued progress in building the size of the fleet.

The future strength of the Navy depends on holding firm on these cost-reduction efforts and expanding them across the whole acquisition portfolio.

The Marines have announced their intention to cancel the Expeditionary Fighting Vehicle, or EFV, program. The department acknowledges the importance of the Marine Corps' amphibious assault mission and of the continuing relevance of that mission and capability to the nation's defense.

This mission, in turn, depends on an ability to move ashore from 20 to 30 miles out to sea with armored vehicles. That has been the purpose of the EFV program. And so we need to hear this morning on the status of the alternatives to the EFV to achieve that mission.

The Weapon Systems Acquisition Reform Act of 2009 has dictated that the Defense Department make significant changes in its regulations and procedures governing the acquisition system. While I'm certain that this legislation will help correct past problems, I also know that we will succeed only through concerted efforts within the executive branch to implement that legislation and improve past behavior within the department.

And we look forward to hearing this morning how the Department of the Navy is proceeding to implement the provisions of that act.

Another concern surrounds future ship and aircraft force levels. As I have previously mentioned, the Navy budget would buy an additional 41 F-18 aircraft, but the budget would buy fewer Marine Corps and Navy versions of the F-35 Joint Strike Fighter.

Additionally, the Navy is planning to conduct a service life extension program, or SLEP, on some 150 F-18 aircraft already in the inventory. We need to understand the net effect of all these changes and how that alters the prospect of having empty carrier air wings later in this decade.

Readiness continues to be a major concern for our committee. Without a final fiscal year 2011 appropriations act to match this committee's 2011 authorization of additional resources for readiness, the Navy readiness posture is in great jeopardy.

Specifically, the funding needed in this fiscal year in addition to the original budget request is roughly \$60 million for aircraft depot maintenance and \$34 million for ship depot maintenance.

During last year's budget review cycle, this committee's -- this committee authorized those additional resources to meet the chief of naval operations identified unfunded priorities for fixing

shortfalls in the Navy aircraft and ship depot maintenance accounts in the fiscal year 2011 budget.

While the Senate Appropriations Committee matched that additional funding, there has been no final appropriations act. Delaying the final appropriations act for F.Y. 2011 has already had a negative effect on readiness -- the Navy has canceled five ship availabilities. Further delay on appropriations will result in cancellations -- additional cancellations.

The fiscal year 2012 budget continues an inadequate request for ship and aircraft depot maintenance, as I mentioned. For these two areas, the Navy budget request is short some \$367 million, which would only exacerbate an already stressed state of naval readiness.

LEVIN: Turning to operational energy issues, I want to commend Secretary Mabus for his foresight and aggressive goals, and his successful testing of alternative fuels from renewable sources. The sooner we can free ourselves from the shackles of fossil fuels, the better off our armed forces will be, along with the nation.

I understand that last year one Marine company deployed to Afghanistan with renewable power systems to recharge batteries and laptops and energy-efficient lighting for tents, among other items. Since then, fuel use has decreased 90 percent and two patrol bases now operate entirely upon that renewable energy.

And I congratulate you, Secretary and the Marines, for that initiative.

I also want to commend Secretary Mabus on his recent announcement that the Department of Defense will take new steps to enhance cooperation on clean energy and energy security by furthering last year's memorandum of understanding between the Department of Defense and the Department of Energy.

Last year's committee report on the National Defense Authorization Act for fiscal year 2011 contained language expressing this committee's concerns about the planned relocation of 8,000 Marines and their families from Okinawa to Guam. We recommended a reduction of \$320 million from the request for construction of aircraft parking, site preparation, and utilities on Guam since we concluded that these funds were budgeted ahead of need.

The committee also recommended that authorization for the construction of future projects be deferred until we were provided with essential and relevant information. To date, the committee has not received that information on any of the six items that we requested.

This year's budget request contains \$181 million in similar projects. The department has not yet shown that tangible progress has been made to implement a final decision on the replacement facility that meets the operational requirements for the Marines on Okinawa, and we should not proceed with such an important costly endeavor until we have complete detailed information and realistic plans. To do otherwise would risk billions in taxpayer dollars and could potentially put our strategic posture in a crucial region in jeopardy.

So we look forward to hearing your testimony this morning from our witnesses on these and other issues that are facing the Department of the Navy, and again we strongly commend you on your great service to the nation and on the initiatives that you all have taken.

Senator McCain?

MCCAIN: Thank you, Mr. Chairman.

I thank the witnesses for being here today, and I thank them for their service to the country. They join us in interesting times. There's a lot of issues that are now before us and the president and the joint chiefs and our military leadership to handle various situations that are unfolding in the world, some of it on a day-to-day basis. So I'm very interested in hearing General Amos' and Admiral Roughead's assessment of some of these situations.

I remain concerned. And by the way, in case I know that our witnesses didn't miss it, but the Chinese announced a 12 percent or 12.5 percent increase in their defense budget. We all know that that is not a true reflection of their defense spending and a lot of their recent behavior, in my view, has emphasized the need for our naval presence in that part of the world, a very significant one which may in future years turn our attention again to our overall maritime strategy.

The Joint Strike Fighter we have been over and over and over again, both in hearings and with the witnesses.

General Amos, I would really appreciate it if you would keep us informed almost on a monthly basis. Secretary Gates has said, as we all know, that the Marine Corps version of the F-35 is on, quote, "probation." This has really been -- I hate to keep throwing out the word "disgraceful" -- but the cost overruns and delays have been unfortunately characteristic of a lot of our acquisition problems and challenges over the past several years.

So I know, General Amos, you will keep us informed, but we don't want to be surprised. We don't want to be surprised about anything that happens with the F-35. We do have in these tough fiscal times an obligation to our citizens to make sure that -- we always have that responsibility, but now in these tough times that responsibility has even been increased.

General Amos, I appreciate your decision concerning the expeditionary fighting vehicle. I know it was a tough one for you, and I'll be very interested in hearing your views on what we will do instead of the EFV in the future, particularly in light of my opening comments.

Our whole shipbuilding costs are -- are really something which is disturbing us. And Secretary Mabus, how you're going to fit the submarines as well as our other shipbuilding requirements all into a very tight budget, I would be very interested in hearing how you're going to approach that.

And finally, on the littoral combat ship, I would just quote not my own views, but from Norman Polmar. Over the years, we learned to respect the views of certain individuals who are experts, and I would quote from an article that Norman Polmar wrote, called "A Crisis in Leadership" in January. And he basically said -- and more recently the Navy has again changed course on the

LCS program. The program began a decade ago when the Navy awarded contracts to two industry teams to develop and build competitive LCS designed, quote, "at the speed of light."

As successive CNOs and surface warfare flag officers attested, each team was to build up to two ships, and at the last hearing I went through the numbers of the ships that were begun and canceled at huge cost. After competitive evaluation, the Navy would select one design to fulfill the requirement for a total LCS force of about 55 ships.

I go on to quote Norman Polmar: "Into 2010, the Navy continued to praise this approach to the LCS program, even though both designs have been late and far above planned cost. The design selection also was delayed with the penultimate declaration by the Navy's leadership being that the winning design would be chosen in November, 2010."

Then, without warning, in November, the Navy announced a, quote, "split decision." The leadership now wants to buy 10 additional ships from each builder. The claim is made that the existing competition had driven down costs for both designs.

That is a questionable claim in view of the more than doubling of the costs of prototypes of both designs, major problems in developing and producing their mission modules, and increased costs of supporting a large number of both LCS configurations in the fleet. The two LCS designs have different sensors, computers, software, tactical displays, propulsion systems, et cetera.

Those will cause increased maintenance and support costs, increased personnel training costs, and restrict flexibility in personnel assignment -- an important factor in view of the small LCS crew size. The different combat systems of the two LCS designs will create problems related to operating the mission modules. Developing a new common combat system for both designs could cost up to \$1.8 billion, according to the Congressional Research Service. Adopting one of the combat systems to the other design would cost just under \$1 billion.

That's Norman Polmar's view, and we'll see. We'll see, Mr. Secretary. We'll find out. I'll be here for a few more years and we'll see whether your decision was correct or not, or whether Norman Polmar and I was correct when you made a snap decision in November that all of a sudden, we had to approve two different shipyards to do the job that for years you told the Congress and the American people that you were going to select one.

This kind of thing erodes -- enormously erodes the credibility of the Navy's plans and programs, at least for this member.

I look forward to hearing from the witnesses and I thank them for their service to the country.

LEVIN: Thank you, Senator McCain.

Mr. Secretary, let me call on you first. Secretary Mabus?

MABUS: Mr. Chairman, Senator McCain, members of the committee, I have the honor of appearing here today representing the Sailors, Marines, civilians and their families that make up our Department of the Navy.

Today, the Navy and Marine Corps are conducting missions across the full range of military operations. They remain the most formidable expeditionary fighting force the world has ever known. And thanks to your support, they will continue to meet the multitude of missions entrusted to them by our nation.

As the chairman pointed out in his opening statement, today we face an immediate crisis: the absence of a defense appropriations bill and the increasingly serious problems of operating under a continuing resolution. The pressure of the C.R. has already significantly impacted procurement and reduced the resources available to maintain readiness.

If the C.R. continues for the entire year, we will be forced to reduce aircraft flight hours and ship steaming days, cancel up to 29 of 85 surface ship availabilities, defer maintenance on as many as 70 aircraft and 290 engines, and defer up to 140 maintenance and construction projects across the country.

In addition, lack of legislative action will prevent the construction of two Arleigh Burke destroyers, one Virginia Class submarine and one mobile landing platform; prevent procurement of two nuclear reactor cores, and delay increased funding for the Ohio Class replacement; reduce Marine Corps procurement by up to one-third after the Marine Corps rebalances its manpower accounts; create a \$4.6 billion shortfall in operation and maintenance account; and create a nearly \$600 million shortfall in combined Navy and Marine Corps manpower accounts.

These measures not only place additional stress on the force and on our families, they will weaken the industrial base and affect over 10,000 private sector jobs. The disruption to our fleet in shore maintenance and modernization schedules may take years to recover from and will come at a much greater cost.

We strongly request congressional action to address the implications of the continuing resolution.

MABUS: This is particularly important when considering that submission of the fiscal year '12 budget was based on the F.Y. '11 request.

The fiscal year 2012 president's budget request for the Department of the Navy of \$161 billion, an increase of only one-half of 1 percent from F.Y. '11, includes funds this year for 10 ships and 223 aircraft. It maintains our commitment to take care of our people, build a strong R&D and industrial base, and to grow the fleet.

The \$15 billion request for overseas contingency operations, which represents a drop of \$3.5 billion from F.Y. '11, includes funds to sustain operations, manpower, infrastructure, as well as procure equipment to support operations in Afghanistan.

During the budget development, we were keenly aware of the fiscal position of the country and the necessity to be responsible stewards of taxpayer dollars. The resulting request is a strategy-driven document informed by fiscal realities. I think it balances competing requirements and does what is best for the country, the Navy and Marine Corps, and our Sailors and Marines.

We began this budget cycle by examining every aspect of what we do and how we do it. Consequently, \$42 billion in Department of the Navy efficiencies were identified over the five years.

As a result of these efficiencies, we have been able to add one Aegis destroyer, three T-AO(X) fleet oilers, and one T-AGOS ocean surveillance ship to our shipbuilding plan.

With our dual-block LCS strategy, this increases the total number of ships in the FYDP from 50 to 56, including one joint high speed vessel to be built for the Army.

The savings allow us to buy additional FA-18s, extend the service life of up to 150 aircraft as a hedge against delays in the deployment of the F-35B, and allow us to continue investing in unmanned systems, which are becoming increasingly important on the battlefield.

The upcoming year will see the deployment of the Fire Scout to Afghanistan and continuing testing of the UCAS-D, the forerunner of an integrated carrier-based system.

In 2010, one of the most important efforts was the decision endorsed by Congress to pursue the new Littoral Combat Ship through a dual-block buy procurement strategy. At an average cost of less than \$440 million per ship, and with the cost reductions we have seen on LCS 3 and 4, the new strategy will save taxpayers \$2.9 billion.

This plan is one that's good for the Navy, good for taxpayers, good for the country, and demonstrates what can be accomplished when sound acquisition principles are followed and enforced.

We heard the message from Congress very clearly: We need more ships, but they have to be affordable. The LCS strategy supports the industrial base by keeping workers employed at two shipyards and is indicative of the department's push to ensure acquisition excellence.

The fixed-price contracts used for LCS I hope will be a model. They are the result of effective competition, give the government full ownership of the technical data package used in construction, and afford greater congressional oversight.

With the new strategy we get more ships, more quickly, and more affordably.

As was pointed out, significant additional savings were also achieved through termination of the Expeditionary Fighting Vehicle. It's important to emphasize that this decision in no way changes our nation's commitment to amphibious warfare. We have to maintain an amphibious assault capability that will put Marines ashore ready for the fight.

But the EFV is simply not the vehicle to do this. Conceived in the 1980s, the EFV is a two-decade-old solution to a tactical problem that has since fundamentally changed, and its cost per unit would have consumed half the Marine Corps' total procurement from F.Y. '18 to '25 and 90 percent of its vehicle-related operation and maintenance account.

In aviation programs, we, as you, are closely monitoring the Joint Strike Fighter, particularly the Marine Corps variant, the F-35B. After a two-year period of focused scrutiny, we'll be able to make an informed recommendation about resolving the technical and cost issues.

Ashore, we continue to confront rising health care costs caused by an increasing number of beneficiaries, expanded benefits and increased utilization. To deal with these trends, we have to implement systematic efficiencies and specific initiatives to improve quality of care and customer satisfaction, but at the same time more responsibly manage cost.

We concur with the recommendations made by the secretary and defense to ensure fiscal solvency and benefit equity for our retirees.

