

**Chief of Naval Operations  
Adm. Jonathan Greenert delivers remarks at the  
Senate Armed Services Committee hearing on the Proposed Fiscal 2013  
Defense Authorization as it relates to the U.S. Navy  
March 16, 2012**

LEVIN:

Good morning, everybody. We want to welcome Secretary Mabus, Admiral Greenert, General Amos to the committee this morning to testify on the plans and programs of the Department of the Navy and our review of the fiscal year 2013 annual budget and overseas contingency operations request.

We greet Admiral Greenert as he makes his first appearance before the committee as chief of naval operations. And we want to wish General Amos good health as he recovers from a visit to the flight surgeon.

You look terrific, General, and you really do, and we all -- we all know about what you've come through with flying colors and we greet you. We're just delighted you're here and looking so fit.

We are grateful to each of you for your service to our nation and for the valorous and truly professional service of the men and women with whom you serve. And we are very grateful also to their families, knowing for -- knowing the vital role that families play in the success of careers and missions of our armed forces.

LEVIN:

Two recent changes make the defense budget situation challenging for the services in particular. First is the Budget Control Act passed by Congress last summer, which places limitations on funding for our national security. And secondly is adapting to its changing role in the new strategic guidance announced by the president last January. Each of our services has that challenge.

The Defense Department's most recent defense strategic guidance, issued in January, refocuses the U.S. military on the Asia-Pacific, and, consistent with that strategy, the Defense Department has been working to realign U.S. military forces in countries like South Korea and Japan, and also plans to position Navy and Marine Corps forces further to the south in countries like Australia, Singapore and possibly others.

As we rebalance and realign our presence in the Asia-Pacific, it is important that we not only get strategy right, but also get sustainability right.

The is particularly true for the Marine Corps. With respect to the realignment of the U.S. Marines on Okinawa, for instance, Senator McCain, Senator Webb and I have advocated changes to the current plan in ways that support the strategic goals of the U.S. military posture in the region while also accounting for the fiscal, political and diplomatic realities associated with long-term sustainability.

Last month the U.S. and Japan announced that they intend to amend certain elements of the plan, including the delinking of the movement of Marines off Okinawa from the progress on the Futenma replacement facility and adjusting the unit composition and number of Marines that will move to Guam.

As the details of these changes are finalized it is important that any changes be jointly agreed upon and jointly announced with Japan, with the goal of achieving a more viable and sustainable U.S. presence in Japan and on Guam.

As we discuss the budget issues here at home, our thoughts are principally focused on places far from here. Nearly 20,000 Marines are partnered with an approximately equal number of Afghan security forces in Afghanistan in the effort to bring security and stability to the people of that country. In addition, our Navy forces at sea in the Central Command are joined by another 10,000 sailors on the ground, most supporting our combat forces in Afghanistan.

We all deeply regret the tragic loss of civilian life in Afghanistan apparently caused by one of our soldiers last week. The investigation of that incident needs to go forward expeditiously and transparently, with the due process that is also one of those core values that we hold dear as Americans.

We should not lose sight of the fact that our goals remain clear: to train indigenous Afghan forces to provide for the security of the Afghan people and to support them while they get larger and stronger and more capable.

The Taliban's goals are just as clear. They regularly engage in terrorist acts against civilian -- against Afghan civilians in an attempt to achieve their political aim, and we should not let one tragic incident which violates our laws and values to muddy the difference between the Taliban and most of the rest of the world.

Last year we saw how naval forces could support national goals on short notice in Libya. Among those forces that we had, one, missile launching ships that struck Libyan targets; second, military aircraft supporting coalition operations; third, unmanned aerial vehicles providing intelligence, surveillance and reconnaissance support.

Navy and Marine Corps forces also played a significant role in aiding the Japanese tsunami relief effort. On our visit to Japan the people, still stunned, were most grateful to the United States for the assistance that we provided.

The use and the possible use 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 large challenges that confront the Department of the Navy in the budget, such as balancing modernization needs against the cost of supporting ongoing operations.

Indeed, we face a number of issues that will need our attention as we review the DOD authorization request. Making reductions to the shipbuilding plan and retiring ships earlier than planned. The result will be that the fleet will not grow to the previously stated goal of 313 ships, but fall from its current level of 288 and only return to the level of 288 at the end of the FYDP.

The Navy had made modest progress in increasing the size of the Navy fleet from a low of 274 ships in March of 2007, but that progress would be suspended with this budget.

Another challenge: retiring seven Aegis cruisers earlier than planned, rather than modernizing them, delaying the Ohio replacement program or the SSBN(X) by two years, although the Navy testified just last year that we needed to maintain the original SSBN(X) schedule to ensure that we meet our strategic deterrent patrol requirement.

Some other challenges are reducing the end strength of the active component of the Marine Corps from 202,000 beginning this year to 182,000 by the end of F.Y. '16 and modernizing the amphibious tractor fleet with programs for the Amphibious Combat Vehicle and the Marine Personnel Carrier that would replace the Expeditionary Fighting Vehicle canceled last year.

In this authorization request we are also being asked to commit future Congresses to several multiyear procurement programs, including ones for Virginia class submarine, the DDG-51 Arleigh Burke class Aegis destroyers and the V-22 Tactical Lift Aircraft.

Now, if we approve these proposals we will be monitoring these very closely to ensure that the department actually achieves the proposed savings and get cost under control in other acquisition programs.

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

The Weapon Systems Acquisition Reform Act of 2009 requires that the Defense Department make significant changes in its regulations and procedures governing the acquisition system. While the legislation should help correct past problems, I also know that we will succeed only through concerted efforts within the executive branch to implement that legislation. And I look forward to hearing how the Department of the Navy is proceeding to implement the provisions of that act.

In addition to concern about future ship force levels, naval aviations force levels are under pressure. The Navy's planning to conduct a service life extension program on some 150 F-18 aircraft already in the inventory. Also, the Navy budget would continue to buy additional F-18

aircraft, as was planned before, but the budget would buy fewer Marine Corps and Navy versions of the F-35 Joint Strike Fighter aircraft that we had planned at this time last year.

On that point, we saw Secretary Panetta remove the F-35B Short Takeoff Vertical Landing Variant of the F-35 from a probationary status a year earlier than planned.

Senator McCain and I questioned that action, particularly since the fixes to the problems that caused Secretary Gates to put the F-35B on probation in the first place have not completed testing. And when we asked the secretary about this, the answer was, in effect, that the F-35B has made progress in testing and is in no worse shape than the other F-35B variants.

We're pleased that the F-35B has improved testing performance in the past year. It seems that is too early -- it is too early to declare any victories.

I want to commend the secretary for fully funding this year's ship depot maintenance account. It is the first time that the budget request of an administration has done that in recent history. While our submarine fleet has benefited from a 100 percent funded requirement for many years, and necessarily so, it is noteworthy that the surface fleet will receive similar treatment in the fiscal year 2013 budget.

The readiness of the Navy's fleet is an essential element to our national security, and I believe that a fully funded maintenance requirement is our best change of ensuring that our fleet reaches its expected service life. And as much of an advance as that is, and we commend the Navy for it, there still is a backlog of ship and aircraft depot maintenance that remains.

With the decision to fund naval aircraft depot maintenance at 94 percent of the requirement, my understanding is that we now face a \$160 million backlog for aircraft, a \$217 million backlog for ship maintenance. And we'd be hearing -- we'd be interested in hearing from the witnesses how the Navy plans to address and to fund those backlogs to mitigate risk across the fleet.

Finally, I want to commend you, Secretary Mabus, for your effort to lead the department in making energy efficiency and self-reliance such a priority. You have corrected placed a very strong emphasis on an area where, as strong as our military forces may be, we remain subject to the tyranny of energy supplies.

We thank you for your commitment to a more sustainable and a stronger Navy.

Senator McCain?

MCCAIN:

Mr. Chairman, I join you in welcoming our witnesses today to discuss the president's budget request for fiscal year 2013 for the Department of the Navy. I know I speak for all members of our committee when I praise the men and women who serve in the United States Navy and Marines for their outstanding and dedicated service and sacrifice.

While recruiting and retention in the Navy and Marine Corps remains strong, we should carefully consider plans for 15,100 fewer active and reserve members of the United States Navy and 20,000 fewer Marines, as the department is currently proposing under its budget plan covering the next five years.

The administration is proposing a reduced defense budget at a time when the challenges to our security are arguably more daunting than at any time in recent memory.

In particular, the Pacific Command area of responsibility is predominantly a maritime theater and our presence and power projection will continue to depend on the United States Navy and Marine Corps.

MCCAIN:

Yet the Navy remains short of its goal of 313 ships and it proposes -- and it proposes under its current budget request to require (sic) seven Aegis class cruisers earlier than planned, place into, quote, "reduced operating status" two amphibious lift ships needed by the Marine Corps. Cuts to our naval capabilities within a plan to compensate for them puts our goals in the Asia-Pacific region at greater risk.

First, on the F-35 Joint Strike Fighter, about 50 percent of the work needed to build all 32 jets under the fourth lot of early production aircraft just completed, including the cost of design changes driven by discoveries late in development, the total cost of finishing lot four is estimated at about \$500 million over the target cost.

The high likelihood that concurrency costs, which was strongly objected to by this committee and me in particular at the time that it was decided upon, although stoutly defended by the Navy and the Marine Corps at the time, those costs will continue to grow, now acknowledged by the head of acquisition in the Pentagon as, quote, "acquisition malpractice,"

The high likelihood that these costs will continue to grow -- preventing -- in my view, preventing further cost growth in the F-35 program is absolutely imperative. Because of delays in the program, the Navy has decided to buy more FA-18, Marine Corps buying ex-British AV-8B Harriers for spare parts, and the Air Force is investing in refurbished F-16s to fill the gap created by unfulfilled F-35 deliveries.

I'd be interested, again, to hear from the witnesses as to how we can make some progress in bringing these costs under control.

The cost of acquisition of the USS Gerald Ford aircraft carrier has grown over the original estimate by over \$1 billion. I repeat, has grown over cost by \$1 billion. I'd be very curious, Mr. Secretary, what you've been doing on your watch to try to bring those costs under control, bringing the total cost of the carrier over \$12 billion and at least \$500 million, \$600 million over

the legislative cost cap. We do have a legislative cost cap. And the likelihood of future growth and the cost to complete construction is high.

