

Chief of Naval Operations

Adm. Gary Roughead delivers remarks at the

House Appropriations Subcommittee on Defense on the Proposed Fiscal 2012 Appropriations for the U.S. Navy and Marine Corps

March 9, 2011

YOUNG: The subcommittee will come to order. We are going to proceed. Mr. Dicks is on his way, and Mr. Rothman has agreed that it is OK since he's present to proceed.

We're really happy to have Secretary Mabus and Admiral Roughead and General Amos this morning to discuss the needs of the Navy and the United States Marine Corps. I'm going to forego any opening statement because I think everyone knows we have a time constraint. We have to be -- we are now permitted to sit while the House is in session with a joint session which we will have today with the prime minister of Australia.

So I will put my statement in the record, and I expect Mr. Dicks will do the same. We would recognize all of you. Your total statements will be placed in the record, and then you present them any way that you like. But the time restriction is on us, not on you.

And so, Mr. Secretary, we'd like to recognize you first to begin, and we're anxious to hear from you.

MABUS: Thank you very much, Mr. Chairman and members of the committee. I have the real honor of being here today. (Inaudible) remain the most formidable expeditionary fighting force the world has ever known, and because of your support, they will remain that way.

I want to spend just a moment talking about an immediate crisis we face, the absence of a defense appropriations bill and the increasingly serious problems of operating under a continuing resolution. The pressure of the CR has already significantly impacted us and reduced the resources available to maintain readiness.

If the CR continues for an entire year, we will be forced to reduce flight hours and steaming days, cancel up to 29 ship availabilities, defer as many as 70 aircraft and 290 engines, and defer maintenance and construction projects up to 240 different ones all across the country. We will not be able to construct one Virginia submarine, two Arleigh Burke destroyers, and one Mobile Landing Platform.

It'll prevent the procurement of two nuclear reactor cores and delay increased funding for the Ohio class replacement and reduce Marine Corps procurement by a third after the Marine Corps rebalances its manpower count. Finally, it will create nearly a \$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.

A disruption to our fleet and our shore maintenance and modernization schedules may take years to recover from and will come at much greater costs. We strongly request congressional action to address the implications of the continuing resolution.

This is particularly important when considering that submission of the '12 budget was based on the F.Y. '11 request. The F.Y. '12 president's budget for the Department of the Navy of \$161 billion represents an increase of only one-half of 1 percent from F.Y. '11. It includes funds 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 grow the fleet. The \$15 billion request for overseas contingency operations represents a drop of \$3.5 billion from F.Y. '11.

During the budget developments, we were very keenly aware of the fiscal position of the country and the necessity to be responsible stewards of taxpayer dollars. This request, we believe, is strategy driven and informed by fiscal realities. It balances competing requirements and does what is best for the country, the Navy, the Marine Corps, and our Sailors and Marines.

We started this cycle by examining every aspect of what we do and how we do it, and \$42 billion in Navy -- Department of Navy efficiencies were identified over the five years. As a result of those efficiencies, we have been able to add one Aegis destroyer, three fleet oilers, and one T-AGOS ocean surveillance ship to our shipbuilding plan. With the 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.

This savings also allows us to buy additional F/A-18s and extend the service life of up to 150 aircraft as a hedge against delays and deployment of the F-35, and allows us to continue investing in unmanned systems, which are becoming increasingly important on the battlefield. In 2010, one of the most important efforts was the decision that you endorsed 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've seen on LCS 3 and 4, the new strategy will save taxpayers \$2.9 billion. We believe that this plan is one that is good for the Navy, good for taxpayers, good for the country, and demonstrates what can be accomplished when you follow sound acquisition principles.

We heard the message from Congress very clearly. We need more ships. But they have to be affordable.

We believe that keeping the workers employed at two shipyards supports the industrial base, that the fixed-price contracts used for LCS as a model -- will be a model. With the new LCS strategy, we get more ships more quickly more affordably.

Significant additional savings were also achieved through the termination of the expeditionary fighting vehicle. It is 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 to fight. The EFV is simply not the vehicle to do this. Conceived in the '80s, the EFV is a two-decade-old solution to a tactical problem that has since fundamentally changed and would hollow out Marine Corps procurement accounts if pursued.

In aviation programs, we're closely monitoring the joint strike fighter, particular the Marine Corps variant, the F-35B. After a two- year period of focus group meetings, 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 increasing -- and increased utilization. We concur with the recommendations made by the secretary of defense to ensure fiscal solvency and benefit equity for our retirees in this area.

Finally, we are continuing efforts to invest in and develop alternative energy. The latest headlines from around the world reinforce our 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.

We've taken a lot of steps forward, including flying an F/A-18 on biofuel, a large scale expansion of solar power, and a great beginning of expeditionary energy initiatives in Afghanistan. What we are doing is already saving lives in Afghanistan as we reduce our reliance on fossil fuels.

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

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

Thank you.

YOUNG: Mr. Secretary, thank you very much. I'm not going to make any further comments other than to say that we agree with you on the importance of not functioning under a CR.

This subcommittee had a bill prepared last year well before Thanksgiving under the leadership of Chairman Dicks, and we could have solved that problem. But for some reason, it was not to be.

But we agree with you and we are doing everything we can to keep a little pressure on to bypass the CR and get to a -- an official appropriations bill.

Now, Admiral Roughead, we'd love to hear from you, sir, at this point.

ROUGHEAD: Thank you very much. Chairman Young, Vice Chairman Dicks, and 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 14,000 Sailors on the ground in those two countries and another 14,000 at sea in the region where we provide over 30 percent of the fixed wing air support to our troops on the ground 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, for today we have 65,000 Sailors deployed and about 40 percent of our force structure forward.

We're globally present and we're persistently engaged. We provide deterrence in Northeast Asia and presence in the Western Pacific. We conduct counter piracy operations in the Indian Ocean, and we're building maritime partnerships in Africa, South America, and the Pacific.

The demand continues to grow for the offshore option that our Navy and Marine Corps team provides to the nation. We assumed the lead for the first phase of the phased adaptive approach of ballistic missile defense in Europe and are 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 U.S. Tenth Fleet, our cyber fleet, which has demonstrated its expertise by conducting joint and naval operations in cyber, network, cryptology, and space arenas.

To deliver the above, we've been pushing the fleet hard. Having 288 ships today, it's the smallest that we've been since 1916, when our national interests and responsibilities were nowhere where they are today. That's why 313 ships remains the floor of our future force and why sustaining fleet capacity and capability to reaching -- is important to reaching that floor.

Since I became CNO, I've focused on ensuring that 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, affordability, 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. The next one to be delivered will be the good ship Fort Worth, which will come to us shortly.

We've addressed the strike fighter capacity with a multi-year F-18 (ph) procurement, and pending a decision on the continuing resolution, we will build two Virginia class submarines this year, another DDG-51. We'll start the mobile landing platform, construct and refuel our aircraft carriers as planned, and continue the design of our replacement strategic deterrence submarine.

I am 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 more fighting capability, and developing and enhancing our total force.

This budget goes beyond ships and aircraft. It enhances electronic warfare, information dominance, integrated air and missile defense, and anti-submarine warfare capability. 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 where and when we choose.

It continues our effort over the last two years to reduce the total ownership costs of our systems 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 -- in health care to improve internal efficiency, incentivize behavior, and 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's Sailors are the best with whom I have ever served, and I ask for your strong support of our fiscal year '12 budget. And I thank you for all that you do to support the men and women of the United States Navy, our enduring global force for good.

Thank you very much, Mr. Chairman.

YOUNG: Well, thank you very much, sir.

And now, General Amos, we'd like to welcome you again since I believe this is the first opportunity we've had to be officially in a subcommittee hearing since you became the commandant.