Finally, we are continuing the efforts to invest in and develop alternative energy. The latest headlines from around the world reinforce the basic point: Energy is first and foremost an issue of national security. We cannot allow volatile regions of the world to control the price and affect the supply of the fuel we use.

Last year, the Navy and Marine Corps took huge steps forward, including, again, as was pointed out earlier, flying an F-18 Hornet on biofuel, conducting a large expansion of solar power, and beginning expeditionary and energy initiatives in Afghanistan.

The 3rd Battalion, 5th Marines was the outfit that you talked about, Mr. Chairman, and in the middle of some of the heaviest fighting in Helmand province they've demonstrated not only the ability to reduce their use of fossil fuels, but also to make them better fighters.

One foot patrol saves 700 pounds of batteries that they don't have to lug through the battlefield, simply by using some of these renewable energy devices.

What we're doing there is already saving lives. We will continue these investments this year and we'll continue to move toward our goal of at least 50 percent alternative energy use by 2020.

In closing, I want to thank you again for your support. Thank you for always looking out for our Sailors, our Marines, their families, and for your support of efforts to make the Navy and Marine Corps better, stronger, and better able to defend our great nation.

It's a solemn privilege to lead the naval services during an era of protracted war and of national challenge. I have been profoundly moved by the sacrifice and devotion that I've witnessed daily in the Sailors and Marines who defend us. The Navy and Marine Corps are and will remain ready to do any mission America gives them.

Thank you.

LEVIN: Thank you, Mr. Secretary.

Admiral Roughead?

ROUGHEAD: Thank you, sir.

Chairman Levin, Senator McCain, members of the committee, it's my honor to appear before you in my fourth year as the chief of naval operations representing more than 600,000 Sailors, Navy civilians and families who operate and live globally. I appreciate your continued support for them as they continue to carry out our maritime strategy.

Our Navy continues to meet operational commitments and respond to crises as they emerge. We're engaged in Afghanistan and in Iraq with, as you mentioned, 14,000 Sailors on the ground in those countries, and with two aircraft carriers now in the Central Command area of operations, 14,000 at sea. From the carrier we provide about 30 percent of the fixed-wing air sorties that fly in support of our troops in Afghanistan.

Our presence in the Middle East also gives us the flexibility to respond to the sweeping changes that we see taking place there. But our interests extend beyond that, and so do our operations.

Today we have about 65,000 Sailors and about 40 percent of our force deployed. They're globally present and they're persistently engaged. They provide deterrence in Northeast Asia and presence in the Western Pacific. They conduct counter-piracy operations in the Indian Ocean, and they're building maritime partnerships in Africa, South America and the Pacific.

The demand continues to grow for the offshore option that our Navy and our Marine Corps team provides the nation. We assumed the lead for the first phase of the phased adaptive approach for ballistic missile defense in Europe, and we're working with the Missile Defense Agency on providing that same capability ashore.

We created the new Information Dominance Directorate on my staff, which has enabled us to make better decisions and investments in countering anti-access and area denial strategies.

We recently established the 10th Fleet, our cyber-fleet, which has demonstrated its expertise by conducting joint and naval operations in the cyber, network, cryptology and space arenas.

To deliver the above, we've been pushing the fleet hard. We have 288 ships today. It's the smallest that we have been since 1916 when our interests and our responsibilities were nowhere near what they are today. And that's why 313 ships remains the floor of our future force and why sustaining fleet capacity is essential to reaching that floor.

Since I've become CNO, I've focused on ensuring the Navy is ready, that our quality of work and quality of life are fulfilling to the men and women of our Navy, and that we place underperforming programs back on track.

We've introduced stability, affordably and capacity into our shipbuilding and aviation plans, and with the assistance of Congress we have advanced capabilities to meet the most likely evolving threats.

We've secured a fixed-price dual award for 20 Littoral Combat Ships, we've addressed the Strike Fighter capability with multi-year F-18 procurement, and pending resolution of the continuing resolution, we will build two Virginia class submarines per year, another DDG 51, start the Mobile Landing Platform, construct and refuel our aircraft carriers as planned, and continue the design of our replacement Strategic Deterrent Submarine.

I'm pleased with our accomplishments, and I thank Congress for their continued support of our acquisition strategy.

Our fiscal year '12 budget request is a balanced approach to increasing fleet capacity, maintaining war-fighting readiness, and developing and enhancing our Navy total force.

This budget goes beyond ships and aircraft. It enhances electronic warfare, information dominance, integrated air and missile defense and anti-submarine warfare capabilities for evolving challenges.

It continues to develop a family of unmanned systems that will work in concert with our manned systems to secure access and establish maritime superiority when and where we choose.

ROUGHHEAD: It continues our effort over the last two years to reduce total ownership costs and leverages the opportunity presented by the secretary of defense's efficiencies to reduce excess overhead, improve readiness, and reinvest in war-fighting capability and capacity that improves the long-term sustainability of our force.

Importantly, it supports the secretary of defense's health care initiatives included in the president's budget, which continue our efforts in health care to improve internal efficiency, incentivize behavior, ensure all our beneficiaries are treated equitably, and enhance our ability to deliver high-quality health care for years to come.

You can be exceptionally proud of our Sailors and Navy civilians, who they are, and what they do. Today, Sailors are the best with whom I have ever served. I ask for your strong support of our fiscal year 2012 budget request, and I thank you for all you do to support the men and women of the United States Navy, our enduring global force for good.

Thank you.

LEVIN: Thank you so much, Admiral. And, again, thank you for your extraordinary service over the decades.

General Amos?

AMOS: Chairman Levin, Ranking Member McCain, and members of the committee, it is indeed my honor to appear before you today for the very first time as the commandant of the Marine Corps to articulate the posture of your corps.

Today, the corps serves as America's Expeditionary Force-in- Readiness, a balanced air-ground logistics team of 202,000 active, 39,000 reserve, and 35,000 civilian Marines. Our ability to serve as our nation's principal crisis response force is due in large part to this committee's and Congress's continued strong support. Thank you for that.

Today, there are roughly 32,000 Marines forward deployed around the world. As we sit here, it's half-past 7:00 in the evening in Afghanistan. The rainy season has hit; the evenings remain cold and damp. In this nation, where 20,000 of our young men and women are engaged in full-spectrum combat and counterinsurgency operations. I'm encouraged by the significant progress they have made in the Helmand province. And you have my assurance that this effort remains my top priority.

Sergeant Major Kent and I spent Christmas with our Marines and Sailors in Afghanistan. And I'm happy to report that their morale is high and their belief in their mission is strong.

Partnering with the United States Navy, we are forward-deployed and forward-engaged. This past year alone, our afloat forces conducted humanitarian assistance operations in Pakistan, Haiti, and the Philippines. They recaptured the pirated ship, Magellan Star, rescuing its crew from Somali pirates and partnered with allied forces in engagement missions in the Pacific Rim, Latin America, Africa, and Eastern Europe.

Right now, over 400 Marines from the 1st Battalion, 2nd Marine Regiment, who deployed last week from Camp Lejeune, North Carolina, within 20 hours of notification, are embarked aboard two amphibious vessels with a full complement of fixed- and rotary-wing assets. These Marines are poised in the Mediterranean, prepared to do our nation's bidding.

Our role as America's crisis response force necessitates that we maintain a high state of readiness. You're either ready to respond to today's crisis, with today's force, today, or you risk being late and, thus, irrelevant. I am keenly aware of the fiscal realities confronting our nation.

During these times of constrained resources, the Marine Corps remains committed to being the best stewards of scarce public funds. We maintain a longstanding tradition with Congress as Congress's -- as DOD's penny-pinchers. Our institutionalized culture of frugality positions us as the best value for the defense dollar.

For approximately 8.5 percent of the annual defense budget, the Marine Corps provides the nation 31 percent of its ground operating forces, 12 percent of its fixed-wing tactical aircraft, and 19 percent of its attack helicopters.

This year's budget submission was framed by my four service level priorities. We will: number one, continue to provide the best trained and equipped Marines in Afghanistan; two, rebalance our corps and posture it for the future; three, better educate and train our Marines to succeed in

increasingly complex environments; and, lastly, we will keep faith with our Marines, our Sailors, and our families.

While these priorities will guide our long-term plan for the Marine Corps, there are pressing issues facing our corps today that concern me, issues for which I ask Congress's continued assistance in solving.

Our equipment abroad and at home stations has been heavily taxed in the nearly 10 years of constant combat operations. The price tag for reset is \$10.6 billion, of which \$3.1 billion has been requested in F.Y. '11 and \$2.5 billion is being sought in F.Y. '12. The remaining \$5 billion will be needed upon the completion of our mission in Afghanistan.

The F-35B STOVL Joint Strike Fighter is vital to our ability to conduct expeditionary operations. Continued funding and support from Congress for this program is of outmost importance. During the next two years of F-35B scrutiny, I will be personally involved with the program and closely supervising it.

Both the secretary of defense and the secretary of the Navy have reaffirmed the necessity of the Marine Corps' amphibious assault mission. We must develop an affordable and capable amphibious combat vehicle to project Marines from sea to land in permissive, uncertain, and in hostile environments. I ask for your continued support to reach this goal.

To ensure the Marine Corps remains a relevant force with the capacity and capability to respond to the demands of the future security environment, we recently conducted a detailed, internally driven force structure review. The results of this effort provide America a strategically mobile, middleweight force, optimized for forward presence and rapid crisis response.

As we look to the future, the Marine Corps is committed to finding ways to be more energy-efficient. Since 2009, we have aggressively pursued energy-efficient capabilities that will make Marine units more energy self-sufficient, increase our combat effectiveness, and protect the lives of our young men and women. Two weeks ago, I signed our new bases-to-battlefield energy planning guidance, which sets goals and metrics and a plan for implementation.

Finally, I would like to comment on the impact of the current continuing resolution, as it has our operations and our programs. As of today, \$567 million in military construction contracts have not been awarded, \$2.4 billion of MILCON is at risk for the remainder of this year. These projects impact the lives of Marines, the local economies of the communities around our bases and stations, and are projected to generate over 63,000 jobs from the Carolinas to Hawaii.

If the continuing resolution extends through the entire fiscal year, 13 bachelor enlisted quarters, totaling 5,000 affected spaces, will not be built, thus stymieing our BEQ modernization efforts. These 13 BEQs will allow eight infantry battalions to move out of 50- year-old Cold War barracks.

Finally, a continuing resolution could prove -- prove catastrophic to our procurement accounts, resulting in a loss of almost one-third of our procurement budget capabilities.

Lastly, you have my promise that, in these challenging times ahead, the Marine Corps will only ask for what it needs, not what it might want. We will make the hard decisions before coming to Congress, and we will redouble our efforts toward our traditional culture of frugality. As has been the case for over 235 years, your Marine Corps stands ready to respond when the nation calls and whenever the president may direct.

Once again, I thank each of you for your continued support. And I'm prepared to answer your questions.

LEVIN: Thank you so much, General Amos.

Let's start with a seven-minute first round. General, the -- over the weekend, it was reported -- and it's been reaffirmed here today -- that 400 Marines from Camp Lejeune have arrived in Greece. Have they now joined the 1,300 Marines of the 26th Marine Expeditionary Unit on those two amphibious ships? Have those -- I know they went to Greece, but have they now actually -- are they on board those two ships now?

AMOS: Yes, sir. They're on board, and the ships are at sea.

LEVIN: Thank you. The newspapers reported yesterday -- and this goes to both you, Admiral, and General Amos -- that some of the capabilities of the two amphibious assault ships are as follows: Harrier Jump Jets, that can engaged in air-to-ground and air-to-air combat, as well as maintain surveillance on the ground -- on ground positions. They have attack helicopters on board, transport aircraft, including cargo helicopters and the V-22 Osprey. So you have a capability there for long-range transport, as well as landing craft capable of reaching the Libyan coast.

Are there any other capabilities, major capabilities that I've left out? And are those accurate, what I've just described?

Admiral Roughead, why don't we start with you?

ROUGHEAD: Yes, sir, those are accurate capabilities. And I would say that, in addition to that, on board the large amphibious ship, there is a medical team with operating room capabilities. So there's significant capacity there. And also, they're quite well loaded with humanitarian assistance items, as well.

LEVIN: Thank you.

General?

AMOS: Chairman, those are -- that's an accurate portrayal of the physical equipment and those capabilities therein. That force is capable of performing a variety of missions. They're trained. They can do everything from a raid to an amphibious assault to non-combatant evacuation, forcible entry, TRAP mission, those kinds of things. So there's a lot of capability that resides in those two vessels.

LEVIN: Thank you.

Admiral, is it also correct that, in addition to those two ships, we have in the Mediterranean ships that are currently available that have missile-launching capability against land targets?

ROUGHEAD: Yes, sir. That's correct.

LEVIN: General, let me switch to Afghanistan. Can you give us your assessment of the -- what's called the interim security for critical infrastructure, which is the separate program, I understand, from the Afghan local police program? Can you tell us about that program, the interim security for critical infrastructure?

AMOS: Chairman Levin...

LEVIN: Is that a name which resonates at all with you?

AMOS: Sir, it does not. And I'm going to have to take that for the record and get back to you, Chairman.

LEVIN: Yeah, it didn't resonate with me, either, and we read about it, and I was curious about it. But if you could get us that for the record, that'd be helpful.

Secretary Mabus, can you tell us where we are in the process of moving Marines from Okinawa to Guam? And how are we going to complete the program, given the strong opposition to it in Okinawa?

MABUS: Yes, sir.

To echo what the secretary of defense said earlier, we are waiting for substantive movement on the Futenma replacement facility by the Japanese before taking any major substantive steps of our own. But in the interim, we have signed the record of decision on the environmental impact statement.

We held a lot of hearings. We had a lot of interaction with the people of Guam. My undersecretary has been to Guam numerous times to meet with the government of Guam and with the people of Guam, and he has identified four overarching goals for Guam.