I expect the Navy will soon ask for legislative relief from the cost cap. Before I'll support such a request, I need to understand why the Navy has been unable to control costs on this program. I'm also reluctant to support additional funding for the second carrier, CVN-79, until the Navy and the shipbuilder get Ford Class carrier costs under control.

There are many other programs that under stress and duress and are subject to cost overruns and I won't take the time of the committee at this time to go over things like the Littoral Combat Ship, the Ohio Class replacement submarines, et cetera. I'd like our witnesses to elaborate on the strategy for modernization of the Marine Corps' ground combat vehicle capabilities, including the amphibious combat vehicle, the Joint Light Tactical vehicle, and the Marine personnel carrier.

How does the Marine Corps plan to accomplish all of this within current and projected budget constraints in a way that maintains operational capabilities and readiness?

Secretary Mabus, I understand that your second-highest priority is, quote, "treating energy as a strategic national security issue." Even with the very real threat of sequestration and the dramatic cuts in end-strength and investment and all that would entail, the Navy has pledged \$170 million as its share of a \$510 million effort to create a commercially viable biofuel market. You've directed the department to produce or consumer one gigawatt of new renewable energy by 2020 to power naval installations across the country.

Using defense dollars to subsidize new energy technologies is not the Navy's responsibility, nor is it sufficiently related to the service's core mission to justify such expenditures. I hope you will address this issue in your comments, including where you got the authorization to spend this money on energy.

Finally, the committee will carefully consider the three multi- year procurement proposals including (sic) with the budget submission. To be approved, the proposals must meet the criteria in law, including the requirement for, quote, "substantive savings considered 10 percent instability (ph) in design."

I thank you, Mr. Chairman.

LEVIN:

Thank you, Senator McCain.

Mr. Secretary?

MABUS:

Thank you, Mr. Chairman.

Chairman Levin, Ranking Member McCain, members of the committee, I want to start by thanking you all for the support that you give to our sailors, Marines, civilians and their families in the Department of the Navy, and ensuring that they get what they need to do their mission.

The pride that General Amos, the commandant of the Marine Corps, and Admiral Greenert, chief of naval operations and I take in leading these dedicated sailors, Marines, civilians of the department, who selflessly serve the United States, is exceeded only by the accomplishments of these brave and completely selfless individuals.

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

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

As we reposition after two long ground wars, it was essential to review our basic strategic posture. The new guidance developed under the leadership of the president and the secretary of defense, with the full involvement of every service secretary and service chief, responds to changes in global security. The budget presented to implement this strategy, which was also arrived at through full collaboration of all the services, ensures that the Navy and Marine Corps will be able to fully execute this strategy, while meeting the constraints imposed under the Budget Control Act passed by Congress.

This new strategy has an understandable focus on the Western Pacific and Arabian Gulf region, while maintaining our worldwide partnerships and our global presence using innovative, low-cost, light-footprint engagements. It requires a Navy-Marine Corps team that is built and ready for any eventuality on land, in the air, on and under the world's oceans, or in the vast cyber seas, and operated forward to protect American interests, respond to crises, and to deter and if necessary win wars.

The impact of these two ground wars in the last decade on our Navy fleet and force is unmistakable. As you pointed out, Mr. Chairman, a fleet stood at 316 ships and an end-strength of 377,000 sailors on 9/11/2001, dropped to 283 ships and close to 49,000 fewer sailors just eight years later when I took office. This administration has made it a priority to rebuild our fleet.

Despite the budget constraints imposed under the Budget Control Act, our plan assures that we will have no fewer ships at the end of the five-year budget cycle than we have today, although the fleet of 2017 will include more more-capable ships equipped with state-of-the-art technology and manned as always by highly skilled people.

Although we are presenting one five-year budget plan, one FYDP, this is certainly not a one FYDP issue. As the defense strategy states, we are building the force for 2020. In the years beyond the current FYDP, we have a plan to grow our fleet and ensure capacity continues to match missions. Our plan will have us again cross the threshold of 300 ships by 2019. Overall, we will fully meet the requirements of the new strategy and maintain the industrial base we need.

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

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

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

Both the Navy and Marine Corps will continue to decrease operational vulnerabilities in ways that are cost efficient. That means we will maintain our effort to reduce our dependence on foreign oil and to use energy more efficiently.

These efforts have already made us better warfighters. By deploying to Afghanistan with solar blankets to charge radios and other electrical items, the Marine patrol dropped 700 pounds in batteries from their packs and decreased the need for risky resupply missions. Using less fuel in-theater can mean fewer fuel convoys, and that will save lives. For every 50 convoys we bring in, a Marine is killed or wounded. That is too high a price to pay.

We all know the reality of a volatile global oil market. Every time the cost of a barrel of oil goes up a dollar, it costs the Department of the Navy \$31 million in extra fuel costs. These price bites have to be paid for out of our operational funds. That means that our sailors and Marines are forced to steam less, fly less, and train less.

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



MABUS:

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

The commitment to sailors, Marines and their families is there whether they serve four years or 40. It begins the moment they raise their hand and take the oath to defend our country. It continues through the training and education that spans their career.

It reaches out to their loved ones, because it's not just an individual who serves but the entire family.

It supports our wounded warriors with recovery, rehabilitation and reintegration. It continues with transition services for our veterans to locate new jobs and the G.I. Bill for their continued education to transfer for a family members' education.

The list goes on and on and on, as it should. Our commitment to our sailors and Marines can never waiver, it can never end.

For 236 years -- from sail to steam to nuclear, from the USS Constitution to the USS Carl Vinson, from Tripoli to Tripoli -- our maritime warriors have upheld a proud heritage, protected our nation, projected our power, and provided freedom of the seas.

In the coming years this new strategy and our plans to execute that strategy will assure that our naval heritage not only perseveres, but that our Navy and Marine Corps continue to prevail.

Thank you very much.

LEVIN:

Thank you very much, Mr. Secretary.

We will now call upon -- see what the order is here -- Admiral Greenert.

GREENERT:

Thank you, Mr. Chairman.

Chairman Levin, Ranking Member McCain, distinguished members of the committee, I'm honored to appear before you for the first time to discuss the Navy's budget submission.

Because of the dedication of our 625,000 active and reserve sailors and civilians and their families, the Navy and our primary joint partner, the Marine Corps, remain a vital part of our national security.

I'm honored to serve and lead the Navy in these challenging times, and I thank the committee for your continued support.

This morning I'd like to address three points: the Navy's importance to nation security, our enduring tenets and priorities that guided our budget decisions, and how these tenets and how these decisions shaped the budget submission.

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

If you refer to a chart that I've provided in front of you, you can see that on any given day we have about 50,000 sailors and 145 ships underway, with about 100 of those ships deployed overseas.

These ships and sailors allow us to influence events abroad because they ensure access to what I refer to as the maritime crossroads. These are areas where shipping lanes and our security interests intersect -- and they're indicated on the chartlet (ph). We can remain forward in these areas because of the facilities and the support from nearby allies and partners.

For example, in the Middle East we have 30 ships and more than 22,000 sailors at sea and ashore. They are combating piracy, supporting operations in Afghanistan, assuring (ph) our allies and maintaining a presence in the region to deter or counter destabilizing activities.

These forces rely on facilities in Bahrain, who's been a U.S. partner for six decades.

In the Asia Pacific we have about 50 ships supported by our base on Guam and our facilities or places in Singapore, the Republic of Korea and Japan. They will be joined next spring by our first littoral combat ship the Freedom, which will deploy to Singapore for several months to evaluate the operational concepts associated with forward stationing our littoral combat ship.

The lessons learned from this deployment will help stabilize design and will understand better the operational concepts of our mission packages.

We are also collaborating with the Marine Corps to determine the support and the lift that they need in order to support rotational deployments to Darwin, Australia.

In the Indian Ocean we depend on Diego Garcia and the fleet tender (ph) and the airfield there for ship repair and logistics support.

Around the Horn of Africa we depend on the airfield and the port in Djibouti to support our forces conducting counterterrorism and counterpiracy operations.

And in Europe we rely on places in Spain, in Italy and Greece to sustain our forces forward in support of our NATO allies.

And in our own hemisphere our port and airfield at Guantanamo Bay will grow more important in the next several years as the Panama Canal is widened and traffic through this crossroad increases.

When I assumed the watch as the chief of naval operations, I established three key tenets for our decision-making. To me they are the clear, unambiguous direction for our Navy leadership. And they are: warfighting is first, operate forward, and to be ready.

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

Iran's recent provocative rhetoric highlights the need for us to have forward-deployed warfighting capability. And in our 2013 budget submission we directed funding toward weapons, toward systems, sensors and tactical training that can be more rapidly fielded to the fleet particularly in this area. This includes demonstrators and prototypes that could quickly improve our force's capability.

Operate forward: That means we will provide the nation an offshore option to deter, to influence and to win in an era of uncertainty. Our 2013 budget submission supports several initiatives to establish our forward posture at the maritime crossroads. These include placing forward-deployed naval force destroyers in Rota, Spain, and forward-stationing littoral combat ships in Singapore and patrol coastal ships in Bahrain.

One ship that is operating from an overseas location can provide the same presence as about four ships rotationally deployed from the continental United States.

Be ready: That means we will harness the teamwork, the talent and the imagination of our diverse force to be ready to fight and responsibly use our resources. This is more than completing required maintenance and ensuring that parts and supplies are available. Being ready also means being proficient and confident with our weapons, with our sensors, our command-and-control, our communications and our engineering systems, as well.

Applying these tenets to meet the defense strategic guidance, we built the 2013 budget submission to implement three main investment priorities. Number one, we will remain ready to meet our current challenges today. Consistent with the defense strategic guidance, we will continue to prioritize readiness over capacity and to focus our warfighting presence on the Asia Pacific and the Middle East. We will also sustain the nation's most survivable strategic deterrent in our SSBNs.

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

In developing our aircraft and ship procurement plans, we really focused on three approaches: to sustain serial production of today's proven platforms, including Arleigh Burke class destroyers, Virginia class submarines, and our Super Hornets.

We've moved new platforms to the fleet -- to move new platforms to the fleet such as the littoral combat ship, the joint strike fighter, Ford class carrier, the P-8A Poseidon aircraft, and the America class amphibious assault ship.

And to improve the capability of today's platforms through new weapons sensors and unmanned vehicles, including the advanced missile defense radar, Fire Scout, and the follow-on to Fire Scout, the Fire- X.