AMOS: It is, sir. And I appreciate that. Thank you, Chairman and Ranking Member Dicks. It is my first time as a commandant, although I've been before this -- this committee several times as just a young assistant commandant and three-star before that. So it's good to be back.

Sir, in the -- in the effort to speed this up, what I'd like to do is just hit a couple of highlights in my statement which I think are important. And then the statement will be submitted to you.

Today, as we gather in here in this -- in this room, we've got 32,000 Marines forward deployed. Twenty thousand of them are in Afghanistan. It's about 7:30 at night. The rainy season has started. It's cold and wet.

We saw the reports in the press today from Secretary Gates, his very successful visit with the Marines down in Sangin, an area where 3rd Battalion, 5th Marines has been in a -- in a pretty frisky fight for the last four or five months. Things have changed favorably.

Sergeant Major Kent and I spent Christmas there this year, and I will tell you we came away even more encouraged than we did earlier in the year when we were there. So it's things -- I think we have a reason to be encouraged and optimistic.

As Secretary Gates said, it's fragile, it is reversible. But I just want to report to you this morning that your Marines and your Sailors on the ground in the Helmand province are meeting with great success.

We are partnered with the United State Navy. We are forward deployed and forward engaged.

Some things we've done over the last little bit -- we conducted humanitarian assistance operations in Haiti last year, in Pakistan. We freed the Magellan Star from its Somali pirates this past fall.

And just recently, we deployed on a 20-hour notice half of the 1st Battalion, 2nd Marines from Camp Lejeune, North Carolina, to join the 26th Marine Expeditionary Units, two ships of those, that are now afloat in the Mediterranean, poised to do our nation's bidding. Half of that Marine Expeditionary Unit went ashore about two months ago to -- in Helmand to reinforce success down there.

So there's no shortage of work. But we are forward deployed. We are partnered with the United States Navy, and we make a great and formidable team.

We are aware -- I am acutely aware of the fiscal realities confronting our nation. The Marine Corps has always been a force in the Department of Defense that has been known as a frugal force. We have also been called the penny pinchers of the Department of Defense.

Mr. Chairman and Ranking Member Dicks, you have -- and members of the committee, you have my promise over the next three and a half years of my commandancy (ph) that we will -- we will continue that. And we will only come to this committee for those things that we absolutely need and not those things that we might absolutely want.

I had four priorities as I took the commandant, and I'd like to just run through them, because they pertain and they will weave their way through probably some of the answers that I gave you during the testimony. The first one is I will -- we will -- and this is my number one priority. We will continue to provide the best trained and equipped Marines units to Afghanistan.

Above everything else we do for the next three and a half years, that is the number one priority and I will sacrifice whatever's required to ensure those young men and women on the ground have everything that they need to guarantee success.

We will rebalance our corps for the future. We've just done that recently through the force structure review effort, which I reported to the secretary of the Navy in early January and the secretary of defense in early February. And that takes and designs a force (inaudible) to Afghanistan (inaudible). We will better educate and train our Marines to succeed in the increasingly complex environments.

When you think about what we are asking of our young men and women today, first on battlefields where corporals and sergeants are making decisions of international proportions, they need to be educated better. So we're committed to doubling our professional resident military education and tripling in some cases in other areas. And, finally, one that is near and dear to the hearts of all of our Marines and families is we will keep faith with our Marines, our Sailors, and our families.

I have a couple of things that I'm concerned about and I ask for your support on. One, our equipment, and this is no surprise to this committee, because we've talked about this before.

After 10 years of combat, our equipment overseas has been heavily taxed. The bill for reset on that is \$10.6 billion. And I can explain in further detail should you like.

The F-35B STOVL joint strike fighter is absolutely critical to the expeditionary nature of the Marine Corps. We deploy in places and employ our forces in areas in a manner that is not common to aviation across all the other services.

When we marched from the border of Baghdad -- excuse me -- Kuwait all the way through Baghdad up to Tikrit, we flew off bombed out runways or off highways. I've got pictures of AV-8 (ph) Harriers flying off highways that look like Interstate 95.

We've been on taxiways, parking lots. We have fought our way all the way -- that's the way we employ our assets, and I ask for your continued support for the F-35B.

And as the secretary of the Navy has said, we need your support as we -- as we turn our attention to a new amphibious combat vehicle. And we'll have more on that in the future, in the next 60 days.

And lastly, we have designed (ph) a middle-weight force in this force structure review for the post-Afghanistan environment. It is a crisis response force for our nation, and it's ready to deploy. It'll be a force ready to deploy to today's crisis with today's force today, not tomorrow, not 96 hours from now, but today, just as the 1st Battalion, 2nd Marines has just recently done.

Sir, you've already talked about your efforts with the continuing resolution. I had a list of things I was going to talk about. We talked yesterday. I know this committee is aware of that.

I want to thank you for your support on that effort. And we're looking forward to a reconciliation between the House and the Senate so that the Department of Defense can get on with the business of fighting our nation's wars.

And, Mr. Chairman, thank you for this opportunity, and I look forward to your questions.

YOUNG: General, thank you very much.

And before we go to the members, I'll recognize Mr. Dicks for any comments he might like to make or any questions he would like...

DICKS: Well, thank you, Mr. Chairman. I -- I -- I apologize for being a few minutes late. This is a very important hearing, and I had a chance to talk to Admiral Roughead and Secretary Mabus.

And I want to congratulate Admiral Roughead on his outstanding service as CNO. And he's been out to the Northwest several times, which we have deeply appreciated, and I think he's done an outstanding job.

And as I understand it, this will be your last testimony before our committee, and I just want to congratulate you on your outstanding service to the country.

ROUGHEAD: Thank you very much.

DICKS: And can I ask a question?

YOUNG: Sure. Go ahead.

DICKS: OK.

YOUNG: I think (inaudible).

DICKS: Well, yeah. Well, near (inaudible) the former chairman. So we...

DICKS: And now you're the chairman. Let me -- let me go -- I talked a little bit to Admiral Roughead about this.

There's an article today, "Pentagon Response Time on Equipment Draws Criticism." And there was a -- there's a small number of -- what is it -- Palantir systems? I guess this is a data processing piece of equipment? Is that correct -- "were fielded to the Marine Corps after a request by a Pentagon office called the Counterterrorism Task Force, a House aid said. The fact that the multiple agencies were working on the intelligence-analysis tool was not unusual, the Pentagon's congressional critics say. For example, the Pentagon office that develops technologies to combat roadside bombs spent \$17 million on proof of concept studies for an unmanned helicopter without knowing some military units were already using it."

I mean, there's a whole series of examples here of -- and in this one case, both Ike Skelton and Buck McKeon had to get involved because of the slowness in response time. And in their -- and even their letter over to the -- over to Bill Lynn took several months to respond to after, you know, this urgent inquiry comes in.

I mean, from your perspective, are we getting the things that we need urgently? You talked about this, General Amos. I'm worried about this procurement system of ours.

You know, the expeditionary fighting vehicle -- you know, to start something in 1988 and then cancel it in 2011 is just ridiculous on the face of it. And I know it's important, but, you know, we have got to do something to get -- to get this procurement system to move more rapidly.

Now -- and perhaps M-ATVs (ph) have been examples where we have been able to move. Strikers is another example for the Army, where if you took it off the shelf, you move forward on this thing.

I am just concerned that we are wasting billions of dollars in development. Years of effort go into it, and then we realize that it isn't quite what we wanted.

And so going to the off-the-shelf approach or things where we know a lot about these systems already -- is there a way we can expedite how we do this business? It's got to help all the services, I think, if we can come up with some procedure, an expedited procedure, that's part of - where the -- where the leadership of the Pentagon can say, "On this one, we're going to do an expedited approach," because when we've done expedited approaches, we've saved billions and got the equipment.