One is a one Guam and one U.S. government response to Guam. Secondly is that whatever resources are put there, should be renewable-type energy projects, or a green Guam. Third is that we will be sensitive to cultural matters, such as Pagat Cave and Pagat Village, the -- the Guam cultural items that have been identified as crucial. And fourth is that at the end of the day, that there will be a net-negative footprint, so that we will use less land for military purposes than we're using today.

But, again, before we take substantive moves to implement the road map that -- that was agreed to several years ago, we are awaiting Japanese government moves on -- on the Futenma replacement facility.

The last thing I will say is that the Japanese government has deposited the amounts of money that it had committed to into our treasury up until this point.

LEVIN: Now, the Japanese government moves that you referred to include a signature on a document. Is that correct?

MABUS: Yes, sir. And also some -- something substantive in terms of beginning the construction of a replacement facility for our Futenma air base.

LEVIN: And that is what the opposition in Okinawa strongly opposes is that signature on the document, as I understand.

MABUS: That is...

MABUS: I understand there's opposition to that...

LEVIN: Right.

MABUS: ... in Okinawa. I also understand there's opposition to Futenma in Okinawa.

LEVIN: Right. Both.

And the opposition is so strong -- I think it was unanimous in the Okinawa legislative body -- that prospects, it seems to me, are not great that this is going to happen this fiscal year.

Can you comment on the likelihood that we're going to get the Japanese sign-off on both the replacement facility and on the signature for that document?

MABUS: I will simply quote what Secretary Gates said in previous hearings, which he -- he said that he was hopeful that progress would be made soon. And I believe by soon he meant in this fiscal year.

LEVIN: Hopeful, but not necessarily optimistic. Is that fair?

MABUS: I believe his word was hopeful. I don't want to put words in his mouth. But he -- he expressed -- well...

MABUS: I can't -- I can't think of a different word than hopeful (inaudible).

LEVIN: All right. Are you, personally, optimistic it's going to happen this year?

MABUS: I believe that -- that the Japanese government understands what our position is and that, absent movement, that we cannot go forward. So they understand the urgency.

LEVIN: Thank you very much, Secretary.

Senator McCain?

MCCAIN: Thank you, Mr. Chairman.

General Amos, have you had a chance to look at the air capabilities that the Libyans have now, as far as fixed wing and helicopters?

AMOS: Senator, I've looked at -- yes, sir, I've looked at what they have.

MCCAIN: And what has been your assessment?

AMOS: Well, I think it's modest. I think probably the greatest threat are their helicopter-type forces. That's just my assessment, standing from afar.

MCCAIN: And their air defenses?

AMOS: They have air defenses, sir. I'm unfamiliar with the depth of those air defenses, but they have some.

MCCAIN: But my information -- I wonder if you have the same thing -- they are Soviet-style, somewhat older versions of surface-to-air missile capability.

AMOS: Yes, sir, I believe that's correct.

MCCAIN: And isn't it true that the air assets are concentrated in about four air bases, right around Tripoli?

AMOS: I believe that's correct, Senator.

MCCAIN: So the air assets, both fixed wing and helicopter, are going out of a relatively small area around Tripoli, operating out of those areas. Is that true?

AMOS: Yes, sir, predominantly I believe that's correct.

MCCAIN: Is it -- do you have any assessment of their -- of the numbers of aircraft that they have, both fixed wing and helicopter?

AMOS: Senator, I just know the general capabilities. I'm not -- I've not spent time looking at the precise numbers.

MCCAIN: Has it been your experience of combat that if the enemy controls the air above, particularly in terrain like Libya, it gives them an enormous advantage?

AMOS: Sir, I think there's several things that would give the enemy an enormous advantage. One is the ground movement of forces -- vehicles, military on the ground. Although the aviation -- I think it's a very complex environment, where the enemy is -- where the -- where the Gadhafi forces are predominantly located.

So I think it's more than just aviation. I think it's very complex.

MCCAIN: But you have very little doubt that control of the air above, particularly an untrained enemy, that it gives you an enormous advantage, in any conflict. True?

AMOS: Sir, I would say it would give you an advantage. I'm not sure about his air force.

MCCAIN: Have you heard that Gadhafi is still flying in mercenaries into Tripoli from other countries?

AMOS: No, sir, I've not heard that.

MCCAIN: Did you hear that he has two Airbuses (ph) that are shuttling back and forth?

AMOS: No, sir, I've not heard that.

MCCAIN: You have been getting regular briefings?

AMOS: We do, sir.

MCCAIN: The ships that are offshore, they also have -- the carriers -- they also have surveillance pod capability?

AMOS: They do, sir. The Harriers are carrying an ISR pod.

MCCAIN: And do they have jamming capability?

AMOS: Yes, sir, they do.

MCCAIN: So we could jam Gadhafi's communications and including television?

AMOS: Sir, excuse me. I misunderstood you. I thought you said camera capability. You're talking jamming capability?

MCCAIN: Yes.

AMOS: They do not.

MCCAIN: And what assets would have those, the jamming capability? AWACS?

AMOS: Sir, it would be that, and it would probably be -- I'd have to refer to the CNO, but it would probably be airplanes -- aircraft, EA6Bs, off the carrier.

MCCAIN: Admiral?

ROUGHEAD: Yes, sir, the jamming that would be required, whether for communications or for their air defense system, I believe you would require EA6Bs or the Growlers that we're now introducing to the fleet.

MCCAIN: And how far away are those?

ROUGHEAD: The aircraft carrier Enterprise is the closest capability. The Enterprise is currently in the Red Sea.

MCCAIN: Are there plans to move it?

ROUGHEAD: At the present time, plans are for her to remain in the Central Command area of operation, sir.

MCCAIN: Not move into the Mediterranean?

ROUGHEAD: There is no order been issued to do that, no, sir.

MCCAIN: General Amos, in the withdrawal from Iraq, is it your personal opinion that Iraq will be able to take over logistics, intelligence and air sovereignty missions that the U.S. has been carrying out?

AMOS: Senator, I've always believed that -- I can't speak to the degree of where they are today, because the Marines are out of there and we're focused primarily on Afghanistan and other parts of the world. But we were certainly on a glide slope to make that happen.

MCCAIN: Admiral?

ROUGHEAD: I believe we are on that path, yes, sir.

MCCAIN: So you're not concerned about a complete withdrawal of U.S. troops from Iraq as far as logistics, intelligence, training of an air force, a Navy -- none of that is of concern?

ROUGHEAD: As of my most recent visit there, Senator, where I focused primarily on the Navy, I see very good progress. And, in addition to that, because that Navy will operate offshore, our 5th Fleet that operates in the Arabian Gulf, I believe it'll be a very supportive relationship, addressing the needs of Iraq from the naval perspective.

MCCAIN: So they need no other assistance?

ROUGHEAD: I believe that assistance will continue through the way that we interact with all navies in the region with our 5th Fleet headquarters and the ships that deploy there, the exercise programs that we have.

And that will continue on with the Iraqi Navy, and not have to have people ashore.

MCCAIN: General Amos, have you been requested yet to identify any drawdown that was going from Afghanistan that's going to begin the middle of -- I guess of July this year?

AMOS: Senator, no, we've not been asked to identify any forces yet.

MCCAIN: So we really have no plans yet that you have been made aware of of our drawdown -- beginning of our drawdown -- in Afghanistan?

AMOS: Senator, all I'm aware of is that there will be a drawdown, the president has announced it, beginning in July, of some forces. The secretary of defense spoke about that yesterday in Afghanistan. I can't tell you whether it'll be Marine forces. And I just -- I'd have to defer to General Mattis and General Petraeus.

MCCAIN: Thank you, Mr. Chairman.

LEVIN: Thank you, Senator McCain.

Senator Lieberman?

LIEBERMAN: Thanks, Mr. Chairman.

Thanks to the three of you for your service and for your testimony today.

Before I get to my questions, I just want to begin by thanking the three of you for the leadership role that you're playing in the implementation of the repeal of "don't ask/don't tell."

Admiral Roughead and General Amos, I recently watched the opening portions of training videos that you have filmed for Sailors and Marines, and I just want to express my gratitude for the leadership that you display there.

As you indicate in those videos, this is all about values -- values that are -- that are -- that are deep and inherent in your services, values of leadership, discipline, professionalism and respect.

And I think -- and I really thank you, based on looking at these videos, for leading your services, as the two of you have throughout your career, by example. I appreciate that very much.

LIEBERMAN: I want to get to a couple of questions about Libya. I thought -- I just want to pick up from something Senator McCain asked and -- and the inference from it, which is no one's saying that a no-fly zone is not -- is uncomplicated, but the fact is that we have some experience

doing this, and though people have said Libya's a large country, it is, of course, a large country. But the activity here is mostly on a strip of land along the coast.

So if there's a decision to do this -- and I appreciate what Secretary Gates said in his testimony, though it's the part that's less quoted, which was that, if asked to implement, hopefully with our allies and others, a no-fly zone, we're perfectly capable of doing it.

But the point I want to make from what Senator McCain asked is that the -- the -- the air defense systems of the Libyans are modest and air capabilities are modest, and the activity -- though the country is large -- is happening mostly along a strip along the north of the country, along the coast.

The question I wanted to ask is -- is this. And there have been -- the chairman and Senator McCain have asked about our resources in the region. We're all following this very closely. I was interested that our ambassador to NATO, Ivo Daalder, said -- has been quoted as saying that the U.S. has been conducting around-the-clock air and ground surveillance in Libya.

And I wanted to ask you, Admiral, and you, General, whether you have any knowledge about that and toward what -- toward what end are we conducting that surveillance? Admiral?

ROUGHEAD: Senator, the -- the -- the ability to monitor the level of activity, the -- the -- the disposition of the forces are something that is within our capabilities to do. And -- and -- and we have been following the -- the fighting that's been taking place through a variety of means that we have. So we -- we have some insight into what's going on there.

LIEBERMAN: General, do you have anything to add to that?

AMOS: Sir, I don't. I know that, just as we do in many other places around the world, where there's hostile action taking place, we pay very close attention through a variety of means and capabilities, some national and some organic.

LIEBERMAN: Admiral, based on what we know or what you know, do you think this is now settling into a kind of stalemate situation? I know it's always hard to predict where we may end up with -- unless something surprising happens, we may end up with a long-term civil war-type conflict in Libya?

ROUGHEAD: Having spent some time in the Middle East, to include actually living in Libya, I am always hesitant to predict what the future may be there. I think it's still a very uncertain period that bears watching. And then, as some of the thoughts are discussed and debated, I believe at least from a military perspective that looking at what some of those details may be ahead of time is very important.

The issues, such as a no-fly zone, what are the restrictions on use of force? Where are the basing and the access that might be required? And I think all of those need to be sorted through.

LIEBERMAN: Understood. I understand that -- and it's, I believe, been publicly acknowledged - - that the State Department at least has opened up channels of communication with the temporary national council or provisional anti-Gadhafi government, which is headquartered in Benghazi. As far as you know, is there any military- to-military contact going on through the Pentagon with the military leadership of the anti-Gadhafi forces?

ROUGHEAD: I'm not aware of any, sir.

LIEBERMAN: General, do you know? Good enough.

Let me -- let me go to something different, which is, Secretary Mabus, I was -- I noted in the statement -- statement you made in your prepared testimony that the F-35C variant of the Joint Strike Fighter will be procured for both the Navy and the Marine Corps. I think it's been the general understanding that the Marine Corps would -- would want to see produced and would -- would procure a pure F-35B STOVL fleet variant of the F-35. And that, in fact, is the plan that's reflected in the current Future Years Defense Program.

Did I read this correctly in your prepared statement? And could you speak, therefore, to the future mix, if that is the correct interpretation, of the F-35B and the F-35C in the Marine Corps inventory?

MABUS: Yes, sir. It -- it has always been true that the F-35B was solely a Marine aircraft, but it's also been true that the C version, the carrier version, the naval version, was going to have Marines flying those, as well. Today we have three Marine squadrons aboard carriers, and we are currently undergoing a tactical air integration look across the Navy and the Marine Corps to see what the proper mix is of C's for the Navy and Marine Corps to make sure that we continue that - - that integration and make sure that Marines continue to fly off carriers in strike fighters, as well as in vertical takeoff and landing aircraft.

LIEBERMAN: General, could you give me your reaction to this? Is that mix at this point acceptable to the Marine Corps? Am I wrong that you had originally hoped for a pure STOVL variant fleet?

AMOS: Senator, we -- you're correct that that was the initial plan. We -- let me back up just a -- we've always been fans of TACAIR integration. As -- as the secretary said, we have Marine squadrons right now on Navy carriers. On the Enterprise right now, we have Marine F-18s.

So -- so we do that. We like that. It's good for both our services and the naval force. But when we set the requirement in for STOVL aircraft, our hope was we would be able to someday fly those versions off of CVNs, naval aircraft carriers. That's yet to be seen whether that would be possible.

So in the meantime, it would seem prudent that we would buy some number of C variants even early on so that we can begin to transition our force there. But it will be a -- it will be a proportional number on the overall buy of the STOVL. The STOVL is still our primary focus.

LIEBERMAN: OK, good enough. My -- my time's up. Thank you.

LEVIN: Thank you, Senator Lieberman.

Senator Wicker?

WICKER: Thank you.

Admiral Roughead, let me follow up on Senator McCain and Senator Lieberman. Given the testimony that -- that we've received today that Libya's air capabilities are relatively modest, that their air defenses are concentrated in a relatively small area, what would -- what would General Gadhafi's options be, if the United States imposed a no-fly zone? Why -- why would we not expect it to be completely successful?

ROUGHEAD: Well, I think the first question, Senator, is -- as a precursor, you would be entering into combat operations there.

WICKER: We would be entering into air combat operations?