New payloads like this will help ensure we can project power despite threats to access, as described in the new defense strategic guidance. They will also enable our continued dominance in the undersea domain environment and support our goal to operate effectively in cyberspace and fully exploit (ph) the electromagnetic spectrum.

In developing the future force, we will continue to emphasize jointness, as described our air/sea battle concept. And we will emphasize affordability by controlling requirements creep and making costs the (inaudible) for new systems.

We will enable and support our sailors, civilians and their families. I'm extremely proud of our people. We have a professional and moral obligation to lead and to train and to equip and to motivate them. Our personnel programs deliver a high return on investment and readiness. We fully fund our programs to address operational stress, support our families, eliminate the use of synthetic drugs such as Spice, and aggressively prevent suicides and sexual assaults.

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

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

I assure the committee and the Congress and the American people that we will focus on warfighting first, we will operate forward, and we will be ready.

I want to thank the committee staff, those who sit behind you, Mr. Chairman, for their assistance with our budget articulation as we work through the submission.

And I thank the committee again for their support to our sailors and families.

LEVIN:

Thank you so much, Admiral.

General Amos?

AMOS:

Chairman Levin, Ranking Member McCain, members of the committee, I'm pleased to speak today on behalf of your United States Marine Corps.

As we sit today in this chamber, more than 27,000 Marines are forward-deployed around the world defending our nation's liberty, shaping strategic environments, engaging with our partners and our allies, ensuring freedom of the seas and deterring aggression abroad.

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

Your Marines were first on the scene to provide humanitarian assistance and disaster relief; the first to fly air strikes over Libya. They evacuated non-combatants from Tunisia and reinforced our embassies in Egypt, Yemen and Bahrain.

While accomplishing all of that, your Corps continued to conduct sustained combat and counterinsurgency missions and operations in Afghanistan.

Having just returned last month from visiting many of the nearly 19,000 Marine and sailors currently deployed there, I can tell you firsthand that their professionalism and morale remain notably strong. There is an indomitable spirit displayed in all that they do.

Their best interest and (ph) the needs of all our joint forces in combat remain my number one priority.

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

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

AMOS:

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

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

This fiscal year I'm asking Congress for \$30.8 billion, a combination of both base and OCO monies.

Your continued support will fund ongoing operations around the world, provide quality resources for our Marines, sailors, and their families. It will reset equipment that is worn out from more than 10 years at war, and lastly it will posture our forces for the future.

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

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

Our nation begins to -- as our nation begins to direct its attention to the challenges and opportunities of a post-Afghanistan world, a world where the Middle East and Pacific take center stage, the Marine Corps will be ever mindful of the traditional friction points in other regions and prepare to respond to them there as needed.

The strategic guidance directs that we rebalance and reset for the future. We have a solid plan to do so and have begun our execution already.

We will train and educate our Marines to succeed in the increasingly complex and challenging world of the 21st century. In doing so, we will not deviate from consistency in the five principles so critically important to the continued success of your nation's corps.

One, we will recruit high-quality people. Two, we will maintain a high state of unit readiness. Three, we will balance capacity with strategic requirements. Four, we will ensure that our infrastructure is properly cared for. And, five, we will be responsible stewards of our equipment modernization efforts.

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

By the end of fiscal year '16 your corps will be streamlined to 182,100 Marines. This active duty force will be complemented by the diverse depth of our operational reserve component that will remain a strong 300 -- excuse me -- 39,600.

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

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

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

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

LEVIN:

Thank you so much, General.

Let's start with a seven-minute round.

First, let me ask each of you, starting with you, Secretary, and then Admiral, then General, the Department of Defense created a new defense strategy to guide creation of the fiscal year 2013 defense budget request. Did each of you have an opportunity to provide input into the development of the new strategy? And in your view, does the request, the budget request, support the strategy and do you support the budget request?

Secretary?

MABUS:

Senator, the answer to all three of your questions is yes.

LEVIN:

Thank you.

Admiral?

GREENERT:

Yes, sir, to all questions.

LEVIN:

And, General?

AMOS:

Yes, sir.

LEVIN:

Now, in terms of the Marines on Okinawa, Guam and in the Asia-Pacific, I think you're very -- very much aware of the issues there. Senators McCain, Webb and I have been voicing concerns, and others have as well, about some of the issues that are involved there, including the road map realignment agreement, the buildup on Guam, some of the changes that are being considered in the current plan.

The F.Y. '12 National Defense Authorization Act contains a statutory provision that would block the expenditure of funds for the buildup on Guam until a number of conditions are met.

First would be submission to the committee of the Marine Corps commandant's preferred force laydown and of a master plan for the construction of the facilities and infrastructure necessary to implement that preferred force laydown.

Another one of the requirements is that the secretary of defense submit an independent assessment of the force -- of our force posture in East Asia and in the Pacific region.

Secretary, I assume you're familiar with that statutory requirement.

MABUS:

Yes, I am.

LEVIN:

And, Secretary, do you know if an independent entity has been selected yet to conduct that statutorily required assessment?

MABUS:

Senator, my understanding is that the Department of Defense is -- has selected someone. I don't know if the contract has been signed to do that. But my understanding is that the final date required by the NDAA for submission to this committee, the plan is to have that report to you by that date.

LEVIN:

All right. If you could just let us know for the record if that contract has been signed and with whom, we'd appreciate it.



General, as the United States and Japan reconsider the plan for the Marines on Okinawa, are you comfortable with the new plans for the laydown and the composition of Marines that are being considered for Guam and Okinawa?

AMOS:

Chairman, I am, as much as we know today. As you -- as you're aware, both our government and the government of Japan at the very highest levels are still working through some of the issues. And as much as I know today and what I've heard, I am comfortable, sir.

LEVIN:

Thank you.

General, do you need any special authorities or legislation to ensure that the reductions which you talked about, when they're made, that we're able to take care of our people?

AMOS:

Chairman, are you talking about the drawdown?

LEVIN:

I am.

AMOS:

Sir, I do. I need your help...

LEVIN:

Any special authorities that you need?

AMOS:

Not authority, sir.

LEVIN:

All right. Any help you can need, just let us know, would you?

AMOS:

Yes, sir, I will.

LEVIN:

If you know right now, you want to comment on that, you can, but if not, just...

(CROSSTALK)

AMOS:

Well, sir, I just -- I was just going to make a comment. When the budget was submitted it dropped 20,000 Marines in one year. And as I said in my opening statement, you know, as we looked back on this thing and planned a year and a half ago how we would draw the Marine Corps down responsibly, that number is executable at about 5,000 a year without some precipitous action and drop and with -- with some significant impact on our families. And it sends the wrong signal.

So I'll need some help financially to continue to maintain that ramp at 5,000 a year.

LEVIN:

All right, you just let us know as this proceeds as to how we can be helpful.

And on the F-35B probation, Secretary Panetta removed the F-35B, the Short Takeoff and Vertical Landing Variant from the probationary status a year earlier than was planned. And I think both Senator McCain and I have indicated that we found that action troubling. The fixes to the problems that caused Secretary Gates to put that plane on probation in the first place have not been -- the testing has not been completed on those fixes.

Now, I guess the question should really go to you, General. I assume you urged the removal of the F-35B from the probation list. Is that accurate?

AMOS:

Chairman, I think urged would probably be the wrong adjective. I tracked this, as you know, starting a year ago this last December, I track it very, very carefully. So I've watched kind of the six major thresholds, to include weight of the aircraft, very, very carefully over this last year. So I was able to provide my best military advice to the -- to the secretary.

And in light of those six major thresholds, and looking at the programs, progression, tests and everything, I recommended that he consider removing it from probation.

LEVIN:

All right. Secretary, were you involved in that recommendation as well?

MABUS:

Yes, Senator, Mr. Chairman, I was.

LEVIN:

And did you recommend that it be removed from probation a year earlier? And if so, why?

MABUS:

I did, because of the things that General Amos just mentioned. General Amos has followed this very carefully. I went out with General Amos to the Wasp to watch the first onboard ship testing of the aircraft.

And given the gains that have been made in weight reduction, given the progress that has been made on engineering fixes to some issues that had been found earlier, given the fact that the plane was now either meeting or exceeding test points, both in terms of number of test flights or number of test points in each flight, I thought that it was performing at the level it should be to be treated as a normal acquisition program and not one that was on probation.

LEVIN:

Secretary, let me ask you a question about our Aegis ballistic missile defense ships. This is -- ballistic missile defense is still a fairly new and it's a growing mission for the Navy, and much of the European Phased Adaptive Approach to missile defense is going to be based on the Aegis BMD capabilities, whether this is at sea or shore.

Now, I think in your prepared statement you note that, quote, "Over the past year BMD ships took up position in the eastern Mediterranean to provide BMD for both Europe and Israel."

LEVIN:

Let me ask both you and the admiral whether you are confident that the Navy's going to be able to continue providing the ships needed to fulfill missile defense missions such as the ones that you mentioned for Europe and Israel, given the situation with the -- the ships and their ability to be present in the Eastern Med?

MABUS:

Mr. Chairman, I -- I do remain confident that we will be able to meet this ballistic missile defense mission with our Aegis ships for a couple of reasons. One is that we are making more ships ballistic missile defense-capable. We have today, I believe, 24 ships that are that way by the end of the FYDP. That number will be close to 40.

Secondly, as the CNO said in his remarks and also as he has said numerous times, by stationing four DDGs in Rota, Spain, we will be able to provide the coverage needed with far fewer ships than if those ships were stationed in the United States and had to transit back and forth.

LEVIN:

Admiral, do you want to add anything to that?

GREENERT:

Yes, sir. Our demand signal is 15 BMD-capable ships available by F.Y. '15 for the European phase-adaptive approach. And they have to have the right program with the right missile and proficient (ph), and we are on that track with this budget submission.

LEVIN:

Thank you so much.

Senator McCain?

MCCAIN:

Thank you, Mr. Chairman.

As you know, Mr. Secretary, the reason why Senator Webb, Senator Levin and I and others have been concerned about the issue of Guam is because the costs have escalated dramatically, at least in one area from \$6 billion to \$16 billion. There has been slow progress with the Japanese. So we decided after -- Senator Levin, Senator Webb and others of us that we needed some outside view -- independent view of this situation.

We passed the defense authorization bill in December. It's now been two-and-a-half months. How long does it take to let a contract to get an independent assessment, Mr. Secretary?

MABUS:

Senator, since this contract is not under my purview, since I don't let this contract.