I mean, maybe it's only 80 percent. But you can do an upgrade. This -- this -- this thing is really bothering me, and I'd like to hear what you have to say about it.

ROUGHEAD: Well, thank you very much, Mr. Dicks. And thank you for your kind comments about the four years that I've been doing this, and the reason I highlight that...

I would submit -- yes, sir. And the thing that has struck me over the time that I've been doing this is that it really does take us a long time to field necessary systems.

And my concern is that we've become enslaved to a process as opposed to committing ourselves to a particular outcome at a particular time. And -- and -- and my concern is that that will become our culture and the idea of doing things with a sense of urgency, putting a line in the sand that says, "This is when we have to have the capability," and we drive to that, as opposed to measuring how well we're conforming to the process.

I also would submit that in many areas, we enter into extensive testing programs that take up time, take up money, and that further slows things down. I will never advocate for putting anything in service that is unsafe or that's ineffective. But we've got to do it faster, to your point, and I really do believe that we have to have that sense of urgency and not be enslaved to a process.

MABUS: I would echo exactly what the CNO said, and I think that the expectations are what drive things. If you expect and, in his words, draw a line in the sand that you have to have a capability by a certain time, it tends to get there by a certain time. If you make it indefinite, if you let it stretch out, it tends to be indefinite and stretched out.

The two things that I would point out -- one is LCS that you said. The CNO and I are both committed to building the same types of ships, common hull forms, to not let the perfect be the enemy of the good, to do the 80 percent solution and then -- but don't change technology in the middle. Have mature technology to have plans that are finalized. Don't design ships or weapon systems as you're building them.

The second thing that I would mention is the EFV. It's a little bit worse than you said. It was started in '88. It was canceled in 2011. But had it continued, it would have reached total operating capability in 2026.

So it was one of the few 40-year programs that we've ever undertaken. It's the only program that I know of that we had to do a service life extension on the test vehicles.

But having said that, you know, the commandant of the Marine Corps and I are absolutely committed to the follow-on being much faster. And he has said -- and I believe anything the commandant says -- that he has three and a half years to go as commandant, that by the time he leaves, he wants to have the program in place, he wants steel being built, and he wants to be able to drive a prototype. And I think we will -- we'll get there in three and a half years.

YOUNG: Thank you very much. And as I stated earlier, because of the rules of the House, we have to be adjourned by 10:30 because of the visit of the prime minister. And so we're going to have to regretfully be quite strict with the five-minute rule.

Mr. Frelinghuysen?

FRELINGHUYSEN: Thank you, Mr. Chairman.

Thank you all for your service and those you represent. I had -- I won't quote -- the temerity last week to ask Secretary Gates about the no-fly zone, and that story sort of cascaded across the nation.

He called instituting a no-fly zone sort of an act of war with -- with major consequences. It is interesting that what he called loose talk today is perhaps being considered as an action plan.

I'd like to know, since there's talk of a naval blockade, where you are on that, within that realm of possibility? I assume we're -- we're ready, we're able. Could you comment on that?

ROUGHEAD: Thank you, sir. And I -- the -- the movement to regimes like that, whether it's a no-fly zone -- and I -- as I said in testimony yesterday, a no-fly zone begins with combat operations in Libya, simply because you have to either kill or -- or -- or suppress the air defenses kinetically and electronically.

With regard to the proposals that you read about in the press with -- blockades or interdiction, those, in my opinion, need to be sanctioned broadly, and that's what naval forces can do. But I also believe there are political considerations and decisions that have to be made before anything like that would be implemented.

FRELINGHUYSEN: One particular question -- the Ohio sub replacement. Can you comment on that?

ROUGHEAD: Yes, sir.

FRELINGHUYSEN: We're making substantial investments, and you've obviously pointed out that we have the smallest fleet since 1916. The submarines are part of that essential fleet. Can you talk about where we're going with that replacement and your ability to control costs in that regard?

ROUGHEAD: Yes, sir. We are moving down the path on the Ohio replacement. The first ship will be built in 2019. The research and development is moving forward.

Our commitment is to bring that cost down, to get it into the \$4 billion range, of some degree between \$4 billion and \$5 billion. We have brought the price down from when we began that process.

The commitment that we have is that we'll remain stealthy and we will commit ourselves to stealth, because that submarine will be in service until 2080, and it has to be able to perform the mission. Recently, we -- there's been a mark against the program through the Department of Energy in the Energy and Water Subcommittee that will retard that process by anywhere up to nine months.

FRELINGHUYSEN: I'm the chairman of that committee, and we're going to do our level best to make sure there's no retardation. We just want to make sure that the investment we're making is going to be -- that we have a handle on the cost.

ROUGHEAD: Yes, sir, and we do, and -- but I'm -- I'm -- I'm fearful that if we do have it delayed, then we'll get into the concurrent design and build, and that's when we know we lose money.

FRELINGHUYSEN: When we know what the design is, we'll be a little happier about providing the additional funds.

Thank you, Mr. Chairman.

YOUNG: Mr. Kingston?

KINGSTON: Thank you, Mr. Chairman.

Mr. -- Admiral Roughead, I wanted to continue on that. Did the Senate do anything with the SSDN (ph) budget or the SSGN that -- we were talking about it a little bit earlier, and I was concerned about that and wanted to follow up.

ROUGHEAD: Yes, sir. That's the mark that I was referring to. It affects our initiative to design a life-of-ship core, which is also a cost saving measure, because we will not have to refuel those ships halfway through their service life and take them offline for two years. They can stay operational that whole time.

It also gets into the design of the ship. And then also some of the facilities that are required for disposal of spent fuel is all encompassed in that, and that's why it's critical.

KINGSTON: And then, as you know, you and I have had many conversations about BRAC originally putting some new missions in Kings Bay. It was built for 10 submarines. I think it has the capacity for 18, and right now, there are eight down there.

So I'm still looking for new missions down there, and I would be remiss if I didn't bring that up. If you had any thoughts, I'd certainly welcome them. And we'd certainly welcome the Marines too. They're guarding the missiles right now, but -- and we have the Coast Guard. So, you know, we've got space.

ROUGHEAD: Sir, it's a great base. And as we look to the future, we will always optimize ourselves and look at what capabilities can go where.

MABUS: Could I add just two quick things? As Admiral Roughead said, we've already taken money out of the SSBN-X (ph). And, in fact, we've taken a billion dollars per boat out so far in the first year that we've been looking at this, and we're going to find more -- more savings.

To an earlier point that he made about the size of our fleet, if Congress approves our shipbuilding plan, we will get to 325 ships early in the 2020s. We will go past the 313 ship floor, and we will get there.

What the issue will be is once we begin to build the SSBN-X (ph) in the 2020s, with the retirement of so many ships that were built in the '80s -- is how to bridge that gap. And I think that that's a debate worth having.

It's not a decision we have to make this year or even next year. But it will put a dent in the fleet in the mid 2020s if we -- if all the money that is used to build these SSGN-Xs comes directly out of the Navy.

KINGSTON: Well, thank you.

And, Mr. Chairman, I want to submit the rest of my questions.

YOUNG: Go ahead.

KINGSTON: No, that's OK.

YOUNG: OK.

KINGSTON: I have a number of them, and that would tie...

YOUNG: OK. Thank you, Mr. Kingston. Mr. Visclosky?

VISCLOSKY: Thank you, Mr. Chairman.

Mr. Secretary and Admiral, I'm pleased that for the second consecutive year, the out-year projection submitted with the budget show an increase in the quantity of ships ordered. The caveat, however, is that although the ship quantities are going up, the dollars allocated for shipbuilding don't seem to be appreciably growing, and that's a concern. It's a statement of concern, not a question.