ROUGHEAD: Well, I think you would -- one of the things that -- in -- in addressing a no-fly zone is to suppress or destroy any of the air defense systems that could put friendly forces at risk. So that's the first element, I believe, of entering into a no-fly zone, is likely combat operations on -- on Libya.

And so I think it's -- in talking about a no-fly zone, there are some precursor steps that have to be taken.

WICKER: And what would General -- what would General Gadhafi's options be?

ROUGHEAD: The -- to try to defend against that would be the primary option. But the fact that that would be the first step that would have to be taken. And then it's also the -- the issue of, what are the forces that would be used? Where are they postured? What are the basing, the overflight issues? I think all of those have to be sorted through.

We've done no-fly zones before. And -- and there is significant infrastructure that backs them up, whether it's naval- or land-based.

WICKER: And that infrastructure is available to us and to our allies, is that not correct?

ROUGHEAD: I think that's a function of the countries that would be involved to make that decision.

WICKER: Are you involved in the discussions with the secretary of defense as to whether we proceed with a no-fly zone?

ROUGHEAD: We have had discussions on Libya in the tank among the Joint Chiefs. And we are involved in -- in positioning our forces to support the -- the efforts that are currently being undertaken in Libya. And we're -- we're looking at the situation there on a daily basis.

WICKER: Well -- well, thank you very much for getting further into the details about that. Let me just shift gears to Navy Week and mentioned to both Admiral Roughead and to Secretary Mabus how much we appreciate being able to host Navy Week in the state of Mississippi during the week of March 19 through 27.

As both of you know, 2012 will mark the 60th anniversary of the founding of the C.B.s and their presence in Gulfport, Mississippi, with our four naval construction battalions based in Gulfport. What -- let me start with Admiral Roughead. What is the past, current and future contribution of the C.B.s? What role do you see the C.B.s playing in your vision of the future of the Navy?

ROUGHEAD: Yes, sir. And, in fact, I was in Gulfport last Friday meeting with about 3,000 Seabees. And if that doesn't energize you, nothing does.

But the Seabees, I think, in the Navy are legendary, and I would even say beyond that, within the military for their combat engineering skills, their ability to go in into unimproved areas and provide the facilities that forces need to operate. And I know they're linked very closely to the Marine Corps in that regard.

They've been very busy over the past few years, particularly in Iraq and in Afghanistan. And in fact, we currently have as many Seabees deployed now as we did during the Vietnam War, so they are extraordinarily busy. But they also function in a humanitarian role where they will go into countries and develop infrastructure, train some of the indigenous forces that are there.

So that's what they have been doing, and I see Seabees doing that well into the future.

WICKER: Do you see their role diminishing in the future or increasing in the future?

ROUGHEAD: I think the skills and the talent and the confidence of the Seabees will -- will prevail. It will be a question of how much usage the combatant commanders demand with regard to C.B.'s combat engineers. And clearly, I would predict that as we eventually bring the level of forces down in Afghanistan, of course, the Seabees are part of that so they'll be coming out. So they're probably at a fairly high level right now, but I think the future is -- is yet to be borne out.

WICKER: Secretary Mabus?

MABUS: I concur with everything the CNO said. I've visited with Seabees in Afghanistan. I've joked with them that if you give them a piece of plywood and a Skilsaw, they can -- they can build anything, maybe even our fleet.

But I do think that the skills that they have for the missions that are coming in the future, whether it's combat missions or whether, as the CNO pointed out, humanitarian assistance, mission partnership-building sorts of things, that those skills will be in demand and will be needed.

WICKER: Well, thank you very much. In the few seconds I have remaining, Secretary Mabus, in your verbal testimony and also in prepared testimony, I wanted to make sure that -- that we understood precisely what you're saying about the effect of a year-long continuing resolution.

You say it will prevent procurement of two new nuclear reactor cores. Will it delay it or will it prevent it? And prevent completion of one Arleigh Burke Class modernization. Are -- are you being precise that it will -- it will block these two advances?

MABUS: If a year-long C.R. occurs, we cannot spend any money on either those nuclear reactors or either of the new start Arleigh Burke destroyers. So...

WICKER: So it will in effect be a delay, would it not?

MABUS: Well, that assumes that at some point the money is -- that at some point we are allowed to begin spending that money. Under a year-long C.R. for the remainder of the fiscal year, we would not be able to do that.

WICKER: Well, I understand. I would simply observe there are concerns about spending, but I don't see why on a bipartisan basis and a bicameral basis we can't decide as a Congress to fund the military capabilities of this nation on a permanent basis, and then deal with the rest of the discretionary budget at a later time. I don't see any reason why we shouldn't go forward this week or next week with a full defense appropriation aspect of our funding and deal with the other aspects of it later on.

So thank you very much and thank you all for your service.

LEVIN: Thank you, Senator Wicker.

Senator Reed?

REED: Thank you very much, Mr. Chairman.

I can't help but follow up my colleague from Mississippi and the ranking member of the Seapower Committee by commending the Seabees. They were organized in Rhode Island in 1941 and one of their signature contributions to construction was the quonset hut, names after Quonset, Rhode Island. So thank you, Senator. I'm glad we could help out the Gulf Coast.

First, Admiral Roughead and Secretary Mabus, one of the critical issues, but it doesn't get a lot of attention, is maintenance of the fleet. And could you comment upon sort of the stress that you're under now in terms of maintenance?

We've seen reports that there's increasing numbers of failures in the Bureau of Inspection survey, up dramatically from about 3 percent in the mid-'90s to now 13 percent in terms of ships that are coming in and being inspected; that the life of the ships, the DDGs especially, is now 25 to 27 years, not 30 or perhaps even 40.

So Admiral Roughead, you might start, and then Mr. Secretary, your comments.

ROUGHEAD: Yes, sir. Looking at that when I came into this position, looked at the whole approach to maintenance, how we were maintaining our ships. We did several things. We reintroduced the engineered-based maintenance cycle for our ships; put resources to the teams that do that work. We're beginning to see the benefit of that now.

We also are putting more Sailors back on the ships. We had taken them off. With the -- with the generosity of Congress, we were able to increase the maintenance funding, our operation and maintenance funding so we were able to build that up to the point where we're spending hundreds of millions of dollars now more on maintenance than we were just a couple of years ago.

We've taken Sailors and put them back into our intermediate maintenance activities so that more maintenance can be done proximate to the ships in the piers.

And so I think all of that adds into improving the maintenance of the ships. We've seen some positive trends in -- in our inspection and survey reports and results. So I think we've -- we're doing substantive things. We're investing the money in the right place to improve that ship maintenance.

REED: Mr. Secretary?

MABUS: Senator, everything -- the details that the CNO just said have been put in place. And as he said, we're -- we're beginning to see some improvements. The Navy, unlike other services, maintenance is our re-set. We re-set in stride. So if we're going to get to the fleet that we need to get to -- if we're going to get the numbers of ships that we need to get to, we simply have to make them get to their -- end of their normal or extended service lives.

It's one of the things that the CNO has focused on the most closely. It's one of the things that I watch the most closely. And I do believe that with some of these efforts putting more intermediate maintenance on the pier, putting more Sailors on ships -- 2,200 more on our ships with the specific goal of doing preventive maintenance so that when a ship comes in for a maintenance period, it's not -- it is more ready and the maintenance will mean more.

And finally, I do want to reiterate one thing that I said about the continuing resolution. The chairman pointed out that we've already canceled five availabilities. We face having to cancel up to 29 ship availabilities. And these, to go to what Senator Wicker said, these are not postponements. These are cancellations because we've got other ships in queue waiting behind them.

REED: Thank you, Mr. Secretary.

Again, let me address a question first to General Amos, and if the secretary would like to comment. That's on the F-35B. It's slipped in terms of its timeframe. There are some technical challenges. I had the chance to go down to the Pax River and talk to your very impressive group of test pilots and program managers.

I guess what is -- what is the probability that this is sort of the -- the last major schedule change and that we're finally on track? I know that's a judgment call, but any advice since you're an aviator and you have great expertise, Commandant, please comment.

AMOS: Thank you, sir. Obviously, with that introduction, you know, I pay very close attention to it. This is, as I said in my opening statement, critical to our expeditionary capability and we've talked about that before.

My sense right now is that the program management has absolutely the right guy in there with Admiral Venlet running it. I think the oversight at OSD is appropriate, certainly the oversight in the Department of the Navy is appropriate. And I will promise you, as you and I have talked before, the oversight at the headquarters Marine Corps level and at my desk is very appropriate.

So my sense where we are now is that with the generosity of both Congress and the wisdom of Secretary Gates putting more money back into this, creating some tails so that we could get this program back on track, my sense is that things are lined up now for success.

I'll give you an example what I'm talking about. Right now, the STOVL variant, which is the one that everybody refers to, has flown 140 percent of its scheduled test flights since January the 1st. So since -- in the last 70 days, the airplane has flown 40 percent more of its scheduled test flights. It's flown about another 200 percent of its scheduled test points within each flight. That's designed to get five or six specific points of flight test.

So it's performing better there. It's already flown I think something like four or five times the number of vertical landings just this year than it did all last year.

I took a brief yesterday on the structural issues -- the bulkheads, the weight gain. These things are progressing well.

So from my perspective as I look at it, I'm going to pay attention to the aircraft performance -- how it's doing in flight, both in vertical and horizontal flight; the weight growth of the airplane, which in a vertical landing airplane is very critical. Right now, we're on a good glide slope in weight growth and they're not going to add a pound that I'm not aware of to that airplane. We have to talk about it. Then finally, the engineering challenges and the test performance.

So my sense is I'm optimistic. We are on a two-year watch. It's my hope that we can get off that well before two years. It's my intent to -- to sometime this spring offer to the secretary of defense a set of metrics that he might consider as the threshold for getting the airplane off of probation and getting it back into -- back into the regular mindset of production.

REED: Any comments, Mr. Secretary?

MABUS: I can't improve on that answer, Senator.

REED: That's why you're such a good secretary and a good lawyer.

Final question, Admiral Roughead and the secretary: The Ohio replacement program. I know this is a major issue. It not only touches the fleet, but also our strategic posture, particularly after the recent START treaty. It's the future of deterrence, nuclear deterrence for the nation, and it's the most survivable aspect of nuclear deterrence. And I think you have made significant progress in ensuring that we design a ship that is not only capable, but affordable.

So I -- but there's still this issue of sharing the cost, because this program is a Navy program, but it has huge, huge implications for the overall strategic posture of the United States, particularly its deterrence posture with nuclear weapons.

So might you comment on sort of any efforts to provide support, as we've done in other programs like the missile defense program, from the Department of Defense, not just from the Navy?

ROUGHEAD: Yes, sir, and appreciate the question. Clearly the Ohio replacement is, as you said, the most survivable, and what we're doing is we're building a submarine that will be on patrol for this nation in 2080. And so that's where the research and development is going, and our focus on stealth and mission capability is where we have to go.

We also know we'll be introducing that submarine at a time when there are other significant costs being imposed on the shipbuilding budget. And while we're early on in the program, I do believe that there has to be a discussion about how -- how the submarine is resourced in the context of everything else. And I think we're at the front end of having some of those discussions.

MABUS: In the research and development that's going on now to begin to build the first of the Ohio class replacements in 2019 to go on its first patrol about 10 years later, we've already taken a billion dollars a boat out of the cost to build the submarine. We're looking to take more money out. Right now we're at about \$5.4 billion per boat. The number needs to start with a 4 in some way for these boats.

But even at \$4.9 billion per boat to build 12 of these in -- beginning in 2019 and continuing throughout the decade of the '20s, will require substantial resources that if they all come from the Navy would put a dent in the rest of our shipbuilding programs.

And that's one of the reasons we have put it in and tried to be exactly honest and exactly precise about how much this ship will cost and what it will do to the rest of the fleet, so that these discussions, these debates and these decisions can be made with -- with the facts of what will happen clearly in mind.

REED: Thank you. Thank you very much, Mr. Secretary, General, Admiral.

LEVIN: Thank you, Senator Reed.

Senator Collins?

COLLINS: Thank you, Mr. Chairman.

Admiral, first let me join everyone in thanking you for your extraordinary service. It's very difficult for those of us who have worked with you for a number of years to recognize that this is most likely your last Navy posture hearing, and I want to thank you for your decades of service.

I want to pick up on the issue that Senator Reed just raised. Secretary Gates recently testified that a number of our service ships that were built during the Reagan years will basically reach the end of their planned life in the 2020s. And that coincides with the time that we will be bringing on the new ballistic missile submarine.

Obviously, we need both, but that new submarine is going to swallow up a great deal of the shipbuilding budget.

I understand that there are several precedents for national strategic programs that are funded through defense-wide budget lines. For example, ships supporting sealift for all of the military services are funded through the National Sealift Defense Fund. As has been mentioned, the Missile Defense Agency budgets funds for activities related to ballistic missile defense irrespective of the military service involved.

So if we're going to proceed, as we must, with the new submarine, but not harm the shipbuilding budget, which is already below the optimum number that you've said repeatedly is a floor of 313 -- I believe we're at only 286 or 287 right now -- would an alternative worth pursuing be looking at a defense-wide budget line rather than trying to fund this submarine out of shipbuilding?

ROUGHEAD: Thank you, Senator. And thank you for your very kind comments. It's been my pleasure to work with you over these years, not just as CNO, but even before, and thank you for your great support of the Navy.

But I do believe that in addition to the points that you mentioned, in the '20s we're also going to still be refueling our aircraft carriers, and to make all of us feel a little bit older, we will also in that decade be taking out of service some of the Nimitz class aircraft carriers as they reach the end of their 50-year life.

So there -- there are those two costs that have to get put in there as well. And -- and -- and so there's a significant pressure on shipbuilding, and yet the nation, I believe, will still need the global Navy that it has today.