MCCAIN:

I see. It's somebody else's responsibility. Well, I want to tell you for sure that until we get that independent assessment, there should be no concrete plans made by the secretary of defense or the Defense Department until we have a chance to examine an independent assessment, and then go through the authorization process for any expenditure of funds that need to be made in order to get this redeployment issue into some kind of sanity.

And believe me, we acted, as is our responsibility, because of our intense frustration about the lack of progress on this issue. And now, two-and-a-half months go back and they haven't even let a contract to get an independent assessment, by the way, and we wanted it to be completed by the first of April, the end of March, which obviously cannot happen. We're not going to let you continue to slow- walk us on this issue.

Just to put things in perspective on the F-35, again, we started this program in 2001. The cost estimates for a couple-thousand aircraft, 2,456 aircraft, were going to be \$238 billion. We've now had additional costs of \$150 billion -- 150 additional billion dollars in costs. Block 4, as I

understand it -- please correct me if I'm wrong, General Amos -- Block 4, 32 aircraft, which are approximately 50 percent complete, are now \$500 million over originally estimated costs.

Are those figures wrong?

AMOS:

Senator, I can't say whether the figures are wrong or not.

MCCAIN:

Do you know what the initial cost was supposed to be, General?

AMOS:

Oh, I do. I was the deputy head of aviation. It was significantly less.

MCCAIN:

Then is that fact wrong?

AMOS:

That fact is pretty close, sir.

MCCAIN:

And there's been a \$150 billion additional cost overrun? Is that fact true?

AMOS:

Sir, I'm not -- I can't comment on that. I don't...

(CROSSTALK)

MCCAIN:

You don't even know what the cost overrun has been?

AMOS:

Well, I -- I -- sir, this is not a single point in time. I've noticed the program grow. I went through the technical baseline review last year -- \$4.5 billion.

MCCAIN:

Let me interrupt you again. Do you argue the fact that there's been a \$150 billion additional cost of the aircraft since the original estimate of \$238 billion?

AMOS:

Sir, I can't comment on that. I'm not -- I can't tell you whether it's \$150 billion. I know it's significant.

MCCAIN:

So for the record, you don't know how much the cost overrun has been for the F-35?

AMOS:

Not precisely.

MCCAIN:

Roughly? Do you know roughly what the cost overrun has been?

AMOS:

Sir, I'm assuming (inaudible) -- no, I don't.

MCCAIN:

Remarkable.

So -- so we continue to have \$500 million -- \$500 million cost overruns on the additional 32 aircraft about -- that are 50 percent complete. Does then that mean, Mr. Secretary, that we will have \$1 billion cost overrun since the aircraft are 50 percent complete on Block 4 aircraft?

MABUS:

Senator, I don't know if you could make that -- that extrapolation or not.

MCCAIN:

Well, all I can say is that I have been watching this aircraft since 2001, and I've watched the cost overruns now, and I don't believe that -- that it's inaccurate to state there's been roughly \$150 billion additional costs, and we are now still in the early stages of what was planned to be 2,456 aircraft planned.

What -- what is your assessment, Mr. Secretary, of the situation as regards the F-35 now?

MABUS:

The situation for the Navy and Marine Corps as regards the F-35 is because of some of the issues that you've identified with concurrency and with the readiness of the aircraft, we have reduced the number of planes that we are going to buy over the FYDP, but we have remained constant in

the number of total aircraft that we will buy in the program -- 680 aircraft total for the Department of the Navy. That's 420 for the Marine Corps, including 360 Bs and 80 Cs for the Marines; the remainder C-variant for the Navy.

It's a capability that we need. It's a capability that the Marine Corps does not have a backup plan for. You correctly pointed out that we have bought the Harriers from the British when they retired their carrier. We did that to extend the life of the Harrier, to make sure that we had the vertical takeoff and landing capability in place until the arrival in sufficient numbers of the F-35B.

MCCAIN:

Thank you.

Mr. Secretary, the Gerald R. Ford cost overruns are \$1 billion and I'm not sure how much it is complete. Will the Navy be asking for legislative relief from the cost cap of \$600 billion?

MABUS:

Senator, not this year, but I'm certain we will be asking next year.

MCCAIN:

Is it accurate to say that there is at least \$1 billion cost overrun on the Gerald R. Ford?

MABUS:

I think it's accurate that -- that it's at least a \$1 billion over the original estimate. And I think it's important to note what we've done to -- to contain these costs. When I took office, we had -- since I've taken office, we have recovered back the fee almost completely from the shipbuilder that is building this carrier. So they're -- whatever monies they get from now on will simply cover their costs.

Secondly, for some of the government-furnished equipment from other vendors, we have capped the amounts that we're going to pay for those. And the ship remains on track to be in the fleet in 2015.

But third, and perhaps most importantly, is one thing you mentioned in your opening statement. This is the lead ship of the class. You and I have discussed how much new technology was put on this previously, and how the risk went up, and how that risk -- the downside of that risk came true.

The one thing that we are absolutely committed to and the one thing that we will not go forward with CVN-79 is that we will take the lessons learned here. We will have a firm price and we will

not come back to the Senate to ask for -- or Congress to ask for raising the cost cap on the follow-on ship, the John F. Kennedy CVN-79.

MCCAIN:

Mr. Secretary, you're pledged \$170 million as the Navy's share of a \$510 million effort to construct or retrofit biofuel refineries, where is the authorization for that action?

MABUS:

It comes from the Defense Production Act and from appropriation made in 2012.

MCCAIN:

Authorization. You may have gotten an appropriation. I'd be glad to know where it is in that act.

And by the way, if I could just mention, Mr. Chairman, last year the Navy entered into -- in 2009, they paid \$424 a gallon for 20,000 gallons of biodiesel made from algae; set a world record at the time of cost for fuel. And according to the plan now, we will need -- the Navy will need 330 million gallons per year of alternative fuels to meet the secretary's stated goal of having 50 percent of the Navy's energy needs supplied from alternative sources by 2020, with no -- at no price or cost there.

MCCAIN:

I don't believe it's the job of the Navy to be involved in building and involved in new technologies. Maybe this will be a Solyndra situation. I don't believe that it's the job of the United States Navy to do that. I believe it's the Energy Department who should be doing that. And obviously I will seek to act on amendments on the floor to try to prevent this kind of waste of the taxpayers' dollars where they paid \$424 a gallon for algae fuels. I don't think we can afford it.

LEVIN:

(inaudible) do you want to just take a moment to comment...

MABUS:

If I could.

LEVIN:

... if you wish, yeah.

MABUS:



Yes. The place that -- the authority that's being used here is the Defense Production Act, which has been in place since the early 1950s, which says that if there is an industry that defense needs but does not exist in the United States, that defense not only can but should invest in that industry. Energy is specifically mentioned in the Defense Production Act as something that defense should look at.

And in terms of moving toward biofuels, the numbers that we bought, small test amounts, was high. It's come down dramatically since then, even with the small test amounts we've been buying.

And I think that we cannot afford not to do this. We can't afford to be dependent on foreign sources of fuel. We cannot be -- we cannot afford to be dependent on a worldwide commodity that has the price spikes and the price shocks that we have.

As I said in my opening statement, the only place I have to go to get money when the price of fuel goes up is out of operations accounts. I don't think that is something we can afford.

LEVIN:

OK. Thank you.

And now Senator Lieberman.

LIEBERMAN:

Thanks, Mr. Chairman.

Thanks to the three of you for your service and leadership.

I want to ask a few contemporary questions before I get to the budget, and particularly to you, General Amos, about the Marines in Afghanistan.

The first is, we're going through a difficult time, beginning with some acts of violence by Afghan national security forces against our troops and now obviously we've had a couple of bad situations involving our forces.

Give us a sense, if you can, of what you're hearing from our Marines in Afghanistan about their relationship with the Afghan national security forces and if it's relevant with the people of Afghanistan that they're interacting with. What kind of level of trust interaction do they have?

AMOS:

Senator, the -- I can probably sum it up with just a recap of an e-mail I got, two of them, two days ago. We just turned over the leadership of the Marines in Helmand province. Major General John Toolan gave up command to Major General Mark Gurganus.

The night before was a large dinner hosted by the Provincial Governor Mangal, and Major General Malouk, who's the 215th Corps commander. I'm confident that you've met him on your many visits in there.

At that dinner, at that night, with all the commanders and the leadership there, there was -- there was much discussion, almost to the point of tears, as General Malouk recanted (sic) the last 13 months of General Toolan's time in Afghanistan in the Helmand province. They talked about how the Marines saved the lives of his -- of his soldiers, how Marines died saving the lives, trying to -- trying to retrieve a drowning Afghan soldier.

We've not seen the level of violence in Helmand that we've seen in other places. My sense is that it's a result of strong relationships, a level of confidence. Doesn't mean there are not going to be things that are going, Senator, you know this. But I will tell you that there is a great amount of confidence between the Afghan national security forces, the provincial governor, the district governors, the leadership, the PRT teams from the U.K. There is a real sense of brotherhood and bonding there that give me that sense of encouragement that I've talked to you about so many times.

LIEBERMAN:

Thanks, General. That has certainly been my impression. Obviously, when individuals on either side, Afghan or American -- and of course we've been dealing with cumulatively hundreds of thousands of people in service in Afghanistan -- go awry, that it attracts the attention.

But my impression is exactly what you've conveyed, that on the ground the relationship between the American and Afghan forces is deep, it's full of trust, and it should give us confidence as we go forward in our mission in Afghanistan and certainly discourage anybody from going into a panic mode about, you know, picking up and running.

I want to ask you another very contemporary question, since you happen to be here. Yesterday -- or this morning in the news -- there's much been made about the fact that the Marines who met with Secretary Panetta yesterday were asked to leave their arms outside of the meeting area. Frankly, I don't know whether the media in writing about it think that's a good thing or a bad thing.

But I wonder if you could just put it in some context and explain that decision.

AMOS:

Senator, it's my understanding -- and I don't have any more facts than what you have -- not because of that issue, but on another matter, I wanted to talk to the commander yesterday on the ground and I was unable to connect with him.

But -- but we are exactly in the seam of the turnover. General Toolan had left. Secretary Panetta arrived. We've got a brand new commander on the ground. He's probably been on the ground less than 24 hours. He wants -- you got the secretary of defense there. It's my understanding that the senior leadership, the sergeant major, made a decision, OK, we don't have the Afghans in here with their weapons, we don't have some other, so the Marines can stack their arms.