The two questions I would have is, Mr. Secretary, what's the Navy's plan for reducing the number of foreign built ships that are leased? I realize the number has declined since '07.

Secondly, on average, the overhead costs for Navy shipyards is about 30 percent? At Pearl Harbor, it's 44 percent? And the two-part question is, generically, what's a good overhead ball park figure compared to commercial yards, and why almost a 50 percent differential between the other yards and Pearl Harbor?

MABUS: If it's all right, Congressman, I'll take the first question, and I'll give the CNO the second. In terms of foreign built ships that are leased for the military sealift command, we understand the importance of that, and we are moving in the right direction.

Since last year, five American made ships have been added to the lease numbers. Two foreign made ships have been subtracted. There are three more ships being leased this year, which is a disparity. But -- but we are -- we are moving steadily downward, so that now, out of the 25 ships, only 10 are foreign built.

And -- and I want to stress that none are foreign flagged. But they are foreign built.

VISCLOSKY: And I would encourage you in that endeavor, because we have to still make things in this country, including shipyards.

ROUGHEAD: Yes, sir. With respect to the overhead costs of the shipyards, what I'd like to be able to do, particularly on the differentials -- if I could take that for the record, I would certainly like to be able to do that.

ROUGHEAD: Thank you, sir.

VISCLOSKY: Gentlemen, thank you. Thank you, Mr. Chairman.

YOUNG: Incidentally, any member that feels like they have additional questions, we'd be happy to submit them for the record and get a response in writing.

Thank you for mentioning that, Admiral.

Ms. Granger?

GRANGER: Thank you.

General Amos, we were talking about acquisition and the difficulty and the length of time it takes. Can you give us a little more information about the joint strike fighter, the future of the Marine fighter variant?

And then, also, when we met in my office, you talked about the unique position you've assumed in the oversight of that. Could you talk to the committee about that?

AMOS: Yes, ma'am, I'll be happy to. And -- and I'd just like to reiterate what the CNO said earlier on when he was responding to Chairman -- or Ranking Member Dicks' questions.

I think that we have become enamored with the process up -- it's -- it's a great process, but we can speed things up, and it -- and it requires oversight. It requires oversight from the service chief, which is the last point you were making, ma'am.

The F-35B -- let me just give you a snapshot of where it is. We've got a new program manager that -- Vice Admiral Venlet came in in the late fall.

The leadership -- and my sense is has lined up not only within the program, within the Department of Defense -- certainly within the secretariats and within the service chiefs and industry. Lockheed Martin is providing the oversight and the management to the degree necessary. So I'm encouraged.

Let me just give you a few facts that -- things that have happened just this year, just since January the 1st. We've flown -- when you take an airplane in a test mode, which is -- which is what they are at that (inaudible), but we've got five airplanes out there.

You schedule so many sorties, and you schedule so many test points per sortie. Each sortie goes up, and it's -- it has to -- it has to achieve so many test points.

We've got 465 test points scheduled for this year alone. We've already flown 191 since January. We're almost not quite halfway to -- through these scheduled test points for this year alone in the STOVL version.

We've flown 143 percent of the scheduled test flights. In other words, they were scheduled to fly -- let's see, 46 -- excuse me -- 64 and we had 45 planned. The structural repairs and the engineering efforts on the airplane are coming through. Many of the fixes are in place right now. I watch that carefully.

To my oversight on this thing, what I look for in this thing -- and I've got metrics on my computer, and it's real time. It's like the New York Stock Exchange -- where I get the aircraft performance. I watch the weight growth of the airplane. They're not allowed to put a pound on the airplane that I'm not -- that I'm not aware of and that I haven't authorized.

The engineering challenges are all articulated there and the mitigation strategy, who's responsible to mitigate that engineering challenge, and then what's the timeline. And then one day that challenge leaves and another one comes in. And, finally, the test process.

So we look at that -- I look at that every single day. That's in -- that's in unison with Lockheed Martin. That's in unison with the program office, so we're all in sync.

And it's my goal to develop a reasonable set of metrics, such that I can go back to the secretary of defense and propose that the airplane, based on these metrics and this performance -- that the airplane does come off this two-year probationary period sooner rather than later. And that's -- and I have not had a chance to talk to Secretary Gates about it. It's certainly his call, but that's my intention, Congresswoman.

GRANGER: Do I have time for one more question -- short?

Admiral Roughead, the Navy fleet logistics support wings mission, you and I both agree, is vital. It's my understanding it was one of the planes that delivered the Marine Corps security team when it secured the U.S. embassy in Cairo. So we know it's important.

I'm concerned with the Navy's decision to close two reserve fleet logistics squadrons, including one at the NAS JRB Fort Worth. My concern is cutting aircraft and reducing the mission capability of this community could prevent or degrade these missions in the future.

Can you tell me how you plan to ensure these missions are carried out? And have you considered replacing the aircraft in these reserve squadrons with other DOD assets to ensure you maintain the logistics capability?

ROUGHEAD: Thank you, ma'am. As we went through our efficiencies initiatives, one of the things that we did was to look at some of the overhead structure and -- and in many instances, as our Navy has decreased in size, we've not taken out the overhead.

And so there were several areas that I went after. We've taken out some submarine squadrons, some maritime patrol aircraft squadrons, destroyer squadron, a numbered fleet, cruiser destroyer groups, staffs -- these are all overhead -- so that we could take those resources and put them into the tooth (ph), if you will, of the Navy.

When we looked at VRC-46 (ph), it was not programmed to get the new airplanes, and that was one of the reasons why we moved to decommission it. But the whole intent is really to not take out the capabilities. So the numbers of airplanes will be there, but what we've done is we've taken out some of the overhead to try to drive to a much more efficient organization. And we've looked at it very carefully, and I know some of these decisions are -- are -- are quite challenging.

GRANGER: Thank you (inaudible), Mr. Chairman.

YOUNG: Thank you.

Mr. Crenshaw?

CRENSHAW: Thank you, Mr. Chairman.

And thank you all for being here. When you represent northeast Florida, like I do, you can't help but see all the great work that the men and women of the Navy and the Marines do with the Naval Station Mayport, NAS Jax, and Blount Island. So thank you all for the leadership you provide in that area.

I've just got a couple of quick questions. Yesterday, I spent most of the day down at the naval air station, Pax (ph) River, and I kind of got to see up close and personal the P-8s, the E-2D Hawkeye, and then the Navy's version of the Global Hawk, the BAM.

And so as it relates to the E-2D and the P-8, can you just give us kind of an update -- I know this is very much a part of the 2012 budget -- where we are with the testing schedule, when those two aircraft are going to join the fleet? As it relates to the BAMS program, maybe comment -- I hear from time to time people say why does the Navy need a program -- a UAV that looks a lot like the Global Hawk -- maybe just talk about the differences there, the different capabilities.

And the final -- third question really relates to Naval Station Mayport. And I don't want to dwell on that, but I know you all -- the Navy has made the decision to home port a nuclear carrier there. And that's an ongoing process, and the first two projects came in at a substantial savings.

And I don't want to dwell on that, but I want to ask you all to comment. Last week, there was a GAO report that they ran the numbers, and their report indicated that it might be able to do the upgrades at Mayport to make it nuclear capable at about one-half of what the original estimates were.

And I just wanted you to comment on that and ask you, in light of the fact that that report came out, the costs are going to be substantially less -- the fact that the first two projects came in substantially less -- is there a possibility that you might look at that schedule, because I know, Admiral Roughead, when I was on Military Construction, our conversation was that those projects were part of a five-year plan, basically based on budget constraints. And so if -- if -- if

these savings are real, would that bring about the possibility of kind of reviewing that schedule? So if you could, comment on those three things.