And whether it's a defense-wide fund or whether there is consideration for those expenses that are being taken into account, I do believe that that has to be addressed, because if it's not taken

on and if it's not thought through with a solution that's different than what we have today, we as a nation are going to find ourselves shorted in a Navy.

COLLINS: I agree with you, and I look forward to working with you and the secretary, my colleagues, to trying to come up with a solution.

Secretary Mabus, it was so appropriate that you began your testimony today reminding us of the dire impact on the Navy, indeed on all of the Defense Department of continuing to operate under a continuing resolution, particularly one that is extended two weeks at a time. That really is an impossible situation.

Just last week I filed the defense appropriations bill, the entire bill, as an amendment to an unrelated piece of legislation to try to emphasize to the Senate leaders that this should be our priority, completing work which should have been done prior to October 1st of last year.

You mentioned the dire impact on readiness, the effect on our Sailors and Marines, the fact that we are putting in jeopardy as many as 10,000 private sector jobs at a time when our economy is very, very weak.

But isn't there also another adverse impact, and that is that these delays cause disruptions in the supply chain that are costly. They're not only (inaudible) our soldiers, Sailors, Marines and airmen of needed technology and equipment, but they're increasing the ultimate costs that we're going to pay. You're going to have to renegotiate contracts, there are disruptions in the supply chain that are costly.

Isn't this a case where the longer that we operate under a continuing resolution, the more you're likely to have to pay for needed equipment?

MABUS: I think that's absolutely correct, Senator. The ripple effects of this, we're beginning to feel some now. The longer it goes on, the more those effects take place.

Senator Wicker pointed out that they were delaying ship starts, and perhaps not canceling them, but if you delay ship starts this year, we have other ship starts due next year and the year after that.

And as I said in my testimony, it will take us years to recover from this, from the -- from the second and third order effects of this and the ripples that go out from it. The supply chain is certainly one of them, breaking multi-year procurements is another that we are saving money on today. If we are unable to fulfill out part of the multi-year, we'll have to go in and renegotiate that, for example, on shipbuilding.

COLLINS: I think that's a very important point. Some of my colleagues who are supporting a continuing resolution are arguing that it saves money. I think it not only is disruptive, but it's going to end up costing us more money in the long run.

Admiral Roughead, just a very quick final question for you. As you may know, Senator Webb and I, along with some of our colleagues, did -- commissioned a recent GAO report that found that the Navy's modernization program for our public shipyards, which includes the Portsmouth Naval Shipyard in Kittery, have been underfunded. And indeed the Navy's own estimate of the backlog at the Portsmouth Naval Shipyard alone exceeds \$500 million.

Are you looking at whether you could do some reprogramming or shifting of funds to try to meet some of the more urgent needs, which also would translate into increased efficiency and productivity? So, again, it's an investment that saves you money in the long run.

ROUGHEAD: Yes, Senator, we're -- we're always looking at our military construction and where do we get the most bang for the buck. And it goes beyond the shipyards.

ROUGHEAD: But we do look at the shipyards, and in fact even though there is what is considered a backlog of maintenance, we are investing above the percentage that's required by Congress to a certain degree. But I'm always looking at projects, individuals ones, to your point, that can -- that if we pay a little bit today maybe we can gain in productivity later on, and we're always looking at that.

COLLINS: Mr. Secretary...

Senator, if I might add, that one of the exemptions to the civilian hiring freeze that the Department of Defense announced was for shipyards to -- to meet exactly what you were talking about.

COLLINS: Thank you.

Thank you, Mr. Chairman.

LEVIN: Thank you, Senator Collins.

Senator Webb?

WEBB: Thank you, Mr. Chairman.

And, Admiral, let me add my own congratulations and appreciation to you for all the service that you have given our country. It's been my pleasure to have known you and worked with you in a number of different capacities for a good 15 years or more. And I appreciate the stewardship that you've shown even in your testimony today for -- that people who come after us and what we leave behind.

There's been a number of comments today about the situation in Libya. I -- I would like -- I think it's important for me to at least express my support for the position that Secretary Gates has taken on -- on this issue and others in the Department of Defense.

We all know that military commitments, however small, are easily begun and in this region particularly very difficult to end. History shows that. This is a region full of surprises. And I for one am of the opinion it's not a good idea to give weapons and military support to people who you don't know. And when it comes to the opposition in Libya, we don't know them.

Secretary Clinton was very clear on that last week in her testimony before the Foreign Relations Committee. So it's very important, I think, to proceed responsibly and very carefully as we -- we approach that particular issue.

Admiral, I -- as you would expect -- strongly agree with your position about the number of ship that we should be providing in the Navy, that 313 should be a floor. I've been very concerned and vocal about my -- my worry that we've taken our eye off of our strategic forces in general, as we have spent so much of our money and energy and -- and people in Afghanistan and Iraq over the past eight or nine years. This is particularly true in East Asia, which I view to be the central focus of our long-term strategic goals.

We can't ignore what the Chinese military has been doing, not only in this area, but in other areas. They've been very active over the last year, particularly. But we have an obligation to position ourselves properly in terms of our military forces and our basing systems.

And in that regard, I'd like to mention my hope that we can do a better job on this situation with Okinawa and Guam. As you may know, Secretary Mabus, I worked as a military planner on -- on this issue many, many years ago. The attempt at a solution of the Okinawan situation, as it moves into the Guamanian situation, has now been on the table for 15 years. I was recently last month the keynote speaker at Shimoda Conference in Tokyo, which is a gathering of the minds in terms of how we are going to reshape and strengthen United States' relations with Japan.

And I can tell you that this issue is one of the most serious problems in our relationships with the Japanese, but also in Japanese domestic priorities. You can see the turbulence that it has put at the very top of Japanese -- the Japanese government, because we have not yet resolved this issue.

And it also is one of our principal challenges in terms of the structuring of our presence in -- in East Asia. I was out there last year on Okinawa and Guam. I think I'm going with the chairman next month, also, on a visit there. And I just really strongly believe we've got to put this on a front burner. And it's one of these types of issues that, since it's not hitting us in the face every day, we -- we tend to push away.

But it's now been 15 years. We need answers. Whatever the answers are, we need answers for the stability of our relationships with Japan and for our future in the Pacific. And I'm not sure actually who's carrying the ball in this in the Pentagon. I -- I think the -- the Marine Corps is -- at least they're heavily present when we go out there and talk to people, but, Secretary Mabus, I'm not sure, who's the executive agent here? And how do we get this thing resolved?

MABUS: Senator, we're the executive agent for -- for Guam. And you're right that the Marine Corps is heavily involved. But it -- it is not simply a Department of the Navy issue. It -- it rises to the top leadership of the Department of Defense.

And we -- I can assure you, from the Marines, from the Navy, and from DOD, it's on the front burner. It takes up a large part of our focus for exactly the reasons you talked about. It affects our laydown in the entire Pacific. It affects our presence in the western Pacific for the next decades. And we had an agreement, as you know, with the government of Japan on a way forward. That agreement is several years old now.

One of the key components before we begin to move is government of Japan and the government of Okinawa movement on replacing our aircraft at Futenma. The Marines have to have that -- that air capability on Okinawa regardless of what happens going forward.

So we are -- we are focused on it. And, again, I will quote Secretary Gates in his hearing when he said that he was hopeful that progress would -- would be made soon on -- on this issue, as -- as we all are.

WEBB: Well, this is an enormously complex issue in terms of all the moving parts. And I know that there's been some good adjustments already in terms of the Marine Corps footprint on Okinawa, moving it further away from the industrial areas. But -- and also, the environmental aspects, particularly on Guam.

But I can't say strongly enough how important it is we put good minds and good leaders on this for -- for all the reasons that I said. The future of our relationships with Japan, I hear it all the time when I'm with the foreign ministry, the defense ministry in -- in Japan, and with our political leaders and -- and for our future. So I hope we can have some good discussions before the chairman and I go to Japan and -- and Guam next month. And maybe we can come up with a better way to approach this.

Thank you, Mr. Chairman.

LEVIN: Thank you, Senator Webb.

Senator Brown?

BROWN: Thank you, Mr. Chairman. Sorry, I was bouncing back and forth. I had a small business hearing, as well.

Mr. Secretary -- first of all, Admiral, thank you, also, just to reiterate. And I appreciate your service and your family's sacrifice.

Mr. Secretary, the -- just to touch on what Senator Collins was saying, the continuing resolution, the two weeks, do you think that that jeopardizes the safety and security of our country in any way, that continuing on in sporadic means and measures?

MABUS: I think that it -- as I've tried to lay out in my opening statement, it -- it has some profound implications for the Navy and the Marine Corps. If the C.R. continues for the whole year, as we said, flying hours will go down, ship steaming days will go down, the availabilities that we have for maintenance for -- for naval ships, the procurement account for the Marine Corps could go down by as much as a third.

We will not be able to meet payroll by the end of the fiscal year without moving monies from other accounts. And procurement is one of the few places we can get that.

In terms of shipbuilding, we will not be able to start the second Virginia-class submarine, which will break the multiyear on that, which will make those submarines more expensive. We will not be able to start the two Aegis-class destroyers...

BROWN: Right, but does that -- I mean...

MABUS: I mean, so on and on and on...

BROWN: In plain English, do you think our -- our safety and security is in jeopardy as a result of the delay?

MABUS: I think that today the Navy and Marine Corps will meet whatever safety and security needs the American -- America has. The danger is the -- what happens in the future, what happens to us because of these -- these shortfalls now.

BROWN: And take it a little step further. Do you think the lives of our soldiers are in jeopardy as a result of the delay?

MABUS: I don't think that...

BROWN: If it continues.

MABUS: No, I don't think it risks lives of our Marines and our soldiers, because the overseas contingency operations are being funded. But I do think -- and I'll just -- and I know I'm beginning to sound like a broken record, but it's the -- it's the effects (inaudible) into the future.

BROWN: I understand. No, I appreciate your honesty. You know, one of the best ways I've always felt -- and I've heard through testimony from many of you and -- and others, is the open and honest competition with regard to the -- the -- the LCS dual procurement strategy is a perfect example of that type of savings, if we strictly enforce competition.

And, sir, can you -- Mr. Secretary, can you comment on the importance of implementing competition in our nation's acquisition strategy where appropriate, especially when we decide to buy massive amounts of equipment costing taxpayers billions of dollars over the course of several years?

MABUS: Competition certainly worked in terms of the LCS. When we competed two manufacturers against each other with two different variants, the price came down pretty dramatically.

Now, I will say that the LCS program was unique in the sense that we had always planned on having two suppliers. We had never looked at this program regardless of how many variants we had as coming from one shipyard, because we wanted to keep competition in the program.

BROWN: Well, you're ultimately going to award a contract to one of them, though, based on the specifications, the capabilities, and the like, correct?

MABUS: Yes, sir. But whoever -- if we had -- if we had down- selected to one variant, whichever shipyard won had to give us the technical data package, all the drawings, all the engineering, so that we would then the next year bid it out to a second shipyard, we were always going to have two shipyards competing on -- on the LCS.

BROWN: So competition, as -- as you know, saved \$2.9 billion and a 27 percent reduction on the original cost of that savings estimate. And as you know, the third and fourth ships are scheduled to be delivered in '12 at a -- on cost and on schedule. And I guess I'm trying to wrestle -- you know, the fact that we have that fair and open competition with a relatively small quantity purchase, like the LCS, and yet we're dealing with a \$100 billion purchase of over 4,000 Joint Strike Fighter engines for the U.S. and eight international partners spanning a period of 20 years, which the GAO has twice concluded will save the taxpayers \$20 billion.

So I'm wondering if you could explain, you know, am I missing something in terms of, you know, having a sole producer of the engine? For example, what happens if they decide to raise the price? Why is it good for one and not the other? I really haven't gotten a really good answer.

MABUS: Two things set those two programs apart. One is what I talked about, about the fact that we always anticipated having two different suppliers for the LCS, regardless of how many variants we had.

Secondly, we have paid for most of the engineering, the research and development, the upfront costs of both variants of this ship, unlike the alternate engine, which has only paid for the research and development and upfront costs for one of them.

So I think there are two major differences between those.

The last thing I would say is, from the Navy vantage point, we have rarely had two engines for any of our aircraft, simply because of space concerns. We can't carry two engines on -- on our carriers. We can't carry two engines on our big deck amphibs. We simply don't have the space for it.

We will only be able to buy one engine for these aircraft, as we do today for our -- for our F-18s.

BROWN: One of the things I'm always concerned is about cost overruns, and delivering weaponry on time, and my concern is, obviously, about doing that with that particular program.

I'd like to just shift gears for a minute and, you know, I'm thankful. I think it's about time that Harvard and the Navy once again are having ROTC on their campus. I think it's long overdue.

And I'm wondering what -- if you could just comment on what your feelings are about the importance of ROTC on our nation's campuses.

MABUS: I was very happy to sign the agreement with Harvard last Friday to bring ROTC back there.

As I pointed out there, Harvard trails only West Point and Annapolis in Medal of Honor recipients. And I agree with you that they've gone for too long.

I believe that ROTC and the ability to have different viewpoints coming in to our military officer -- officer corps, different geography, different viewpoints, different background, is absolutely crucial.

And we're continuing to reach out to schools that have, for whatever reason, ended ROTC to -- to bring it back.

The military that -- that protects the nation ought to be reflective of the entire nation.

BROWN: I'm anxious to see whether and how the military science classes will be taking place, on or off campus, and I'm hoping that they will be fully implemented in the ordinary course, like every other organization has that opportunity.

But I want to thank you for wrapping that up. I saw you smiling a lot in the pictures.

And, Admiral and General, I'm -- I'm OK with you. I know we've spoken off-line many times about issues. But thank you for your continued service and the good information.

Thank you, Mr. Chairman.

LEVIN: Thank you, Senator Brown.