We don't typically do that. Sir, I wouldn't make any more out of it than that. I think it was just a decision was made. I don't think anything should be read into it.

LIEBERMAN:

Good. It's good enough. Thank you.

Admiral Greenert, in your prepared testimony you have a part that says -- you refer to the history, which shows us that conflict is unlikely to appear in the form of the scenarios for which we traditionally plan. And you particularly make reference to the contemporary cases of Iran and North Korea.

And then you say, in our F.Y. 2013 budget submission we shifted procurement, research and development, readiness funds toward weapon systems, sensors and tactical training that can be rapidly fielded to the fleet, including demonstrators and prototypes that can quickly improve our forces' capability.

Since we're so focused on Iran and the potential threats represented by Iran, particularly in the maritime context, I wonder if you could tell us in a bit more detail what the Navy is asking this committee to authorize for fiscal year '13 that will specifically increase our capability to defend against any Iranian action.

GREENERT:

Sure, Senator.

After I took the watch, one week into the job, I went to Japan, Korea, and then I went to Bahrain to see my counterparts and to sit down in Bahrain and talk to Admiral Fox. And then I subsequently talked to General Mattis. And I assessed things myself.

I took -- I went through the Strait of Hormuz on the USS Stennis, and it was a nice clear day, and I've got a pretty nice view of Iranian naval units that come out and monitor it.

So between all of those, I came to the conclusion we could do better studying the theater. I wanted to be sure, as I've said in my testimony, that we are ready, that our folks are proficient, they're confident and they're good at what they do in case called upon, and I wanted to be sure the theater was set.

Having said that, I requested and we request to improve our mine warfare capabilities in the theater, we are moving four more mine sweeps to the theater. That'll make eight. We are moving airborne mine countermeasure helicopters. That'll take us to eight in theater. And then that -- those working with the British mine sweeps there, which we exercise with frequently, sets us up a little bit there.

Want to improve undermanned -- underwater unmanned vehicle mine neutralization. There are some systems that were available and had proven subsequently to be good.

I want to be sure we have counter-swarm capability. So that's improving Gatling guns and electro-optical and infrared systems, so that as we go through, go at night, go during the day, we can see and we have a really good view of that.

It's, you know, you go through the Strait of Hormuz with a carrier, you have like a hunting rifle and you also may need a sawed-off shotgun. Some people use that, you know, it's a matter of context.

There's anti-submarine warfare improvements, torpedo improvements, things of that nature, and I'll roll it up to about \$250 million in '13 that I'm requesting, and it rotates out to about 750 in across FYDP.

LIEBERMAN:

Thanks. That's a very encouraging report.

My time's up. I can't help, since Senator McCain understandably and correctly questioned the panel about programs the Navy has that are over budget, just me a quick response to one program I'm proud to say is not over budget, and that is the procurement of the Virginia class attack submarines.

GREENERT:

Yes, sir, we just took to California three months ago, eight months early, and several hundred million dollars under budget -- I'm sorry, about \$100 million under budget. That's a good partnership, in my view, Senator, that we have with those two vendors.

LIEBERMAN:

Thank you.

Thanks, Mr. Chairman.

LEVIN:

Thank you, Senator Lieberman.

Senator Inhofe?

INHOFE:

Thank you, Mr. Chairman.

I wish I'd had more time to calculate getting into this thing that was brought up by both -- primarily by Senator McCain -- on the mandated changes in your 50-50 program on the field that you would be purchasing. Just a minute ago in your, Mr. Secretary, in your statement you said every time the cost of a barrel of oil goes up a dollar, it costs the department \$30 million in extra fuel costs, in fiscal year '12 alone, in large part due to the political unrest and so forth.

Well, now, if you do the math on this thing, it appears to me -- Senator McCain mentioned the purchase of 20,000 gallons of the algae fuel that was \$424 a gallon. I assume that's all behind us now and we're not doing any more, that was an experiment and that's gone. But what we are doing now is talking about the cost of the 50-50 blend.

The 50-50 blend, as I understand it, and I'm taking the figures from you guys, would be -- it would be \$15 a gallon. Now, your JP-5, as I know from my own purchases, is somewhere between \$4 and \$5 a gallon. So you're talking about an increase of about \$10 for each gallon. Is my math off here?

MABUS:

No, sir, that's exactly correct. And it's, again, a test amount, it's 450,000 gallons of biofuel that we bought to do a demonstration at the Rim of the Pacific exercise in July off the coast of Hawaii using surface ships and aircraft off our carrier there.

But the whole point of this is to establish a competitive industry. And the Navy will not be buying commercial quantities of biofuels or anything else that is not commercially competitive in price, but it takes a little while to get there. And one of the things the Navy can bring is a market for these fuels.

INHOFE:

But the figure that I've heard -- I thought it was a quote from you that eventually you'll need 330 million gallons per year of alternative fuels to meet your goal of 50 percent. Is that correct?

MABUS:

Yes, sir.

INHOFE:

All right. That means that that would be 50 percent, so you'd be talking about 660 million gallons. You apply your \$10 to that and this is a huge amount.

MABUS:

I'm not going to apply the \$10 to that because when we get to that level, it will have to be the -- the alternative fuel will have to competitively priced with the fossil fuel that it's being blended with.

INHOFE:

OK. I want -- not to get into that right now, but for the record I want you to send me what you just now said and show the documentation. That's not the way I read it, but that -- that's all right.

Will you do that?

MABUS:

Yes, I'd be happy to do that.

INHOFE:

All right.

On TRICARE, we had the Army in here last -- last week, and I kind of pursued this a little bit. I - I look at some of the changes that are taking place. I know during the Bush administration, they were talking about making incremental changes in copay at that time for '07, '08, '09, '10. We put a hold on it in Congress. Maybe we shouldn't have done that, because I know that the costs of health care have doubled since 2001.

The budget that we're talking about right now seeks to save \$1.8 billion in 2013 and \$12.9 billion over the period of the FYDP. So my -- my thinking here when you calculate this, it's my understanding that the enrollment fees are going to be increased, depending on what rank you are, somewhere between 94 percent and 345 percent.

And I had sent some stuff in for the record when the Army was in here. The administration official said that one goal of the increased fees is to force military retirees to reduce their involvement in TRICARE and eventually opt out of the program in favor of alternatives established by the 2010 Patient Protection and Affordable Care Act -- Obamacare.

Do you want to comment about that? Do you think that's somebody's goal here?

MABUS:

Well, I will comment about what we've requested in the budget. As you correctly pointed out, health care costs are going up dramatically. Personnel costs are the fastest-growing part of our budget. And something had to be done to get that under control.

The item that's been recommended in terms of TRICARE is that for working-age retirees from the military, that their premiums for TRICARE do go up because in most cases they have access to other health care. But even if they want to keep on TRICARE, the largest increase, which would be for senior officers, would go up to about \$2,400 a year for health care. That represents less than half of what you would pay as a federal employee or as a civilian out in the workforce for health care. So TRICARE would still be significantly less expensive than a competing commercial policy.

INHOFE:

Have you done any kind of a study -- and you can just answer this for the record because it would be a long answer -- as to the number of people who are retiring who might not be able to afford this, because that range that I mentioned I think is still accurate?

I wanted to get to one other thing, and that is what's happening right now over in AFRICOM. I know, Admiral, that the obligations that you have, and I got back recently from the Horn of Africa and I talked to General Losey -- I'm sorry -- Admiral Losey and several others. And so we're concerned about the activity over there. We know that the increased activity in Somalia and along the east coast, but we also know that more recently the activities on the west coast.

And I know the times -- you've had 64 incidents of piracy that reported in nine countries off the Gulf of Guinea. I was there and talking to some of the people. They don't seem to have any resources over there. And I -- I wonder how thin you're getting spread down there? Are you able to do all the stuff that you had not anticipated that happened two years ago?

GREENERT:

We're able to do what we're asked to do in the global force management plan. What we need to do in the future to get better is we need to coordinate and synchronize with our partners. And what I mean by that, we had an international seapower symposium last October; got together with the Nigerian navy, the Guinea navy, the French navy and all those of us that operate in the Gulf of Guinea. And what's happening, sometimes we show up and there's two of us there, and then there's nobody there for a period of time.

So I'm meeting in fact next week with the chief of the French navy and that's one of the things that we're going to sit down and do, Senator. We need to synchronize what we're bringing forward. And our -- for us as we move into the future, when we bring on the joint high-speed vessel and Littoral Combat Ship, we'll actually have a better opportunity to -- to patrol in that area with a ship that resonates better.

INHOFE:

Yeah. I -- I direct this at both you and -- and General Amos. I was in Liberia just not long ago and met with the Navy and with the Marines there. And a lot of what they're doing -- the

increased activity in the western part of Africa, the 1206 and the train-and-equip programs have been very helpful. Would you comment as to that?

AMOS:

Senator, it's been about a year-and-a-half since I was over there on the -- on the Liberia side, but we put that detachment in there to train those two infantry battalions. Previous contractor had been done; was unsatisfactory with the government.

My sense in talking with both the president and the American ambassador there and the chief of defense was that at that time, they've been very happy. All my reports have been -- have been very favorable.

INHOFE:

Admiral, do you agree with that?

GREENERT:

I do agree. It's a -- it's a very worthwhile fund (ph).

INHOFE:

All right. Thank you very much.

Thank you, Mr. Chairman.

LEVIN:

Thank you, Senator Inhofe.

Senator Hagan?

HAGAN:

Thank you, Mr. Chairman.

General Amos, I just wanted to ask one question on the Camp Lejeune water situation. In a recent statement made immediately after the airing of the "Semper Fi: Always Faithful" -- a documentary about the water contamination issue at Camp Lejeune -- Major General Kessler, the commander of the Marine Corps installations command, stated that, "We are committed to finding a responsible solution to this challenging and complex situation."

And I understand that the Agency for Toxic Substances and Disease Registry has the lead in studying the contamination issues at Camp Lejeune. Is there anything that Congress can do to expedite the care for the servicemembers and their families that may have been affected by the



contaminated water? And I know we have the bill that hasn't come forward yet, but -- and so that's just one question.

But then also, can you just talk about -- a little about the progress the Marine Corps has made to find and notify those who have lived on the base during that period?

AMOS:

Senator, I read the same comment from General Kessler, and I agree with him. We have been -- since 1991 have spent \$30 million in an effort to try to bring science into this. There are allegations out there -- I've read them. We've spent an awful lot of time and effort. I'm committed as the commandant of the Marine Corps to be faithful, to take care of my Marines, and that means all the Marines. That's not just the ones on active duty -- all those that have gone before.