ROUGHEAD: Yes, sir. Thank you, Mr. Crenshaw. The P-8, the E-2D -- we're very pleased with those. I think the P-8 is another example where we've gone to a commercial derivative and that will, I believe, save costs, get the airplane introduced.

We look to introduce that airplane in fiscal year '13 to replace the P-3s. They'll be based in Jacksonville and then in Kaneohe Bay, Hawaii. So I'm very pleased with that.

The E-2D -- the test airplanes are -- are -- are in test. The E-2D or advanced Hawkeye gives us incredible capability that not only will provide expanded coverage and detection for the Navy, but also for the Marine Corps because of its over land capability that we have.

That airplane is testing well. We're very pleased with what we see. That will be introduced into the fleet in fiscal year '15 and replace the existing advanced Airborne Early Warning.

Broad Area Maritime Surveillance is a program we're very interested in and I think will have great service to the nation, not just to the Navy. To your point about different programs, one of the things that I'm pleased with in the last year -- we came together with the Air Force.

We've entered into an agreement with the Air Force for common basing, common training, common maintenance, and common logistics, because the -- the planes are somewhat different, but we believe we have these two structures for the same air frame, and we broke down the service protectionism, if you will, and we're now in league on this. But the primary difference between the two air frames -- and I'll be a little parochial. I think the BAMS is a bit better because it has a more robust wing, and it also has anti-icing capability on that wing for us to be flying in more adverse environments that we often encounter at sea and in the maritime environment.

And on the Mayport question, we'll always be looking for -- can there be ships made. But as the secretary pointed out, one of the challenges that we have right now in the continuing resolution -- will some of the things that we wanted to get done this year potentially displace things and then we get into a snow-balling effect. But I'm looking all the time at where adjustments can be made.

CRENSHAW: Thank you. Thank you, Mr. Chairman.

MABUS: Mr. Crenshaw, I'd like to add just one small thing. These efficiencies that we found

allowed us to buy seven more P-8s over the -- over the next five years so we can speed up the introduction of that aircraft into the fleet.

CRENSHAW: Thank you.

YOUNG: Thank you very much.

Ms. Kaptur? Well, I wanted to Jim to have a chance to (inaudible).

KAPTUR: All right. That's fine.

YOUNG: we'll come back to him.

KAPTUR: Thank you, Mr. Chairman.

YOUNG: And -- and before you (inaudible), I have to admonish the committee that we're on time constraints. Actually, our drop-dead time is 11 o'clock. But we're -- we're -- we're doing very well, so go ahead. Take your five minutes.

KAPTUR: Thank you very much, Mr. Chairman.

First of all, welcome. Thank you for the incredible job you all do.

General Amos, I have a letter here for you, and I'm sure one of your capable staff can handle it. But I'd appreciate a phone call to a retired Marine in my district who sadly contracted polio after exposure during the 1950s, he thinks, at Camp Lejeune. Thank you, sir.

And, evidently, there's been a lot of attention focused to contaminated sites at Camp Lejeune. And I don't know of other Marines who have retired from there have reported polio, but we'd be very interested in your comments back on what is stated in the letter. Thank you. Thank you very much.

If anybody could make a phone call to him, that would make his day. He's suffering quite a bit now. Thank you.

Number two, I wanted to mention on the Marine Corps suicide rate, in Ohio, we have a company called Health Journeys, Incorporated, that has developed an iPod type self-assessment that soldiers can use themselves. They're finding it very successful.

They've done some test runs at Fort Sill and other places. I would just commend it to your attention. Perhaps it could help in your own efforts to address that very significant issue.

Number three, Secretary Mabus, I'd ask you to think about the following. Ohio thus far this year has seen the elimination of the joint strike fighter dual-sourced engine at an Ohio location at GE, and also the elimination in the House budget of the expeditionary fighting vehicle.

For Ohio, a state with high unemployment, this is really a double whammy. And neither are in my district, but I must speak for my region. If there's any way you might look at your budget, perhaps there are other activities that you are anticipating.

And with Ohio's unemployment rate and with our very significant recruitment rate out of Ohio, maybe there's something that could occur in Ohio that would help to absorb the unemployment that will result from those two decisions in our region. So I just wanted to bring that to your attention.

Number three, I wanted to -- my real question involves the service contractors and then your interpretation of what's happened in Bahrain and what we might do to strengthen Egypt and Jordan, to strengthen Israel and our traditional alliances in that region. That's a more complicated question.

But on the service contractors, the Navy's budget justification states that efficiencies are realized through the reduced reliance on and continued elimination of contractor support services. However, your request actually seems to contradict that goal, in that there is an increase of \$2.7 billion in fiscal year 2012 over 2011, an actual growth of 27 percent.

And so my question is is the goal to reduce contracted services reflected in your budget request? That's the big question.

And then, secondly, a general comment from any of you gentlemen on what we can do to strengthen our alliances with Egypt, with Jordan, and obviously comments on Bahrain and what is happening in that region.

MABUS: Congresswoman, I know that we've taken a lot of contractors out over the past fiscal year. And I will simply have to get back to you on how we counted that in terms of the budget.

KAPTUR: All right. Thank you.

MABUS: But I know that we're meeting the 10 percent reduction per year in contract services. So I will get back -- back to you on that.

KAPTUR: All right. And what about -- what about America's position in terms of strengthening our alliances with Egypt, with Jordan? What more can we do?

Marines have been on the ground in other places in Iraq, in Afghanistan, trying to work at the village level. Do you have any insights in terms of what we can do to strengthen humanitarian presence, developmental presence on the ground as those societies try to stabilize?

MABUS: Congresswoman, I -- I can't speak to Egypt now, because it's been so volatile, and it's - - and it's been changing almost daily. I can tell you, though, that we have a very active relationship with Jordan.

We have -- we have mutual training opportunities. They've got some wonderful training ranges there in Jordan. They've got a special operations training range just south of the capital that I personally went down and spent some time with with some Marines.

So -- and we have -- we have that going on right now. So I think our relationship, military to military, is pretty strong. And I know that the Central Command -- Commander General Mattis' intention is to just further strengthen that relationship with Jordan. But I can't speak to Egypt.

KAPTUR: All right.

Thank you, Mr. Chairman. My time is up.

YOUNG: Thank you, Ms. Kaptur.

Mr. Calvert?

CALVERT: Thank you, Mr. Chairman. I appreciate that. Thank you for your service.

I just wanted to also share my concern about the entire procurement process. And I know you hear a lot of comments about it, but, obviously, the EFV was a concern, but the DDG-1000 obviously was a disappointment, to say the least, over the years -- the number of ships that were finally acquired and with the termination of that program. So I just wanted to point that out.

But on Bahrain -- that was brought up. But what's going on in Bahrain today is -- I know I've been there several times. A lot of families live off-base. What -- what kind of security are we operating under there right now?

MABUS: So far in Bahrain, there is no restriction on movement for Americans. Our school is

open on Bahrain, and to this point, there's been absolutely no threats, no anti-U.S. presence statements made by either side, by either the protesters or the government of Bahrain.

So to this point, everything that we have there is operating normally. And I know that the CNO speaks on a very regular basis with Admiral Fox, who is a resident there and commands the 5th Fleet. So I'll turn it over to him for various specifics, but...

ROUGHEAD: I'm in daily contact with our fleet commander in Bahrain. And to the secretary's point, no manifestation that any of the unrest is directed toward our people. They're obviously very mindful of where the demonstrations may be taking place, but they're moving about.

The interaction between our command and our people and the government of Bahrain and the Bahraini citizens remains. And I believe that our presence there provides a very stabilizing influence in the region, and I'm very comfortable with where we are right now in Bahrain.