Just on two of the statements that you made in response to Senator Brown, if you for the record would confirm or not confirm the following: Number one, that more than half the development costs on the second engine have already been sunk; secondly, that the original acquisition strategy didn't assume two engines for the F-35.

Can you confirm or not -- for the record, not -- not now?

MABUS: Yes, sir.

LEVIN: Because it's not my turn yet.

Senator Hagan?

HAGAN: Thank you, Mr. Chairman.

I wanted to state how pleased I am to see all three of you gentlemen here today. And, once again, thank you for your service. My late father-in-law, who passed away a little over a year ago at the wonderful age of 96, was a major general in the Marine Corps Reserve, and he was always very interested in everything that you had to say and your actions, especially during these committee hearings.

But, speaking about the ROTC, my husband participated in the ROTC at Chapel Hill. And I think, too, that it's a wonderful movement forward that Harvard has reinitiated their program. So I think that's great.

I did want to ask about the amphibious assault ship. I'm a big supporter of the Marine Corps amphibious capability. It's the bread and butter of the Marine Corps to have the ability to conduct the forcible entry operations from the sea.

And I think it's important that the Department of the Navy not decommission amphibious assault ships earlier than their expected service lifespans without replacements. And I'm concerned that the Marine Corps will not have the sufficient amphibious capabilities to fully support the combatant commanders' requirements within an acceptable level of risk. And I'm concerned that the Marine Corps will not have the sufficient amphibious capabilities to meet the demands for all of the operational deployments that we're seeing.

General Amos, can you discuss how the amphibious forces have been employed during this past year, and talk about how this has helped to inform the recently completed force structure review?

AMOS: Senator, I'll be happy to. I'm pretty proud of the Navy and Marine Corps team. Just in the last 12 months, you remember, just about a month or two from now, we had seven amphibious ships full of 5,000 Marines and Sailors off the coast of Haiti. When you can only put one airplane or two airplanes on the ground in the airport, everything else was clogged, it was the naval amphibious force that was providing the relief -- water, food, medical supplies, evacuation for 45 days.

So that's where -- that's where last year began.

The 15th Marine Expeditionary Unit sailed off the coast of Pakistan and supported the Pakistan relief operations, flying their CH-53 Echo Heavy Lift helicopters 400 miles deep into Pakistan, up from the very northern part of Pakistan, to -- to move folks around, provide relief efforts.

While that was going on, the Harriers off the amphibious ships were flying combat sorties into Afghanistan in support of the joint force.

Interestingly, one of the ships departed, went 1,000 miles due west, captured the Somali pirates off the Magellan Star.

About the same time, the 26th Marine Expeditionary Unit from your great state sailed 30 days early -- they hadn't even finished their certification yet, and they were able to certify en route.

They joined the 15th MEU with their three ships to help support the Pakistani operations.

Fourteen hundred Marines off of the 26th Marine Expeditionary Unit are now ashore in the Helmand province, reinforcing success for our -- for our forces on the ground there.

As you've just seen, the 26th Marine Expeditionary Unit sailed two ships up through the Suez and into the Mediterranean now, joined by Marines from your great state as well, the 1st Battalion, 2nd Marines, poised off of the Mediterranean.

So -- and I haven't counted the 31st Marine Expeditionary Unit in the western Pacific, that came on the backside of that super typhoon in the Philippines.

So lots -- there's no shortage of work for the Marine Expeditionary Amphibious Units. They're very -- very successful.

HAGAN: Certainly.

Secretary Mabus, in light of those comments, is the Department of the Navy reviewing and reconciling the amphibious requirement ship retirement schedules and the 30-year shipbuilding plan?

MABUS: Senator, we -- we have -- we keep a close eye on that. We have extended the USS Peleliu for a year, its retirement date. But the amount of effort, the amount of money and the amount of people it would take to continue some of these very old amphibious ships now -- the people are needed for other ships coming on line, the amount of money would take away from the newer ships we're building.

And we're building toward -- and we're in sight of getting there -- to having the 33 amphibious ship capacity -- 11 big deck amphibs, LHAs, LHRs, 11 LPDs, 11 LSDs. And, if Congress approves our shipbuilding plan, we will -- we will have 11, 11, 11 by 2017.

HAGAN: Thank you, Secretary Mabus.

I also understand that the department's restructuring of the Joint Strike Fighter program, including the two-year -- this is the recent two-year probation of the Marine Corps' short takeoff/vertical landing variant, the F-35B.

The F-35B is fundamental to the expeditionary nature of the Marine Corps. And this aircraft is also essential to how the Marine Corps deploys and utilizes its aviation assets in-theater. This

aircraft also provides the Marine Corps with the capability to land on the improvised air strips and launch from the large deck amphibious assault ships.

And it also provides the Marine Corps with the ability to rearm and refuel in the forward operating bases.

Currently, the AV-8B Harriers are approaching the end of their service life, and the aircraft and its parts are no longer being produced. I know that the Fleet Readiness Center in Cherry Point in North Carolina, the engineers there, they actually engineer the replacement parts.

Secretary Mabus and General Amos, what would be the impact of terminating the F-35B on the Marine Corps' ability to actually project the power that is necessary in some of these remote expeditionary environments? And what effect will that have on the joint force capabilities in-theater, as well as the Marine Corps' force structure?

And what would be some of the near-term milestones that you would expect for the Marine Corps to achieve to get the F-35B back on track?

MABUS: Senator, I'll give a very brief overview and then turn it over to the commandant, who is far more eloquent than I am about the F-35B.

The commandant earlier today pointed out that the F-35B is a critical capability for the Marine Corps, the vertical takeoff and landing, for all of the reasons that you have laid out.

The two-year intense look at it, or the probationary period, I think is going to give us an opportunity to -- to focus on it, and to make sure that the issues associated with it can be fixed within weight limits and cost limits.

The commandant has stated that he is now a program officer on this, and he gets updates on a very frequent and very routine basis. Some of the milestones that we're looking at, the number of test flights this year, this calendar year, is at about 140 percent of where we expected to be, so we're ahead of schedule there. The number of test points on those test flights, we're almost 200 percent there.

They have achieved vertical takeoff and landings -- more vertical takeoff and landings so far in the first little over two months of this year than they did all of last year. And it's at least my understanding -- and then I'm going to turn it over to the commandant -- that the issues associated with the -- the B version are engineering in nature. And the -- the question is whether those engineering issues can be solved inside weight limits and inside financial boundaries and that that is what we're concentrating on.

AMOS: Thank you, Secretary.

Senator, the -- as I said in my opening statement, the way we employ our airplanes in the Marine Corps, we're kind of the blue-collar aviation for the United States of America. We get out, we

get dirty, we fly in places where -- that are unapproved strips (ph). We did it all the way to Tikrit when we crossed the border in March of 2003.

We had Harriers landing on highways. We flew off of narrow roads. We flew off of bombed-out runways and taxiways, all the way past Baghdad into Tikrit. So that's the way we operate.

As you know, there are -- there are roughly 10 times the number of small airports around the world than there are larger ones. That fits us. We build our own runways when we have to. We've got two of them in southern Afghanistan right now. One of them was poised -- we built in about 30 days out of aluminum matting so we could fight the fight from Marjah a year ago at this time.

So that's the way we employ it. We also fly them off the large-deck amphibious ships. So today, with 11 carriers and 11 large-deck amphibious ships, our nation -- this is a national capability -- has 22 capital ships flying TACAIR aviation off of them.

Now, imagine a couple years from now being able to have F-35Cs on board those 11 aircraft carriers and F-35Bs flying off of those 11 large-deck amphibs. So our nation would have for the very first time 22 capital ships with fifth-generation capability flying off of them.

So this is more than just the Marine Corps. If we lose the F-35B, there is no Plan B for fixed-wing airplanes on the large-deck amphibs. Our nation's capability to project power and influence situations will be cut in major -- immeasurably, but not in half -- certainly there are more airplanes on an aircraft carrier than there are on -- or fixed-wings than there are on an amphib, but it would be significant. And there is no Plan B for that, ma'am.

So the F-35B is a requirement. I'm optimistic. What I'm seeing now is very encouraging.

HAGAN: Thank you.

Thank you, Mr. Chairman.

LEVIN: Thank you, Senator Hagan.

Senator Blumenthal?

BLUMENTHAL: Thank you, Mr. Chairman. I'd like to begin by, again thanking all of the three witnesses for your very, very distinguished service to our nation.

And, Admiral, I'm new to the committee, but I'm sorry that I'm here for the last of your testimony on this issue. And I'd simply say thank you and congratulate you on your extraordinary service to our nation.

I'd like to pick up, General Amos, if I may, on the last answer that you gave. I assume from your testimony that you would prefer to see the resources that might be devoted to an alternative engine for the Joint Strike Fighter devoted instead to the F-35B alternative.

AMOS: Sir, we made a decision -- the Marine Corps made a decision in the late '90s to skip a generation of airplanes and skip a fourth generation of airplanes, going from our F-18s, which is what we would call a third-generation capability, and -- and -- and go on a procurement kind of diet for about 10 or 12 years to -- to buy the F- 35B.

So that -- that position has not changed, Senator. And that's where we are today. We need the airplane. We're confident in it. And it fits the way we operate our airplanes.

BLUMENTHAL: And -- and you would forego that alternative engine, the second engine that it's been called, and instead devote those resources to that plane that you need so much?

AMOS: Senator, I would, because we -- we are a Navy-Marine Corps team and we operate off of naval vessels. And for the very same reason the CNO and the secretary of the Navy articulated earlier, there's just simply not enough room to have different types of engines, different types of test equipment, tool sets, procedures and that kind of thing on naval vessels.

BLUMENTHAL: Thank you. And I apologize if I may seem to be repeating one or more of the questions that have already been asked, but I want to return to the Virginia-class submarine procurement program, if I may, Secretary Mabus and Admiral Roughead.

Could you outline for us what the impact would be on the procurement program for the Virginia-class submarine if there is no budget for the fiscal years 2011 and 2012, and we continue with a continuing resolution? And I have in mind particularly the admiral's testimony that so far the submarines have been delivered under budget and ahead of schedule. So I'm wondering if there could be continuing negotiations as you've outlined to continue the two-sub procurement program even with a continuing resolution?

MABUS: Senator, under the rules of a continuing resolution, as they are in place today, we could only build one Virginia-class -- begin one Virginia-class submarine this year. As you know, we have -- we are scheduled to build two -- two each year for the next five years. We've entered into a multi-year procurement on the Virginia- class submarine, which has driven the price down even further, giving the contractor -- contractor some stability in terms of their base, their training, their infrastructure.

So if we are unable to begin the second Virginia-class submarine, which would be the case under the current continuing resolution, not only would we jeopardize the total number of ships that we have, we would also break the multi-year agreement which would cause the cost of those ships to rise. We would have to re-enter negotiations because we would not have ordered the number of ships we committed to under the multi-year.

BLUMENTHAL: So even with the best of intentions, it's very likely the cost of that Virginia-class submarine program would rise as a result of continuing with the continuing resolution, as opposed to having a budget?

MABUS: Yes, sir. If we -- if we are not given relief on new starts, we will not be able to build the second one. And you would -- the cost would almost certainly rise.

BLUMENTHAL: And, General Amos, in the -- in the time that I have left, I'd like to focus on an area that hasn't been covered so far, and that is the very impressive part of the report that you've given us today on some of the work that's ongoing with respect to the diagnosis and treatment of traumatic brain injury and post-traumatic stress.

And I am tremendously impressed by the general description that you've given in this report on the focus, the increased priority given to -- to this very troubling area and, in particular, the in-theater restoration center that provides comprehensive diagnosis and the proactive outreach that -- that the United States Marine Corps has undertaken whenever any member of the Marine Corps is involved in a concussive event.

And I would appreciate further details, perhaps, you know, later session or in written form, whichever you find best to do, and invite you now just to provide some additional details, if you wish. But I would very much appreciate a more detailed briefing, because I think that for all the services this is a major challenge going forward in this conflict and setting an example for future conflicts.

AMOS: Senator, I'll be happy to provide you the details and, in fact, all the members of the committee, because I think it's encouraging. It hasn't solved it. The whole -- the whole recognition of what happens to the brain is -- is certainly not a mystery, but it is -- it is not -- it's not clear, because it doesn't happen in the same way to every single person.

But there was recognition over two years ago, and it was really a collaborative effort by myself -- or by the United States Army and the United States Marine Corps. So I want to give credit to General Chiarelli and the Army to try to figure out what happens to the brain when it's -- when it's rattled as a result of an IED or some type of concussive event. And then what are the net effects?

And the net effects are not necessarily long-range PTS, but it could be. But clearly there was a correlation between getting your brain hit hard with a concussive event and the requirement to put that brain to rest, to let the brain rest. In some cases, it's 48 hours. In some cases, it's a week, maybe two weeks. But the very best thing you can do to prevent further damage is to put that brain in some semblance of rest.

So that's what we did. We built a concussive protocol, the one you're referring to in Afghanistan. Marine, soldiers, Sailors, when that event happens, they come right back into what we call the wire. They're looked at by a corpsman, if that's all we've got there. We've got cyber technology that allows the doctor at Camp Leatherneck to look in the eye of the wounded Marine or soldier or Sailor. And then we eventually will move them to that restoration care center at Camp Leatherneck, if required.

AMOS: The whole idea now is to just provide them the -- the ability to step back, let their brain heal to prevent further damage. Marines are tough. We lie. When -- when a young lance corporal is asked by his company gunny, "How do you feel?"

He says, "I'm good to go," when in fact the very best thing the leadership could do is say, "We're going to -- we're going to stop right here, young devil dog, and we're going to put you -- we're going to let you sit inside the wire for a day or so."

And -- and we believe, it's too soon to tell. We don't have the empirical data, but we -- we know in our hearts that this is the right thing to do. And I'll be happy to provide you more information.