The truth of the matter is, today science has not proven precisely yea or nay with regards to the Camp Lejeune water and its affiliation with -- with cancer. That's the job of the ATSDR and that's the job of the National Academy of Sciences.

We have gone out. We've spent \$30 million. We have a website that I know you're familiar with. I just published a new book that the secretary of the navy and I did, put it back on the website with facts, communication tips. We just -- just in the last three years have added another 25,000 people to the registry. We're sitting at about 179,000 folks have registered now that we provide information to, and that they can get it off the website.

So the key is to give them as much information as soon as we know scientifically what the relationship is. We're committed to that, Senator, and -- and short of Congress specifically going to a -- a Marine or Marine family and authorizing, you know, on a unique basis care for that individual, I can't think of anything else short of waiting for the science.

HAGAN:

Well, I appreciate the efforts that you and Secretary Mabus are putting towards this.

I also wanted to ask, General Amos, about the Joint Strike Fighter, which we know is essential to the Marine Corps' ability to operate and move seamlessly from the sea, ashore, and in the air. I know I don't need to tell you about the aircraft capability of short takeoffs and vertical landing because we know that that is key to preserving the strategic value of the amphibious capabilities. And I'm pleased that Secretary Panetta has removed the Joint Strike Fighter from probationary status.

The F-35B is schedule to replace three aircraft currently in use by the Marine Corps, which I understand is going to save approximately \$1 billion in operations and maintenance costs. And additionally, the timely fielding of the F-35B will preserve the number of ships from which the U.S. can launch strike aircraft.

Does the current production rate for the F-35 sufficiently address the projected Strike -- Strike Fighter shortfall? And have the Navy and Marine Corps adequately addressed the issues relating to the tactical air integration?

AMOS:

Senator, the very last point on tactical air integration, I am a fan of it. The secretary and the CNO and I signed an agreement just a year-and-a-half ago, not that we needed to sign an agreement, but to show our services and the department the amount of commitment -- the level of commitment between the department and the two services. So I'm committed to it. I'm a fan of Marine squadrons on Navy carriers and will continue to be that way.

AMOS:

The amount of the production rate of six per year of my variant for the next three years is satisfactory to maintain -- we can maintain the Strike Fighter shortfall. We can maintain that at that production rate. If the production rate stays shallow beyond the next three years, then we'll probably have to go back and revisit and take a hard look at the Strike Fighter shortfall.

We're managing it right now. It is manageable through -- through just careful flying of your airplanes; management of the airplanes. And the numbers are down well below 100 at this point. And anything below that is manageable.

So I'm -- I'm convinced that we are probably in a good position right now.

HAGAN:

Thank you.

I wanted to move to sexual assault. Both veterans and active duty servicemembers have cited that the Pentagon and military commanders are not doing enough to promote -- sorry -- to prosecute the sexual assault cases. And if it's true, the failure to provide just this basic guarantee of safety to women -- who now represent over 15 percent of our armed forces -- is not just a moral issue but a defining statement about the condition and approach of our military.

In the Navy and Marine Corps today, what challenges do you face and how do you plan to overcome those challenges to create a culture where we can put sexual assault in the past -- make that a problem of the past?

And what further steps need to be taken to hold more of the perpetrators of these heinous crimes accountable for their actions?

MABUS:

Senator, you described what happens very accurately. It's a crime. It's an assault. It's an attack on a servicemember. We have -- the people who join the Navy and Marine Corps swear to not only protect the United States but also their fellow sailors and Marines. This is an attack on one of their shipmates. And any amount of sexual assault is unacceptable.

We've done a lot, and we're continuing to do a lot.

First, I established an office of sexual assault prevention in my office that reports directly to me. I -- I see the person in charge of that office on a very routine basis.

As a result of that, we've undertaken a lot of programs, particularly in the most at-risk elements - - the young sailors and Marines who -- ages 18 to about 25. We have one program now that we require every servicemember as they go -- when they come out of boot camp and they go into their A School in the Navy -- and every single one does -- they have three 90-minute sessions on this.

And we have found that at Great Lakes where boot camp and the A Schools are that sexual assaults have declined pretty dramatically (inaudible) when we started this program.

Secondly, I announced last week that we're -- we're undertaking an initiative called 21st Century Sailor and Marine to make sure that Navy and Marine Corps and the sailors and Marines that comprise it have the tools to be resilient.

One of the things that we have found is not just in sexual assault, but also in domestic violence and, obviously, DUIs, in fitness, in child abuse is -- and in suicides is the presence of alcohol. And so we are undertaking programs to try to make sure that we catch a problem before it creates a life-altering or a life-ending or a career-altering or a career-ending event for -- for somebody.

We have run two pilot programs on this, one with the Pacific submarine fleet in Washington state, one at the Naval Academy where we have tested for alcohol. And all forms -- domestic violence, sexual assault, suicide, DUIs, fitness -- all the issues have gone down between 40 percent and 50 percent as a result of this program.

So we're seeing some programs that work. They require very active command involvement. They require active leadership by the commanding officers, the sergeant majors, the command master chiefs. But we're gonna change the culture and make sure that these attacks cannot be perpetrated. And it's better to prevent one than it is to prosecute one, but if one occurs we will hold people accountable to the maximum extent we possibly can.

HAGAN:

I certainly do appreciate your efforts in this and the ongoing programs. I'm pleased to hear that.

And I also want to tell you that I'm pleased with the efforts that you're undertaking from the renewable energy source for the -- for the Navy.

Thank you.

LEVIN:

Thank you, Senator Hagan.

Senator Sessions?

SESSIONS:

Thank you very much.

And thank you all, gentlemen, for being here.

As a member of the Budget Committee, I know that the cuts you're already undertaking are very significant. And I know that the sequester would be catastrophic to the Defense Department, but it remains the law. The sequester is in law and will take effect unless Congress takes action.

And I don't know that it would be that easy to fix it. I just want to tell you that I think the president and -- and the White House team and Defense Department team needs to be thinking about what we can do. Because I for one do not intend to eliminate the sequester totally as the present budget basically does. I think that we'll have to find cuts in other programs in the remaining 60 percent-plus of the budget that's been protected from any cuts. That needs to take some -- that's where we need to find some savings too. It can't all come from the Defense Department.

But that's a complex matter. But I -- I just would warn you that we're heading to that time. And it -- it could be a problem if we don't have a real, solid plan to get out of it.

With regard to Navy shipbuilding, the plan -- you've got a force structure assessment coming up, I believe, Mr. Secretary, and you stated you intend to reach an inventory of 300 ships by 2019. Will this assessment -- force structure assessment -- do -- how confident are you that it will maintain that as a goal?

Based on the budget and other things, do you expect that the committee -- the assessment group could come back and recommend even less than 300 ships?

MABUS:

I don't know what the force structure assessment is gonna come back at, Senator. But I feel confident that having a fleet of 300 ships -- around 300 ships will meet whatever force structure assessment or whatever strategy that -- that drives that force structure assessment.

And we do have that plan, as you pointed out, to get to 300 ships by -- by 2019.

SESSIONS:

Well, one thing about it, I may not be here and you may not be here in 2019. So plans, when they get out too far, don't have much reality to them, and that's what worries me.

I mean, we had a plan to have 316 ships and did have that many in -- in 2001. When you took office, it had dropped to 283. And we'd also taken -- as you noted from your remarks, we'd gone down 49,000 sailors. Some of that is because we used better equipment and better ships and need fewer people to man them. And I give the Navy credit for that, Admiral, and you've got -- we've got to do like everyone else, see how we can do these things better.

With regard to the littoral combat ships, I'm concerned about the overall reductions in that budget in the future years of the defense plan. I understand it still remains a top Navy priority to have 55 ships produced through that program.

Where are we in terms of cost and the schedule for the LCS -- Mr. Secretary or Admiral?

How does the current contract, the execution of the program compare with the initial purchase of the first ship in that program? And how do you see that program developing?

MABUS:

Senator, I'm very proud of the littoral combat ship program. The first ships of both variants came in, as lead ships do, very expensive, very high priced.

SESSIONS:

First in class is always more expensive...

(CROSSTALK)

SESSIONS:

... built it.

MABUS:

It is.

SESSIONS:

What does it look like now?

MABUS:

The price has come down from the bids on the -- on ships five, six and seven, the bids, the initial bids, the price has come down from that by 40 percent. And the price is coming down for every ship in this contract.

We have a block buy of 10 ships from each vendor, so a total of 20 ships. The tenth ship of each one will be significantly less expensive than the first ship. These are all fixed price contracts, so we're certain that we will -- we will reap these savings. We were able to get 20 ships instead of 19 as originally planned and save \$2.9 billion.

Now, both shipyards are performing very well. The ships themselves, as the CNO has mentioned, is gonna be one of the very important parts of the Navy going forward. We're planning to forward- deploy LCSs to Singapore -- the first one next year in a proof of concept -- and then on a -- on a more regular and permanent basis in the 2015 time frame.

So we remain absolutely committed not only to the platform but to buying out the entire 55 for purely budgetary reasons. We had to slide two at the end of this five-year plan to -- to make the budget. But we remain committed to buying the entire class of 55 ships as quickly as we can.

SESSIONS:

Briefly, on General Amos, does a -- does an LCS provide benefits for the Marine Corps?

AMOS:

Senator, it could. There has been discussion between the (inaudible) about what we call our Marine module. We've not done (inaudible) yet, but I think the possibilities are there, absolutely.

SESSIONS:

Admiral Greenert, do you have any comments on that ship line?

GREENERT:

Well, the -- combined with the mission module? It will -- it will be a quantum leap in something like mine countermeasure. Now we kind of mow the grass finding mines, locating them, neutralizing them. What we'll be able to do with this is at the same time, find them, localize them and neutralize them with unmanned vehicles. And the volume will be three times the volume that we have today.

So as we look at the challenges that we consider in the world today -- the Strait of Hormuz and otherwise -- I imagine the capability enhancement.

SESSIONS:

Well, I know we're facing a lot of challenges with regard to the Navy plans and the Defense Department plans. Less Air Force planes. Less prepositioning squadrons for the Marines. And also less Joint High Speed Vessels.

I'll submit to you a written question -- my time is up -- about the Joint High Speed Vessel, but it's been a very popular ship, has it not, Admiral Greenert, by the commanders who've benefited from it?