CALVERT: Thank you. One last question -- I'm also on the Budget Committee, which I get to serve on. But, nevertheless, questions will be brought up about defense expenditures and the defense budget, and some members are bringing up the -- the procurement of the F-35, which I'm a supporter of.

But, for the record, could you point out why it's important that we move ahead on the F-35 versus acquiring additional F-18 ENS (ph)? There's some folks around here who believe that that's sufficient based upon the future threat on this country. And can you point out why that isn't the case?

MABUS: The United States needs fifth generation air capability and from stealth, from weapon systems, and particularly to get into anti-access environments that we are increasingly facing across the world. The three versions, the A for the Air Force, the B for the Marines, and the C for the Navy, give us the widest range of capabilities.

And it is a leap in technology, it's a leap in capability that if we are going to do the missions that we have been tasked to do in the future, we absolutely need. General Amos can do a more technical view than that.

But, overall, the Chinese, for example, when Secretary Gates was Beijing, made a test flight of their fifth generation fighter. And I think that for us to do the missions, it's an absolutely crucial capability.

CALVERT: Thank you. I absolutely agree with that.

AMOS: Sir, just one comment on -- on the F-35 at large. It is fifth generation. We are -- there are other countries around the world that are building fifth generation airplanes. The Chinese just rolled one out not too long ago.

So I -- it's not a matter of trying to keep up with the Joneses, but it's the prudent thing to do. We planned on it for well over 10 years. That airplane does many, many things besides doing precision bombing. But it's also an incredible ISR, intelligence surveillance reconnaissance platform.

It has an information sharing network. Among all assets that are airborne and assets that are on the ground, too, including the young Marine corporal down there that is going to be relying on this thing, it has that capability inherently built into it. It's got an electronic warfare, electronic attack capability that is not quite up to our current EA-6B Prowler.

But inherent in the airplane weapons system itself right now on the radar, it is reasonably comparable. In other words, it's up there with our current state-of-the-art electronic attack airplane. So you can imagine, if you were to hang a next generation jamming pod on this airplane, you would surpass anything that's out there today. So it has an awful lot of capabilities. It truly is a multi-function airplane.

CALVERT: Thank you. Thank you, Mr. Chairman.

LEWIS: Mr. Moran?

MORAN: Thanks very much, Mr. Chairman. I'd like to ask questions about the Littoral Combat Ship and the Aegis Combat System. Perhaps the best directive that Admiral Roughead -- either of our other distinguished witnesses may want to chime in as well -- we know that the LCS is designed to fight in littoral waters, where larger surface and subsurface ships can't safely navigate.

But according to the Pentagon's (inaudible) report that just came out in the last two or three months, the Department of Operational Tests and Evaluations, and I quote, "The LCS design is not required to include survivability features necessary to conduct sustained operations in the combat environment."

So I have to ask, why are we buying 55 of these surface combatants if they're not designed to survive in a hostile combat environment? I don't understand how we can justify that. What other warfighter need does the LCS program satisfy if the ships are not designed to survive in a combat environment? Admiral?

ROUGHEAD: Yes, sir. And I would submit that as you look at the levels of survivability that we have in our ships today, that the Littoral Combat Ship is not as hard and tough a ship, for example, as one of our guided missile destroyers. But it still possesses levels of survivability and redundancy that allow it to go into hostile environments. And so, there are varying degrees as to how we grade them. And LCS, in concert with the rest of the fleet, I believe is going to be a very key component of our ability to operate in the military.

MORAN: I was surprised that the report says that the design of the ship only allows for crew evacuation. That's the Pentagon's own report. I won't pursue -- I've supported the purchase of the purchase of the 55 LCS. It's just a disturbing finding from a report that just came out.

It also said that according to the GAO, all three of the LCS mission packages continue to face, and I quote, "significant developmental challenges. Recent testing has yielded only mixed results. The departmental challenges facing the individual systems have led to procurement delays for all three mission packages and have disrupted program test schedules.

I don't know what we're doing to correct the mission packages, but it seems to me that the government needs to be wary of picking up the costs for mission packages that fail to meet reliability or schedule requirements.

ROUGHEAD: Yes, sir. I think on each mission package you'll see that there are several components to it. And there are some areas where there have been some challenges. But the mission packages are going forward. They're going to give us terrific capability and also great flexibility, because of the modularity that's built into the LCS.

MORAN: Well, I want to raise that issue. And the other issue I want to raise is with regard to the Aegis Combat System. There was a Defense News article on the front page this past June. The Aegis radar systems are, and I quote, "in the worst shape ever, raising questions about the surface fleet's ability to take on its high profile new mission next year, defending Europe from ballistic missiles." That was a pretty auspicious panel. Vice Admiral Phillip Balisle offered the report.

I have to ask, is the report true, number one? And what is the Navy doing to correct the report's findings? And what confidence level should we have in the Navy's ability to move its new missile defense mission requirements?

ROUGHEAD: Yes, sir. I think it's important to note also that we were the ones that initiated that study, because we saw some trends in Aegis readiness that we wanted to get our arms around. So we initiated -- we gave ourselves that look. And from that, we put in place several initiatives that

include training, better documentation, better testing processes, better sparing processes to get at the readiness of the Aegis weapons system. So we started it. We're in the process of correcting those things that we've found fault with.

And as I look at the BMD ships that are on station and I look at their readiness every day, they are capable of doing their missions. And what we are doing is working on the backside to make sure that we correct training issues, logistics issues and maintainability issues. And that...

MORAN: The concern, of course, was -- I didn't mean to interrupt you. The concern, of course, was the expanded mission. It's been vastly expanded with regard to NATO defense. But I don't want to belabor the question and I want to be conscious of the time, but those are two issues that I think deserve further review.

Thanks, Mr. Chairman.

ROUGHEAD: Thank you.

LEWIS: Thank you, Mr. Moran. Mr. Bonner?

BONNER: Thank you, Mr. Chairman. I think out of respect for everyone's time and the constraint with the prime minister coming during joined session, we're all limited in terms of what we're able to say. But I know some have said it. We want to repeat it.

Admiral, General, thank you so much for your years of service to our country. You wear your uniform with great pride. And a special shout out for the secretary of the Navy, Mr. Chairman. In addition to his responsibilities over the service, President Obama last year, at the time our nation was looking at the worst environmental impact, oil spill, in the history of America, asked the secretary to take on an added responsibility. He was well-prepared for that, being a Navy son of the South and from Mississippi and someone who loved the Gulf Coast.

And Mr. Secretary, we thank you for your leadership there. I hope the words issued in your report, we're going to make the Gulf Coast whole again, I hope we're able to fulfill that prophecy. And we do appreciate your leadership on that.

And I also appreciate, my friend from Virginia raised the question about LCS. I would invite him to come down to Mobile, where some of these ships are actually being made. I appreciate, so now we have our answer to the question of why we're doing this...

BONNER: Excuse me. Go ahead. Well, I would love to have the whole committee come down

and see. And I think it'd be good to go to Wisconsin as well. I think this is an example of where continued competition is important and where we were able to work a solution at the very end of the last Congress with a lot of people, Chairman McCain, Chairman Skelton, Chairman Taylor from Mississippi and others who were involved in this resolution.

I remember coming up here as a young staffer, used to be young, with Senator Callahan (ph) and we were looking at a 600 fleet Navy. We're at half that number now. How important is LCS to getting us where we need to be, Admiral? Mr. Secretary?

ROUGHEAD: LCS is critical, not just from the standpoint of increasing the numbers and the capability that we have, but also where it can operate. Because of the speed at shallow draft, it can go places where no other ships can go.