BLUMENTHAL: Thank you very much.

My -- my time is up, but I would like to thank you for returning ROTC to Harvard, as you've done, and simply offer to be helpful anywhere on any campus, certainly in Connecticut where I can be helpful if there's any way that we can restore ROTC anyplace where it's lacking now. Thank you.

Thank you all.

LEVIN: Thank you, Senator Blumenthal.

Senator McCaskill?

MCCASKILL: Thank you, Mr. Chairman.

First, I want to say to you that I am excited about Marine Week in St. Louis in June, and I want to thank, Commander (sic), your decision to come to St. Louis. We will welcome the Marines with open arms. And since our state has proudly contributed so many brave Marines over the history of our military, I am thrilled to -- to -- we are thrilled to host you for that important event.

Secretary Mabus, I know that our military is the best in the world at combat readiness, but we are really bad at audit readiness. And I am continuing to be very frustrated with the business systems within the Pentagon and the ability for us to get a handle on tracking our money and the various services being able to be transparent and viewable across systems. It is a continual level of frustration.

I do want to applaud the Navy and Marine Corps for making some important progress on service-level auditability. I know you all have been working on it. And I know you've identified some net savings by improving your financial management processes.

The -- the program I want to focus in on today is the enterprise resource planning. You are slated to spend about \$1 billion on that in a supply system called the global command support system. The Army is currently fielding a similar system called global combat support system-Army. Theirs will cost nearly \$4 billion.

Now, I know you all share equipment in theater, and that is a reality of the fight is the sharing of equipment. But these two systems have the same goal, that is tracking supply and equipment, but they're not even going to run on the same software. The Marines are using Oracle and the Army is running on SAP. And there's a \$3 billion cost differential.

My understanding is that the two systems, as designed, are not even naturally compatible, and that the Department of Defense will have to continue to pay just to develop interfaces between these two systems. I get a headache when I think about all the money that we have thrown away in the federal government on data systems and information technology.

Now, part of this is unavoidable because the technology has developed so quickly that when we've tried to develop great big systems, by the time it gets ready to be deployed, it's already out of date and antiquated. Some of it is the nature of the rapid transition we've had in this country with technology.

But I think particularly within the military, there is a problem in acknowledging when we're throwing bad money after good, or when we're setting up systems that, frankly, make no sense in terms of what the ultimate goals are.

Tell me your position on what could be done to make the effort at tracking on equipment, at least the ability to track it between the two branches of our services that are sharing the same equipment. I mean, this is just hard for me to imagine that we're going to continue down the multibillion dollar road.

MABUS: Senator, you and I share a lot of things. One of them is I know my first elected job and one of yours was as state auditor of our respective states. And I understand the importance not only of auditability, but of these enterprise resource systems to -- to track the things that we do.

If you'll also allow me one more moment of personal thing, a friend of mine once described my father as someone who threw nickels around like they were manhole covers. And I am my father's son. I think that we have to be good stewards of the -- of the taxpayer's money.

In terms of auditability, what you said we are making some progress on that and we are focused on that. In terms of the overall research -- resource -- the enterprise resource, as you know, that system began several years ago to try to get real-time information on things like inventory, on things like equipment, on things as it moved through the system.

And I'll be very frank. I don't know what the -- what the interface issues are with the Army, but I will find out as a result of this. We are spending a lot of money to ensure that we can track on a real-time basis, not a week later or a month later, what's happening to all the assets the Navy and the Marine Corps have.

We should always look for opportunities, though, to be joint; to do things defense-wide.

MCCASKILL: As we are making really difficult decisions in this government over the next decade and we think the hard ones are today and tomorrow and next week, that we're going to have hard decisions to make for a long time. What would be an amazing moment would be for the Army and the Marines to sit down, decide whose system is further along, whose system is the easiest to be trained on; whose system is going to have the least amount of support costs ongoing, and to make a decision to use one for both.

I don't know that it matters whether it's the Marine's system or the Army's system, but it just seems unbelievable to me that we are paying for the development of two separate systems that don't speak to each other. And this would be a moment that we could save, since the Army's is more expensive, I'm hoping that yours is the one that could be utilized. I mean, this could be a \$3 billion moment and we're looking for \$3 billion moments right now.

And this is the kind of thing that I think until we can demonstrate to the American people that we can at least do these kinds of savings, I don't think they're going to take us seriously on our ability to deal with our long-term debt. So I would love to see, and I will be following up with Secretary Gates and with Admiral Mullen in terms of seeing how many places are there that we could do something like this.

Now, I know this is hard to do because you've been working on this for a long time and so has the Army, and there's some separateness, and this has been going on for several years. And sometimes it's not willing to step in and say, "OK, all the money we've spent, we're going to abandon that and go forward in a different way." But sometimes, that's the smartest thing to do.

General Amos?

AMOS: Senator, I'm familiar with the GCCS Marine Corps software by Oracle. That effort began -- let me back up, just maybe give you a ray of hope.

There is a what we call an Army-Marine Corps Board. It's chaired by the three-stars, the head of requirements and the comptroller. So it's the budget and requirements folks. They meet as required, typically about twice a month and they resolve an awful lot of these issues where both services come up. It can be a helmet. It can be something like a service weapon. It can be a piece of equipment.

Now, we all have different -- not all our equipment is the same and you know that. But a lot of that compatibility in who's going to buy what, who's going to jump on whose program is solved right there at the three-star level. So there is an effort that goes -- that is underway.

And as you know, the JROC, the Joint Requirements Oversight Council, chaired by all the service vices and the vice-chairmen, also looks at compatibility across the joint force.

But back to this GCCS, we got halfway through Iraq. We're talking about 2006, and the truth of the matter is is we had a lot of equipment on the ground to satisfy those 35,000 Marines and Sailors. We thought we knew how much we had and we had a variety of systems -- about 15 that were tracking. We said we've got to come up with something different, ergo the birth of the requirement from Oracle.

The system right now, I can't speak to the Army's system, but our system is fielding right now in Okinawa and it is probably of all the software efforts we've ever done in the Marine Corps and spent a lot of money and been disappointed often, this one probably has the greatest hope of all the ones we have.

So let us check with the Army. Let us come back to you with a here's-where-we-are as the two services. We owe you that, ma'am.

MCCASKILL: And I, you know, I understand that JROC was designed to do this, but in other hearings we have had some -- some admissions that the culture of JROC had unfortunately too often been "we'll give you what you want if you give us what I want", that there had been some of that as opposed to, "OK, we're going to give up what we want and you're going to give up what you want and see if we can't do it together."

And I know because I worked on this in a previous defense auth bill trying to provide maybe some input from somewhere other than the branches because it did appear too often that everybody was kind of going along to get along.

AMOS: Ma'am, the -- having been the assistant commandant for 27 months and then a member of the JROC, I found it almost painful sometimes at how we worked our way through situations. But I will -- I will also tell you there is a -- it's more than culture. It's also the way we deploy. In other words, the kinds of systems we need, the software has to support the ability to go aboard ship to deploy expeditionary in places in North Africa if required.

So there are some differences, but we owe you an answer, ma'am. I understand.

MCCASKILL: Thank you.

Thank you, Mr. Chairman.

LEVIN: Thank you, Senator McCaskill.

Senator Shaheen?

Your mike -- oh, boy. No. Maybe you better change your seat.

LEVIN: For your sake, not for his.

SHAHEEN: I was assuming it was for my sake, Mr. Chairman.

I apologize for missing your testimony. I had to preside over the Senate, but I am pleased that you're still here and hopefully I won't take too much time.

I know that Senator Collins, earlier today, raised the question about the backlog of restoration and modernization projects at the four public shipyards. It's of major concern to Senator Collins, being from Maine, and of me being from New Hampshire, because of the Portsmouth Naval Shipyard.

And I know that a recent GAO report that was requested by Senators Collins and Webb made four recommendations to improve the visibility of the Navy shipyard's restoration and modernization needs and quality of life issues.

And I would just hope, Secretary Mabus and all of you, that you will take those recommendations very seriously and look forward with -- to working with you to implement those.

Specifically, as I said, I'm concerned about the Portsmouth Naval Shipyard, the fact that no military construction, MILCON funds have been allocated to the Portsmouth Naval Shipyard by the executive branch in the last five years, so that that means, in previous years, the shipyard has had to rely on congressionally directed spending, which has included \$39.2 million in fiscal year '08 and \$17.2 million in previous proposed fiscal year '11 spending.

So given the current spending environment and the moratorium that currently exists on congressionally directed spending or earmarks, how does the Navy intend to support critical MILCON investments at Portsmouth and at the other public shipyards?

And perhaps, as part of your answer, you could talk, a little bit, about how you might prioritize those investments and support modernization?

MABUS: Senator, if it's acceptable to you, I'll let the CNO answer this, since he answered Senator Collins, so that we can have an absolute continuity of answers.

SHAHEEN: Shoot, I was going to see if you could answer it the same way.

ROUGHEAD: I'm sure he could, Senator.

The -- the shipyard, particularly our four public shipyards, are going to be very critical for us in the future, simply because of the amount of nuclear work that we have coming into -- into the window. And accordingly, we are looking at what must be done primarily for the safety and security issues, particularly as it applies to our nuclear enterprise, and then productivity and quality of life.

The -- even though we do have the backlog, in point of fact we are investing above what has been the congressional level of sustainment for those shipyards. But we're always looking at -- at what needs to be done for those four areas that I mentioned.

I would also, being perfectly honest, that, as we have looked at the level of funding going into the shipyards and as circumstances have changed, we're going to have to take a look at what the future looks like and how we apportion the military construction money, not just across shipyards but really across all of the facilities that we have.

But I think the -- the public shipyards are going to be in a very good position in the coming years, from a workforce standpoint, as the secretary mentioned, being exempt from the (inaudible) limitations, but also, they're going to be very busy and very critical to our future.

SHAHEEN: I certainly agree with that and am pleased to hear that you're thinking about it.

Can I just press you a little more on, as you point out, you're going to have to make -- to prioritize those investments. And so have you thought about the factors that you'll take into consideration in doing that?

ROUGHEAD: Yes, ma'am. Clearly, nuclear safety and nuclear security are foremost, and that applies to the -- the four public yards that we have, and then also the safety of our workforce is -- is paramount.

So those are the opening arguments, for me.

SHAHEEN: All right.

MABUS: Senator, too, in terms of setting priorities, as you know, there's a -- the CNO mentioned this, but there is a civilian hiring freeze at DOD right now. Because of the importance of shipyards, we asked for and received an exemption for shipyard hiring so that we can continue to maintain our industrial base and the work that these shipyards are doing.

SHAHEEN: Thank you. I -- I do appreciate that, and think that was very important. I know that, at Portsmouth, we've had a very competent, productive workforce and we're going to be losing many of those folks because many of them are close to retirement age. And so being able to bring on younger people who can start training for those jobs is going to be very important to productivity.

On another issue, Secretary Mabus, I certainly applaud your focus on trying to be more energy independent within the jurisdiction that you control. And I wonder if you could talk, a little bit more, about the kinds of steps that you're taking in the Navy to be more energy efficient.

It is a critical security issue, as you've pointed out, and I think it's important for us in Congress and for the public to know that we're moving in a direction to make us more energy independent, especially these days, as we're watching what's happening in the Middle East.

MABUS: Well, thank you, Senator. As you pointed out, you don't have to look any further than the headlines to know why we need to do this.

We've made a lot of progress toward our goal, which we're going to reach, of, by no later than 2020, at least, half our energy usage will come from non-fossil fuel sources.

We've flown the F-18 on biofuels. We've certified our helicopters also on biofuels, as well as our swift boats. We are currently working on our large-surface combatants, in that regard.

We are doing a lot of work on efficiencies. We've launched the first hybrid ship. We're looking at putting the electric drive that is on that ship on our new builds, as well as retrofitting some of our DDG-51s.

On shore, we have vastly expanded our solar capacity. We've done stuff like smart meters, so that we know where our energy is going.

And, finally, I want to particularly brag on the Marine Corps. Because, like they normally do, they are leaders in this. They have established two expeditionary forward-operating bases, experimental forward-operating bases, one at Quantico, one at 29 Palms, to develop the alternative energy that our warfighters need.

What we import the most into Afghanistan is gasoline. The Army did a study that showed that, for every 24 convoys of gasoline, we lost a soldier or a Marine killed or wounded guarding that convoy.

It also takes Marines away from doing what they were sent there to do, which is to fight, to engage, to rebuild.

The first unit that took some of these things that the experimental FOBs designed was 3rd Battalion, 5th Marines, which I got to visit right before Christmas, in Sangin.

They're in some of the toughest fighting in Afghanistan right now. And -- but even in that fight, they have taken solar panels and are using them for their command headquarters. They've taken these rollable solar panels and stuck them in their packs.

One foot patrol -- I was talking to a lieutenant there -- a foot patrol now saves 700 pounds of batteries that they don't have to take because of this.

They are reducing dramatically their usage of fossil fuels. The commandant has just signed out a -- a requirement, an order that is going to integrate the training on these alternative energy as part of the routine training that Marines get before they deploy so that they'll better be able to use these.

But we are seeing real advances. We're saving lives. We're using less fuel. And we're saving -- we're making Marines better fighters just because they don't have to lug around so much stuff.

SHAHEEN: That's very impressive. Thank you. And perhaps you can share some of those technologies with the rest of us in government so that we can be more efficient and more energy independent.

My time is up.

LEVIN: Thank you very much, Senator Shaheen.

I think the figure you used on that point was that that unit was saving 90 percent. Was that the right number, of its fossil fuel -- the fuels used...

LEVIN: ... decrease 90 percent with that -- with that company, I believe?

MABUS: That company is -- is saving a lot. It's...

LEVIN: Probably...

MABUS: It's probably not 90 percent.

LEVIN: All right.