GREENERT:

It has, yes. The Westpac Express, which is what it's kind of based on, has been successful. So there's great anticipation by the combatant commanders for the Joint High Speed Vessel.

SESSIONS:

Well, it is being reduced, and maybe we can examine that. What are your thoughts about that?

GREENERT:

Well, the -- the -- we looked -- we looked at that and said, hey, I think we need 21. And we said, well (inaudible) with Maritime Sealift Command people, because they operate it 270 days a year instead of sailors 180. With that, it becomes 16 requirement to provide the same presence.

We said, if we operate these forward, if we forward station them, they're there, we can do that, we can get -- we can get by with 10. We did a study on that, and that's -- that's where the 10 comes from, and that's how that worked its way in that direction.

Subject to change in the world and the strategy, we think we're good with 10, and so do the combatant commanders, sir.

SESSIONS:

Thank you.

Thank you, Mr. Chairman.

LEVIN:

Thank you very much, Senator Sessions.

Senator Reed?

REED:

Thank you, Mr. Chairman.

Gentlemen, thank you for your service to the nation and to the naval services.

Admiral Greenert, your budget includes -- and Secretary Mabus -- includes a proposed delay of the Ohio replacement class submarine, the SSBN(X), by two years. And last year the Navy testified that they needed the original schedule to maintain strategic deterrence patrol

requirements -- which begs the question, if this postponement is in effect, can you maintain the level of strategic systems patrolling during the transition from Ohio class to the new (inaudible) the new (inaudible)?

Admiral Greenert?

GREENERT:

Today, Senator, we have 14 Ohio class submarines. Two are in overhaul, so that leaves us with 12 really operational. And with that there are 10 or nine available at any given time for Strategic Command.

We feel during this -- due to this delay we will ride a period where we'll have 10 operational, sometimes nine. So we'll have a similar risk there. We have to watch it very closely because at that time frame, in that future, and we're talking about the late '20s and the '30s, we'll have older Ohio. So we have to watch it very carefully. But right now we think that we can mitigate that risk.

REED:

And in -- in thinking forward, what assumptions are you making? Because, you know, frankly, you pointed out, with the age of the fleet, if you're assuming sort of standard operational availability, that assumption might not be a very good one. So are you making any heroic assumptions that fill the gap on paper?

GREENERT:

Well, being Navy nukes (ph), we don't try to be heroic...

(CROSSTALK)

REED:

I disagree.

GREENERT:

We're engineers. You know (inaudible), Senator.

REED:

You're heroes.

GREENERT:

But the long-term maintenance will be complete on the class at that time, so we were comfortable about that, that we'll have shaken all that down.



We -- so far the returns on the extension of the Ohio class, because that's what we're talking about in that time frame, are good, and we have to pay attention to the sea water system, the hull measurements and the reactor plant components which are subjected to neutron irradiation.

We've done this before, that is the process, but not on this class of ship. The returns are good so far. We must be vigilant.

REED:

Let me ask another related question, and that is -- and this is -- we touched upon it in some private meetings, and the Ohio replacement is part of the broader issue of the nuclear triad, which for both strategic reasons and for economic reasons is going to have to go under significant reevaluation.

And it seems to me, as I've said before, that given the historic relative invulnerability of submarines, missile submarines, given the fact that this really the only new strategic system that is being planned actively and funding being afforded to it, delaying it might have implications for the overall triad in terms of how do we maintain it, particularly if we find ourselves on the air and land side with the -- not enough assets or -- so this raises huge questions.

I don't know if you have any comments today on that conflict.

GREENERT:

That's a good question. We looked at the force structure, the nuclear strategic force structure, ICBMs, bombers and the submarines, and so the two-year delay is not -- we're comfortable with that in the department with what we have to deliver as it stands today.

Now, as you know, there's a study under way, nuclear posture -- post-nuclear posture study. Subject to the -- pending the results of that, we're comfortable. But we need to bring the Ohio replacement in. It's important. It is the survivable piece of the triad, as you said. And the department's been pretty clear on that to us in general.

REED:

Changing subjects from ballistic missile submarines to attack submarines, with a constant theme, the Virginia class within your budget is doing two a year. And I thank you gentlemen for you -- and your predecessors -- for, you know, working that. It took many years. But we're slipping one of the boats, and that causes problems.

It causes problems, I think, in the overall cost of the programs, and let me ask either the secretary or the CNO whether you would concur that would add additional cost to the program over time, and then what steps you might take to mitigate, for example, if we could include an additional ship in the multiyear contract allowing long-term purchases, that might be the most effective way to deal with that.

So either the CNO or the...

GREENERT:

There's an operational cost that I'll quickly allude to. You know, there's SSN (ph) years, the requirements of the global combatant commanders, and we have a deficit in the '20s and '30s. This will exacerbate that by moving the boat from '14 to '18. That's regrettable. '14 was a hard year for us. We retired ships early in that year, more than any other year in the FYDP.

So if we could work a procurement process using a fiscal arrangement where we could -- and we will ask for multiyear procurement in that class, as was stated earlier, we'll ask for a block buy. And we have good data on our block buy where we have saved substantial amounts of money. It's the most efficient. As you alluded to, the workforce learning curve is higher, the vendors are good, everything comes about, and we're getting these submarines in early.

If we could find a way to incrementally fund this, we believe there's -- we are confident there's substantial savings, and we would get a tenth boat for less than a notional cost.

REED:

So there would be a cost savings in terms of doing this contractual rearrangement? And then there's also the operational cost you'll have to bear because you just have -- don't have enough ships capable to go to sea. So there are two costs that can be mitigated by this process, is that accurate?

GREENERT:

Yes, sir, there's a capability, a capacity and a cost factor in these.

REED:

And I presume that industry is seriously engaged with you to try to find a reasonable way to get this done.

Mr. Secretary, do you want to comment?

MABUS:

Yes, we're working with industry. We're working to try to find innovative ways to fund this so that we can meet the mitigation that you and the CNO have talked about.

REED:

Well, thank you, Mr. Secretary.

My time expired.

General Amos, good, you look great. I wish -- I wish I looked that good, even without an operation. So keep up. Tell those Marines to keep going. Thank you, sir.

LEVIN:

Thank you, Senator Reed.

Senator Wicker?

WICKER:

Thank you very much.

Mr. Secretary, I was very pleased to receive word the other day that a memorandum of agreement had been signed for the LHA-7 American class amphibious ship. This is very important for our future freedom of the seas as we leave -- well, as we draw down forces in some areas of the world and focus on the Asia-Pacific region, this will be a linchpin in the American force.

I assume we will see that final contract concluded within a matter of weeks?

MABUS:

Senator, we anticipate that final contract before the end of April.

WICKER:

Excellent. Thank you very much.

Well, let me ask you then, both of you, Secretary Mabus and Admiral Greenert, about the -- about the shipbuilding industrial base. Of course, your main concern is getting the job done, but we also have to be concerned about the employment peaks and valleys that we may see.

And I notice in your testimony, Secretary Mabus, we're not going to be back to 300 ships till 2019. The current FYDP says we'll have new construction of 41 ships. This is a decrease of some 17 ships from the previous FYDP.

Considering that, and the fact that we're going to even get within 13 ships of our requirement until 2019, what is that going to do to the so-called employment valleys, where employment at the shipyards is here and then it dips down, then we're expecting it to be able to come back and have the capacity to go up to a previous level? How is that going to play out?

MABUS:

You're absolutely correct that the industrial base is one of the things, particularly in shipbuilding, that we have to protect. Once we -- once you lose those unique skills it's very hard to get them back when you need them.

One of the things that -- in terms of that we want to make sure that we have an industrial base that provides as much competition as possible, so that we not only protect the industrial base, but we also protect the taxpayers in terms of how much money we pay for ships.

Today we have 37 ships under contract, which for -- I believe I'm correct here -- all of our shipyards will keep them at a fairly steady manning pace. For -- for Pascagoula, for example, they have a DDG-51, they have the LHA-7 that you pointed out, they have LPD-26. And they are -- we're in negotiations over LPD-27.

And if you take all those and you -- you project them forward, there's still gonna be at any time in -- in an industry like that some peaks and valleys, but we think we've smoothed it out to the maximum extent that we can.

In terms of our other shipbuilders, we only have one yard that builds auxiliaries. We have -- they now have in -- in the current shipbuilding plan and in the FYDP request for about one ship per year, which will keep them stable.

But we keep a close eye on the industrial base and on the competition inside the industrial base. Because sometimes one of the things that causes these peaks and valleys is not the welder out there. It's the overhead. It's the amount of money that the shipbuilder decides is necessary in terms of the support services.

And we keep a close eye on this, and we expect shipbuilders to do the same.

But you're absolutely correct in -- in your concern for the investor base and we certainly share that concern.

WICKER:

Admiral, if sequestration kicks in, what's it gonna do to what Secretary Mabus was just talking about?

And then Mr. Secretary, I'll let you answer that question also.

GREENERT:

Well, in this strategy, one of the things we talk about is reversibility. And that's the ability to ramp up if need be, but you have to have an industrial base to do that.

In my view, if sequestration kicks in, we will -- we will lose the capabilities that Secretary Mabus referred to in some shipyards. I -- I don't know. If you do -- when I do rough math I'm --

I'm looking at not 285 ships in a given year. I'm looking at 230 ships. We don't have enough force structure to -- to accrue that kind of savings without reducing procurement.

So I'm very concerned about an industrial base that would be able to adjust from that, from sequestration. And it would be very difficult to keep a shipbuilder that would -- that could be efficient in (ph) the types of ships we need.

WICKER:

Say that again about 230 ships...

(CROSSTALK)

GREENERT:

We have 285 ships today. You do rough math, you look at the kind of numbers we talk about and where I am today, you could end up -- it's just simple, straight up application of math from where we are today. We could be around 235 ships.

WICKER:

Mr. Secretary?

MABUS:

Well, sequestration has two big problems that there's been a lot of conversation about and a lot of testimony about before you. One is the amount, but second is how the -- how it is implemented without regard for strategy, without regard for priorities. And you would simply have to take a certain percentage out of every -- every account.

It would be a big issue for shipyards like the CNO said, but it'd also be a big issue because if we have to take a certain amount out of every single program line, there -- there are some contracts that we already have out there that -- that we would have to -- we would have to take money from.

So for both reasons -- the amount that is being reduced and -- and the way that they're being reduced, I believe that Secretary Panetta described it as catastrophic, the effects.