And we've already seen that demonstrated when we had LCS 1 on a short deployment in the Caribbean, where it went after some smugglers and they thought that they were in good shallow water because there was this big ship that couldn't get in there. And it never slowed slower than 43 knots and came right at them. So there are many areas in the world, in the Littoral areas, archipelagoes. This ship is ideally suited for that and it's going to be a real workhorse.

BONNER: Now it's my understanding that the Navy has been in talks with, I believe the Saudi government, to potentially oversee the sale of some type of Aegis Combat-equipped LCS. Could y'all give us an update on that?

MABUS: The government of Saudi Arabia asked for price availability data last summer. We're in the process of putting that together. It was for an LCS-type ship. We're giving them data on both variants for their consideration. They'll get the data later on this spring.

As you know, they're engaged in a SNEP 2, Saudi Naval Expansion Program. It's the second one for their eastern fleet, which is for the Arabian Gulf. And to echo what Corporal Seaono (ph) of the LCS for areas like the Arabian Gulf, which have very shallow areas and which is mostly littoral. It will be a crucial capability for anybody that wants to operate in that area.

BONNER: And Admiral, one last question -- or Mr. Secretary, either one, but I think in one of your statements you talked about reducing the ship procurement on the joint high speed vessels from two to one. Is that just a budgetary constraint issue or is there a reason that the joint high speed vessel is not still scheduled at two?

MABUS: The time that we drop from two to one is, I believe, in 15, Congressman...

BONNER: 15 to 16.

MABUS: It was budgetary. It was solely budgetary. But we are building a lot of these joint high speed vessels, both for the Navy and also five for Army use. The first one, in fact, will be delivered for the Army next year.

BONNER: Thank you, Chairman.

LEWIS: Mr. Rothman?

ROTHMAN: Thank you, Mr. Chairman. In reading your gentlemen's biographies, it's clear you've had incredibly distinguished careers. And as I said earlier to others who have testified as nearly distinguished as you three gentlemen, I hope that your present position will be the crowning jewel of your distinguished careers. They really are amazing careers. God bless you, Godspeed.

I do want to drill down a little deeper on the Bahrain situation, the home of the 5th Fleet. There are many who believe that situation in Bahrain is far more dangerous to the U.S. national interests than the situation in Libya, that given the Shiite majority in Bahrain, the Sunni leadership in Bahrain and Iran's interest in dominance in the Gulf, that that home port for us is critical. And if Bahrain were to fall to an Iranian-influenced regime, that would cause great trouble for us. We might lose our home for our 5th Fleet. And of course, they're on the doorstep, less than 20 miles, I believe, from Saudi Arabia.

I know mentioned earlier you don't see any danger there, but the Iranians clearly have an interest in destabilizing Bahrain. Are you able to speak in open session about your mindfulness of that potential threat and what you're doing about it?

MABUS: We keep a very close eye on Bahrain, obviously Seaono (ph) said, he talks to the 5th Fleet commander on a daily basis. I've talked to our folks on the ground, but also the Bahranis, in terms of the situation. To date, we have seen -- because it is an important base for us, we do have several thousand people who are there, we've got dependents who are there -- but the security situation today, and thus far, has been that the schools closed for a few days.

It was deemed very safe to reopen and it has reopened and it's set for capacity right now. For a few days, there were movement restrictions put on our Sailors...

ROTHMAN: If you don't mind, Mr. Secretary, I only have a few moments. Are you working with the intelligence services and others to -- in terms of keeping an eye on the near-term future and mid-term future of Iranian activities, with regards to infiltration of rebel movements in Bahrain?

MABUS: I think that the people that we're in touch with are the people that we should be in touch with in terms of -- we'll be happy to get you a classified briefing on anything else that we're able to say.

ROTHMAN: OK, maybe we can arrange that.

If I can have just one fast question, recently several hostages were killed in a U.S. rescue attempt involving some Somali pirates. Would you gentlemen please explain how those hostages came to be killed? And were you content or satisfied with the procedures used by our forces in that matter?

MABUS: To answer that last question first, absolutely we were. We had amazing assets right there. We had the Enterprise Strike Group there on the sailboat with the four Americans on it, were hijacked by 19 Somalis. We had an FBI hostage negotiator there onsite, who was negotiating with the pirates. We had a SEAL team available to board that ship. But nothing was going to happen as the negotiations happened. Something happened between the pirates, it appears...

ROTHMAN: There was a claim that because we took the negotiators in custody, that set off the killing spree.

MABUS: There are a lot of speculations and we're doing an investigation right now, in terms of what happened. But at least the information that we had at the time from the site and the information that we've got since then was that nothing we did triggered the tragedy that happened on board that ship.

ROTHMAN: Gentleman concur?

ROUGHEAD: Yes, sir.

ROTHMAN: Thank you, gentlemen. Thank you again for your service.

LEWIS: Mr. Cole?

COLE: Thank you, Mr. Chairman. I know time is brief and I thank all of you for your service. And more importantly, thank you for the service of the men and women that you all lead so capably.

General Amos, I'm going to pose to you the question I posed earlier to the secretary of Defense and just looking at the longer- term budget that both the department and the administration is recommending, one of the things that does concern me is the reduction in force size in both the Army and Marines.

I know how deeply you care about dwell time and how much strain we've put, frankly, both those services under and our entire military, but particularly those two, in terms of rotation. So how did you arrive at the number that you think is the appropriate number for the Marine Corps?

AMOS: Sir, that's a great question. We spent all last fall, took the brightest minds we had and stuck them in a room and shoved pizzas under the door until they came up with a solution that looked reasonable to me. But I provided the leadership of it. My three- stars provided the daily oversight of it.

And the goal was to build a force in a post-Afghanistan environment, believing that our nation will come out of Afghanistan one day, the same way the Marines have come out of Iraq. So what will our nation need of its Marine Corps? So using the mission statement, based on what we thought was the future security environment for the next couple of decades, which is an awful lot like what you're seeing now going on all around the world, that's kind of what we forecast the world to look like.

And assuming that we're not going to have large forces on the ground down the road, we built a force that would accommodate all the lessons learned over the last almost-10 years of combat, reshape the force internally and be able to do all those things that our nation will require of us in what we call the steady state security environment, which is the day-to-day things that have to take place around the world. It's engagement down in the Southwest Pacific, it's engagement throughout the Middle East and South America. That requires a force of that much.

And then we said, "OK, now what happens if something bad happens and we have to go to what we call the other end of the spectrum of conflict," which is where we put a lot of forces on the ground to support our national interest. Can we do that as well? And the answer was yes.

So we looked at building, kind of right-sizing the Marine Corps for the capability to be able to do the steady state business of the nation and be able to go over here on the right hand side of the conflict spectrum and say, "We can do that as well." We can provide that, which is what we do for -- we did it in Iraq, when we crossed the border in March. We did it in Korea in 1950. We did it in Vietnam. So we have built a force now that has the ability to be able to do both those things.

But the truth of the matter is in the center, where all these different kinds of conflicts seem to kind of reside predominantly, what we call kind of the hybrid warfare, the middle part of the spectrum, is where we built the force to really be able to optimize it. So I'm confident that we have the right size force.

We built a dwell time of one-to-three. We're very comfortable in the combat environment being on a one-to-two dwell. Marines like that. We can continue to do that. But when we leave sustained combat down the road and we enter this world of steady state security, engagement and all of that, we have built a force that will give us a one-to-three dwell. So it will allow us the time at home with our families and to reconstitute the force.

COLE: Well, I have no doubt you've given it a great deal of thought. I just wanted to express some concern, because it was pretty hard to get that buildup in place a number of years ago. And in this budget environment, once we let it go, getting it back is going to be very, very challenging, if we ever needed to.