MABUS: But I can get you a very specific number. But its energy usage in some of its combat outposts, it's 100 percent; they're using nothing but alternative fuels. Overall, for the unit, it's significant, but I don't think it reaches 90 percent.

LEVIN: All right. What we will do, following Senator Shaheen's suggestion, is to get that experience, if it's not already there, to the other -- to the Army as well. Because we have the same issue, goal, with the Army, as Senator Shaheen mentioned.

Senator Ayotte?

AYOTTE: I think you, Mr. Chairman.

I want to thank the witnesses here today, Admiral Roughead, Secretary Mabus and General Amos, for your distinguished service to our country. We're deeply grateful for what you're doing.

And I also want to thank you for all of those that serve underneath you for the sacrifices they and their families are making for our country at a time of conflict.

I wanted to follow up on, Admiral, on the questions that were asked by Senator Shaheen. I wanted to join in her comments about the Portsmouth -- Portsmouth Naval Shipyard and the importance of that shipyard.

I wanted to ask you specifically about the project to consolidate structural workshops at Portsmouth Naval Shipyard. This project is a very important one because it would ultimately save taxpayer dollars through efficiency measures at the shipyard. And it would certainly improve efficiency of shipyard operations, reduce costs and duration of submarine maintenance.

AYOTTE: And, currently, this project is scheduled to be completed in F.Y. 2015. But given the importance of the project to naval readiness and the taxpayer savings that I believe that we could accomplish with this, given added efficiencies, I would -- I think this project should be moved up to fiscal year 2012.

Admiral, does the Navy's fiscal year 2012 budget proposal include this project to consolidate structural workshops at the Portsmouth Naval Shipyard?

ROUGHEAD: Senator, right now, it is in -- in the program for 2015. But, as you know, it has several segments to it. And to your point, if we -- if we do it by segment, it will actually cost us more money. So we can consolidate two of the phases and actually save money.

And we're -- we're looking at the ability to do that, because we see some potential changes taking place in some other MILCON and -- and my staff knows to look at that to see if there is the potential to pull it up into '12.

AYOTTE: So if we were to consolidate and pull it up into '12, it actually would result in cost savings, rather than segmenting the project as it is right now.

ROUGHEAD: The way that I see the project, it would cost us about another \$8 million if we don't do the consolidation.

AYOTTE: So I appreciate that you and your staff are looking at this. And it also seems to me not only important in terms of the shipyard, but a way to save taxpayer dollars to achieve efficiencies at the shipyard with the important work that they're doing there.

ROUGHEAD: Yes, ma'am, I'm always looking for efficiencies.

AYOTTE: We deeply appreciate that. And, obviously, the shipyard is very important in the Navy's mission, and we appreciate your bringing that forward. And I'd be happy to work with you on that if you need any assistance on that.

ROUGHEAD: Thank you, ma'am.

AYOTTE: Secretary Mabus, in your written statement you had noted that rising health care costs within the military health system continue to present a fiscal challenge to the department. And you've written that the department's resources devoted to health care costs cannot be sustained.

According to the recent March GAO report, there are tremendous opportunities to reduce potential duplications in government programs among the services in terms of looking at military health care costs and wanted you to tell me what steps you thought were appropriate to take in addressing the findings of the GAO report on duplication.

MABUS: I think it's important to separate a couple of things here. One is active duty health care, and there have been no changes in terms of amounts of money spent or things like that recommended for active duty servicemembers.

There have been recommendations in terms of more -- more service- wide efficiencies that the GAO did on that.

In terms of my comments that the health care costs were going up were aimed mainly at health care costs for retirees under the Medicare age that the secretary of defense has made some recommendations on, and we fully concur in that. That's where our costs are going up that I think will become unsustainable in the future.

The secretary of defense on a defense-wide basis has recommended that the costs for a -- a single person go up \$2.50 per month, for a family, \$5 per month. And we're talking about going, for a family, from \$460 a year to \$520 a year in terms of premium, a very modest increase. It's still far, far below what a federal employee not a military retiree would have to -- would have to pay.

And there are also overhead reductions in this. We do think that there are -- that there can be some savings in overhead in terms of the way we deliver our health care costs.

But those -- those two major things we think are necessary to keep us sustainable -- sustainable just in terms of how much money we're spending on health care.

AYOTTE: Mr. Secretary, I just wanted to follow up, because, obviously, with respect to our retirees and our veterans, we also have a solemn duty to make sure that we follow through on the promises that we've made to them with respect to health care and other promises, given their service to our country. So this committee certainly will be looking at those proposals.

But I also wanted to just follow up on the idea of greater coordination to eliminate duplication with the system, to try to save administrative costs and what your thoughts -- and that's really what some of the issues that were identified in the recent GAO report -- and what measures you thought that we could take among the branches and even within the Navy to try to save some administrative costs in that area.

MABUS: There are clearly some areas that you can save some administrative costs. We're looking not only between services, but also between the services and the V.A. system, for example.

We're going to an integrated disability evaluation system, so that a servicemember who is disabled doesn't have to go through that twice, once for the service, once for the V.A., and that saves one step. That saves -- obviously saves some overhead costs.

We're -- because of the previous BRAC commission, Walter Reed and Bethesda are being merged into -- into one health care center. And we are actively promoting some savings in overhead there. We think that, very frankly, there's too much overhead in the -- in the joining of those two -- those two very critical military facilities.

And so you and the GAO are correct that there are efficiencies that we can find, just in terms of administrative overhead.

We have found some of them, based on the efficiencies that Secretary Gates asked us to find. But we are continuing that look, not only in health care, but across the department -- but specifically in health care.

AYOTTE: Well, thank you very much for your answer. My time is up. I wanted to thank all of you for the work that you're doing on behalf of our country. And I'd just offer that I certainly am willing to work with you on making sure that we achieve these efficiencies so that we can continue to support our soldiers and those who have sacrificed so much for us.

LEVIN: Thank you, Senator Ayotte.

In your answer to Senator Ayotte, Mr. Secretary, you made reference to the budget's proposed increase in the enrollment fees for retirees under 65. When was the last time those fees were increased? Do you know, offhand?

MABUS: I believe it was 1995, Senator.

LEVIN: OK. And I'm wondering, if I can ask you, Admiral, and you, General, do you support the budget proposal that those fees be increased?

ROUGHEAD: I do, sir. I think it's appropriate. I do not believe it is an onerous cost. And I'm fully supportive of those changes.

LEVIN: General?

AMOS: Chairman, I absolutely support them.

LEVIN: OK. Let me ask you about the no-fly zone issue. Our NATO allies, including the U.K., France and Italy, are looking at U.N. resolutions and what the role of NATO might be in any no-fly zone. So that my question is the following: Even without direct U.S. involvement, do our NATO allies have the capability of implementing a no-fly zone over Libya, presumably with the support of members of the international community, but do they have the capability of dealing with any threat by the Libyan air force, such as it is, and by Libyan air defenses, such as they are?

ROUGHEAD: Senator, I think that -- that whatever group comes together, if, in fact, this were to proceed, you'd have to look at the individual capabilities of that country and/or those countries and see what it was.

But, as you know, the NATO air capability is significant and sophisticated. But I think you have to see what -- what the final outcome is.

LEVIN: And so that in terms of the specific capabilities of those air forces, even without our involvement, you're -- you're not able to say now whether or not they could successfully carry out that mission?

ROUGHEAD: Senator, I think the capabilities reside within the NATO air forces. It's who comes together and contributes what that would determine the effectiveness of that package.

LEVIN: Got you.

On the question of Guam and Okinawa, you mentioned, Mr. Secretary, that there need to be some Japanese government decisions essentially.

Do you know whether there's any discussions or negotiations scheduled with the Japanese government relative to that issue?

MABUS: I know that Secretary Gates, in his previous discussions, earlier this year, was very frank with the Japanese government on what those decisions need to be. And I think that the Japanese government understands exactly what -- what actions need to be taken before we can begin to take some substantive steps.

LEVIN: Do you know whether there's any scheduled negotiations or discussions?

MABUS: No, sir, I don't.

LEVIN: That's fair. If there are, would you let us know?

MABUS: Yes, sir.

LEVIN: Senator Webb mentioned that we're going to -- the two of us will be heading out that way in about a month and that we should know the status.

We'll be briefed, obviously, by you and your folks before we go, but on that issue, particularly, if there's anything scheduled, if you'd let us know.

Admiral Roughead, you've testified on a number of occasions about your support of the United States signing on to the United Nations Law of the Sea Convention. And you reiterate that support in your written statement this morning.

I think, Secretary, you also testified before this committee in support of our supporting that treaty and acceding to it.

LEVIN: Is there anything that's happened in the last year that has either changed or strengthened either of your positions on that?

Mr. Secretary, let me start with you.

MABUS: It has strengthened my idea that we should accede to this treaty for a couple of reasons. One is as other nations who are signatories try to restrict our freedom of navigation, we are less able to -- to push back with as much force as we should be able to were we a signatory to this. And I think that you're only going to see that increase as it has over the past year.

Secondly, I've -- I've seen first-hand some of the implications of the Arctic and the perhaps ice-free Arctic in the next couple of decades. The only way we can have a claim to an outer continental shelf area that we can explore for minerals, that we can use as part of our exclusive economic zone is if we are signatories to the Law of the Sea.

Those two things have strengthened my stand that we very much need to be signatories.

LEVIN: OK.

Admiral?

ROUGHEAD: And I would echo those very two, Senator. And I think we are letting an opportunity and time pass us by. On top of those two were the claims, particularly in the Pacific, that have the potential to become more contentious. The opening of the Arctic where resolution of claims and disagreements will be done through ONCLAS, we will not be there.

On top of that, I would submit that our international leadership to those countries that view the seas the same way that we do, that as they come together to address these issues, we are not there. And they look to us for that leadership and we are abrogating that leadership.

LEVIN: Thank you.

Secretary, I indicated to you that were a couple of questions on that second engine that I asked you to respond to for the record. In addition to those two questions, let me add a third and a fourth just for the record, if you would.

One would be the -- how much development has gone into the first engine? And what is the \$400 million I believe additional request from, for the Pratt engine development due to the business case? And how much total has gone into that engine in terms of development costs? And finally, I have a long question which I'll get to you both -- both you, Secretary and you, Admiral, about this issue of special support requirements if there is a second engine. It's a lengthy question raising issues with your responses. I think also you, General, responded on that as well. So I would ask all three of you to take a look at that question that I will get to you and then you can submit your answers for the record.

I must leave. Senator, you're more than welcome to take the gavel and conclude if you have additional questions, if that's all right. I just -- you can -- I'll hand it to you on the way out.

Thank you all. And Admiral, again, Admiral, all three of you have performed extraordinary service for this country, but since this is probably your last appearance here, I just want to reinforce what my colleagues have said about you and that service. We just wish you well if we don't see you again.

ROUGHEAD: Thank you, Senator. It's been my honor.

LEVIN: Secretary, thank you, and General, thank you both.

AYOTTE: I just have a couple of brief questions and then I will wrap this up for sure. I appreciate your patience.

Admiral Roughead, I wanted to ask you about the -- the maintenance portion of the budget. I know that you have -- that actually Secretary Gates said on March 4th that a lot of our surface ships that were built in the Reagan era will be aging out in coming years very -- pretty quickly.

And in your written testimony, you've echoed this concern, saying, "Many of our existing cruisers, destroyers and submarines will reach the end of their service life."

I notice in the budget proposal for F.Y. '12, you've funded ship depot maintenance at 94 percent, and wanted to hear from you if you could provide some examples of what type of maintenance would not be accomplished at that -- at that level versus 100 percent maintenance level, understanding that in order for us to preserve our fleet, we're probably going to have to be doing additional maintenance, given the aging of -- of the fleet.

ROUGHEAD: Yes, ma'am. Thank you.

We are spending much more on maintenance now than we did just a couple of years ago. So with the support of Congress, we've been able to boost that up. As we got into putting the final touches on the budget, because we have done that little bit of a boost-up, and we looked at ship availabilities, maintenance periods. And the ones that are not included in there are not the complex types of work. They tend to be smaller availabilities.

And clearly, they don't include any nuclear work, nor do they include any of the work that's done in the public shipyards. These are all availabilities in the private sector, relatively small, and I believe that where we have been, some of the changes that we're putting in place with regard to putting more Sailors on ships and in maintenance centers, that I consider this a reasonable approach to take.

AYOTTE: OK. Thank you very much, Admiral.

General Amos, I had a question about our detention policy. And we -- I had the privilege of going over to visit some of your soldiers in January. I just -- I also want to say the work being done by the Marines is just tremendous, and so wanted to commend you for your leadership and also to thank the soldiers that serve underneath you.

If tomorrow we were able to capture the number two in Al Qaida from the -- in the Arabian peninsula that was actually formerly a detainee at Guantanamo. I believe his name is Zaid al-Shahri (ph), if I'm -- where would we put him?

AMOS: Senator, that is -- that's way above my pay grade. I wouldn't know where we would put him. I mean, truly -- the truth of the matter is is that that would be resolved at a level with much

discussion. In fact, I doubt if -- I doubt if the commandant of the Marine Corps would even be a part of that discussion. It would be at the very highest levels of our government.

AYOTTE: Well, one of the concerns that I have is that I've heard testimony now from Secretary Gates, as well as Secretary Vickers, that, you know, because we're in a position where there's -- the president wants to close Guantanamo, there is no detention facility to that type of high-value target that we have under our control. Are you aware of a facility that we would have under our control that would be appropriate, not located in the United States, to be able to -- to not only interrogate that individual, but make sure that he doesn't again rejoin the battlefield.

AMOS: Ma'am, I am not aware of another facility.

AYOTTE: OK. Thank you very much.

I appreciate all of you being here and I'm sure you're all anxious for lunch, so I will conclude this hearing, and I thank you all for your service to our country.