Let me move on and ask you one other question, if I may, and then it will be my last one, because I know we're about out of time, Chairman. I've had a number of Marines express to me some concern just about the firepower support we can get from offshore now versus what we used to get in the past. And many people have talked to me about a rail gun or some other thing. Do you have that kind of concern? Is that something we ought to be looking at?

And I'd ask you, Admiral Roughead, the same kind of question. Do we have all the offshore firepower you might need when we do deploy you in an amphibious sense?

AMOS: Sir, I will tell you that between both services, the Navy and the Marine Corps, we have teamed up on this for the last several years. And the answer is probably no, we don't have enough. But we've got the DDG-1000 coming in, which will give us tremendous capability now and we have other aviation assets that will give us those, assets within the joint force.

But there are some technologies out there, from extended range munitions and some capabilities that will get us farther and deeper across the beachhead. So while we may not historically look at it and say, "Well, we've got enough," we are always going to continue to try to work towards that. There's no question about it, the teamwork between our two services is strong. The electronic rail gun is another example.

But we have other capabilities as well in the joint force. So I think if I look at all of it and I step back as a commandant and measure risk, I'm left feeling, yeah, I think we're probably OK. That doesn't mean we shouldn't continue to try to get (inaudible) extended range munitions and we are doing that right now.

COLE: Admiral?

ROUGHEAD: I echo what the commandant said. And to your point on rail guns, we've enjoyed some pretty good success with the rail gun here in the recent months. And now is the time to move away from simply trying to get more range out of it and look at putting it on some ships. So I'm committed to that, because it really will be a pretty good breakthrough for both the Navy and Marine Corps in many missions, not just short fire support.

AMOS: The only thing I would add is that one of the challenges, in terms of making the rail gun very flexible, in terms of where it can be used and how it can be used, is having a power source that stores power very densely and then discharges it instantly.

And I announced last week that DOD and the Department of Energy are (inaudible) alternative fuels research are looking into the design of a small but scalable power source that would do exactly that for rail guns for directed energy weapons, things like that.

COLE: Very good. Thank you, Mr. Chairman.

LEWIS: Mr. Hinchey?

HINCHEY: Mr. Chairman, thank you so very much. It's been very, very interesting and gentlemen, I want to express my deep gratitude and appreciation to you for everything that you've done and continue to do, and continue to do in a difficult set of circumstances, one that's challenging particularly.

I wanted to talk a little bit about the energy situation that we're dealing with and how critically important it is for you, because of the fact that the military is the largest consumer of energy anywhere on this planet. So I wanted to, again, thank you for all the things you're doing in that regard. And particularly, I want to recognize Mr. Secretary's outstanding leadership in the swift adoption of renewable energy goals and technology within the Navy and Marine Corps.

As you know, the Department of Defense must abide by the Buy American Act when purchasing products. But the Buy American Act, interestingly enough, does not apply to cases of solar

energy projects, (inaudible) and products, that are creating a de facto loophole for highly subsidized Chinese solar panel manufacturers to get their panels installed on military installations across the United States and elsewhere. All of this allows American solar jobs to be pushed overseas, which is something that is having an injurious effect on our economic circumstances here.

Some of the largest solar projects within the military are now relying heavily on foreign manufactured renewable energy, including the solar rays at Nellis Air Force Base and at Camp Pendleton. So to address this growing concern, we obtained language in the fiscal year defense authorization bill, fiscal year '11 defense authorization bill, to extend the Buy American Act to power purchase agreements and other indirect contracts used to install our solar panels on Department of Defense facilities.

This language and the congressional intent is to ensure the Buy American Act is applied in all cases where solar panels are installed on Department of Defense property. So we're going to hopefully continue to be working on the situation with this Congress to expand the language to other energy technologies to further drive the message home that renewable energy purchasing decisions have a direct impact on the success of our nation's renewable energy manufacturing economy and our overall national economy.

So as the Department of Defense moves forward to implement the new contracting rule, can you tell us what efforts and guidance will you be providing installation commanders, energy managers and contracting officers within the Navy and Marine Corps to ensure they are not continuing this dangerous pattern of seeking foreign-made, particularly Chinese-made, renewable energy technology for our use here and elsewhere in the context of the energy authority?

MABUS: Yes, sir. We are very mindful of that. And just as a general principle or statement of fact, I don't want to trade reliance on foreign oil for reliance on foreign solar panels. Part of the imperative that the Department of the Navy has seen for changing the way we get energy, the way we produce it, the way we use it, is so it can be homegrown. And this and any other area of moving to alternative energy should help the new energy economy that the United States has got to develop, as the president said, over and over again.

And I know that the Department of the Navy is not only going to follow a congressional intent and congressional movement on this, but also just because of a national security issue of being dependent on any source of foreign power, be it oil or solar or anything else.

HINCHEY: Well, I thank you very much for that. And I deeply appreciate the intent on this issue, because it's critically important. The fossil fuel circumstances that we're confronting now are driving this economy down and causing more and more expenses for ordinary working

people all across this country. And it's having a very adverse effect on the economic circumstances. People have to pay more for fossil fuels than they have for food and for other things that are important for their families. I'm talking about working people across the country, so all of this is critically important.

We need to be focusing attention on renewable energy and on alternative energy and the fossil fuel system. And we need to be very, very alert about the competition that we're having, particularly with China and with a few other countries on this particular issue. And I know that you're deeply involved with this and I deeply appreciate it. We need to work together on this to make sure that this operation is dealt with effectively and intelligently.

One other just brief issue over the Future Years Defense Program, the Navy proposes \$2.3 billion to research energy efficiency initiatives, which is very interesting and I think very positive. The estimated return is an equal amount over the period. I wonder if you could tell us a little bit more about the details of this initiative.

MABUS: We're going down two roads in energy, very complementary: One is efficiencies and one is moving to alternative sources of energy. In terms of the efficiencies, we're doing things like more efficient hull coatings, different lighting for our ships and our bases, smart meters on our bases, voyage planning tools so that we can save money.

We've launched the first hybrid ship that has an electric drive for speeds under 12 knots and we're looking to put those things on there. That's the efficiencies part and we are going to save a lot of money over the next five years doing that.

On the moving to alternative fuels, we have signed contracts for very large solar projects and we have more of those in the works. We have, as I said in my opening statement, we have flown the F-18 on camelina-based biofuel and certified it on that, our helicopters on camelina-based biofuels, our swift boats on algae-based biofuels. We're working on our large surface combatants today.

We are on our onshore bases looking at geothermal, hydrothermal wave action. The Marines have two bases now that are producing energy from garbage and using some of the excess heat in Albany, Georgia to heat the base.

And finally, if I might, I want to brag particularly on the Marines. They've established two experimental forward-operating bases, one at Quantico, one at 29 Palms, and they are producing things that are being put with Marine units going into the fight.

The 3rd Battalion, 5th Marines that I got to visit right before Christmas have reduced their fossil fuel usage dramatically because of things like solar panels for their operations headquarters. They have some roll up solar panels they put in their packs and a foot patrol now saves about

700 pounds of batteries that they don't have to haul on patrol because of these very light, very flexible solar panels. And the commandant just signed out an order to make sure that every Marine going in gets fully trained on what we're doing.

And the last thing I want to point out is the 3rd of the 5th is in Sangin, which is where some of the heaviest fighting in Afghanistan is going on. They're doing this in the middle of heavy combat.

LEWIS: Mr. Hinchey, thank you very much. The joint session has now begun. We're going to have to resume.

So Mr. Secretary, Admiral and General, thank you very much for an excellent hearing in which you have (inaudible) the interest of the members (inaudible) United States Navy, the United States Marine Corps.

We will have additional questions that we did not get to this morning that we will submit to you in writing and ask that you respond as quickly as possible. So once again, thank you for a great hearing. Thank you for your tremendous service. We will stand adjourned.