WICKER:

Thank you.

LEVIN:

Thank you, Senator Wicker.

We're gonna take a 10-minute break.

(RECESS)

LEVIN:

The committee will come back to order.

Senator Akaka?

AKAKA:

Thank you very much, Mr. Chairman.

I want to add my welcome and aloha to our panelists, and -- who I consider distinguished leaders of our country. And I want to thank you very much for your -- your tireless efforts in leading the men and women of our Navy and Marines for our country.

I also want to recognize and thank the military members and their families for their outstanding service.

Mr. Secretary, it's always good to see you and speak with you. I always wish you well. In your written testimony, Mr. Secretary, you indicate the Naval Academy received nearly 7,000 minority applications for the 2014 class and it's double the number for the class of 2010. Can you discuss what the Navy is doing to achieve these significant gains, as well as the benefits of a larger pipeline of qualified minority officers for the Navy and Marine Corps?

MABUS:

Thank you, Senator. I will return the good wishes and very good to see you.

The Naval Academy has had an outreach program going now for several years to make sure that we get as diverse an applicant pool as is possible. We shouldn't allow -- everybody should be accorded the honor of defending this country through military service.

As you pointed out, the number of minority not only applicants, but also acceptances, has gone up dramatically. We have outside the academy taken action to make sure for both the Navy and the Marine Corps that we are gathering in highly qualified, diverse-background Americans, not just diversity and ethnicity or national origin, but also in terms of geography, in terms of backgrounds, in terms of educational experience, because we believe that we will be a better fighting force having that diversity of -- of points of view that we bring to bear on any issue.

The final thing that I -- well, next to final thing that I would note is that we have also expanded naval ROTC, returning it to some schools such as Harvard, Yale, Columbia where it had historically been, but where it had been absent for almost 40 years. We are returning it -- we're bringing naval ROTC to other schools like Arizona State and Rutgers to make sure that we do reach the widest population possible in that.

And finally, the other thing that we've got to do in the military is not only get these young diverse Americans to sign up, but also to remain and make the Navy and Marine Corps a career so that the diversity at our higher ranks will mirror the ones at our lower ranks.

AKAKA:

Thank you very much, Mr. Secretary.

Admiral, good to see you, too. First, I applaud the decision to fully fund ship and depot maintenance accounts. The Navy is taking steps to improve maintenance work on its surface ships so as to mitigate problems in material readiness that have come to light in recent years.

Admiral, can you talk about some of the -- of these improvements? How these will -- these steps affect ship maintenance work, particularly at Pearl Harbor and other shipyards as well?

GREENERT:

Aloha, Senator.

The -- the biggest change is called the surface management engineering program -- SurfMEP. And we have this in the submarine program. We have it in the carrier program. And actually, we reinstated it into the surface program. It's laying out the key and critical maintenance procedures that need to take place when we bring a surface ship in for maintenance, to ensure that it gets to its expected service life.

It involves going into the tanks, looking at the turbines, the shafts, the shaft seals -- those long-term items that -- that you might be tempted not to look at and that we didn't look at in the past, where we started finding emergent problems coming up. That's the biggest change.

Then it's to have the discipline to see to it that when we bring the ship in for maintenance that we get that work done. We have to man the shipyards such as Pearl Harbor so we have the right planners that can lay out what needs to take place, so we're efficient when we bring the ship in.

AKAKA:

Thank you very much.

General Amos, I understand that you recently signed a revision to a 15-year-old policy addressing hazing. You also ordered the service to begin tracking all hazing allegations and investigations, and called on leadership to get more aggressive in confronting claims of abuse and instituted new protections for victims and whistleblowers.

General, I really applaud your attention to this very serious matter. Can you discuss some of these new protections for victims and whistleblowers?

AMOS:

Senator, I haven't -- it's true I signed a new order out and when I went back to look at "OK, let me refresh this," I was a bit surprised to find out it was as antiquated as it was. So we did do that. It did put my fingerprints as the commandant of the Marine Corps on this -- on the entire matter. I required all leadership -- all my general officers, all my commanding officers -- to immediately put their attention and their leadership fingerprints on the matter of hazing, to eradicate it.

It has been -- it is like a cancer that is treated and gets beat back, and you begin to feel good about it. And if you don't turn your -- if you don't keep persistent attention on the matter across the Marine Corps, all 202,000 Marines, then it begins to show again, and then you've got to treat it again.

Well, this is a leadership issue, Senator. Clearly, I'm not happy with it, and I have not set anything in motion with regards to whistleblowers specifically, but the Marine Corps understands. They've gotten the message loud and clear that, number one, this is a leadership issue. Number two, it's their responsibility. Number three, it's absolutely without exception unacceptable behavior. And if found out, it's my full intention to prosecute it in every case.

AKAKA:

Thank you very much for your efforts.

Thank you, Mr. Chairman.

LEVIN:

Thank you, Senator Akaka.

Senator Ayotte?

AYOTTE:

Thank you, Mr. Chairman.

Thank you, Admiral, Mr. Secretary, and General for being here today. I appreciate it and your service to our country.

Admiral Greenert, Admiral Locklear has described the Virginia Class submarines as the backbone of our attack submarine force. And as -- based on the line of questioning you just had with Senator Reed, you said that the slipping of the Virginia Class production will exacerbate the shortfall that we're going to see going forward.

I have a couple of questions for you. First of all, let me -- let me say that I'm very proud of the maintenance done at the Portsmouth Naval Shipyard -- the excellent work done there on the Virginia Class submarines and the importance of that work when we think about the role of the Virginia Class submarine as the backbone of our attack submarine force.



But it's my understanding -- I mean, this is obviously a very important issue for us, that the Navy was only able to support 61 percent of the combatant commanders' requirements for attack submarines in the year 2011. Isn't that right?

GREENERT:

That's right.

AYOTTE:

So we're only currently in 2011, when the combatant commanders asked for support of attack submarines, meeting essentially six out of 10 requests?

GREENERT:

That's right, ma'am. They -- they provide the requests. They're adjudicated within the joint staff and then we give, you know, our distribution for providing worldwide presence.

AYOTTE:

And the Navy has a requirement for 48 attack submarines?

GREENERT:

That's correct, Senator.

AYOTTE:

OK. And based on where we are, it's -- is it correct to say, and when we look at the build rates that are proposed, that the Navy will only have 39 attack submarines if we look forward to 2030?

GREENERT:

That will be the low point, yes, ma'am.

AYOTTE:

So we'll have a nine-submarine shortfall in 2030 if we continue with the proposed build rate that we have in this budget.

GREENERT:

Yes, ma'am. That's the depth, and there's a breadth to that, too, of course. You know, as you go -- any time you go below 48 there's the (inaudible) so (inaudible) also the width of that...

AYOTTE:

Right.

GREENERT:

... as well.

AYOTTE:

So this is a real concern. And I -- and I think what it also results in, of course, is -- as I understand it, it could result in a 43 percent reduction in forward presence and a 60 percent reduction in undersea strike volume if we allow our submarine force to go below this level, down to the 39.

GREENERT:

I can't validate the numbers themselves, but you're -- you're in the rough order of magnitude. It would be dramatic. It's very important.

AYOTTE:

And this is at a time, obviously, where we're shifting our focus to the Asia-Pacific region. And, of course, this is an important capability to have in that region, but not only in that region but we've -- we've talked about the importance in the Middle East and other areas around the world.

GREENERT:

Yes, Senator. And with the submarines we have, the Asia-Pacific would get the attention. So it's the rest of the world we also have to pay, as you mentioned, particular attention to.

AYOTTE:

Well, we have other hot areas that we would want to be able to do -- not only focus on the Asia-Pacific, but, of course, the Middle East and other areas around the world -- our -- our own homeland, as well.

Isn't that right, Admiral?

GREENERT:

That's right, Senator.

AYOTTE:

Well, I'm hopeful -- I'm very concerned about the proposal in the '13 budget of where this will bring our production rate. And I think that's something that we have to look at very carefully in this committee.

I have to ask you an important question. Would you be proposing this production rate but for us handing you a number in the Budget Control Act?

GREENERT:

No, this was a budgetary process. I mean, it was all about not enough money in '14, our toughest year.

AYOTTE:

Right.

It was about...

(CROSSTALK)

AYOTTE:

... just the number we handed you and nothing to do in terms of what we would need for capacity to protect, to have a full robust force of where we would want to be as we look forward. Isn't that right?

GREENERT:

That is correct, Senator.

AYOTTE:

Well, that's a real concern to me because we can't drive our national security interests, particularly on something so important as our attack submarine fleet, and also the overall size of our fleet by -- just being handed by a number by Congress. And are we taking on additional risk by doing this?

GREENERT:

There is risk, as you mentioned. Capacity is the primary -- these are very capable submarines. It's the (inaudible) capacity around the world.

AYOTTE:

It think that's something that this committee has to look at and address as we do, obviously, look at the authorization and further consider the proposal for '13.

I wanted to ask all of you gentlemen, in particular General Amos, last year the Navy announced the plans to place six of the 16 ships from the three squadrons maritime prepositioned forces for the Marine Corps (inaudible) to reduce operating status. And this proposal was made at a time before the Arab Spring, before we've seen some of the unrest in the Middle East that has come forward.

And I was concerned about that reduced operating status at the time. In fact, General Panter (ph) came before the committee and said that it required additional analysis before we went on reduced operating status.

But let's -- let's push forward to where we are today. We have three prepositioned forces. As I understand the '13 proposal, we're gonna go from three to two. And in the area that we're going to take out one of the prepositioned forces is in the Mediterranean.

And just so people understand, you know, what areas that allows us for faster response time and because we have the prepositioned forces ready to go there in terms of the equipment needed if we have to respond. That's the area of Syria, Egypt, Israel, Lebanon, Tunisia, Libya, the entire West Coast of Africa. I mean, there's nothing happening in that area of the world at all that we might want to keep a focus on at the moment.

So I guess my question -- first to General Amos -- would be was it the Marines proposal to eliminate one of these prepositioned squadrons?

AMOS:

Senator, a discussion came about the time I became the commandant -- so just about 18 months ago -- as we were -- this was before the Budget Control Act and kind of where we are today, so I want to put it in context.

But I looked at this thing, having looked at Mitstraw (ph) for many, many years and said, OK, what do we really need as a -- as a nation? My instincts at that time were (ph) probably two squadrons. So -- so then the discussion began 18 months ago, do we need three, do we need two? How do we do this thing?

I'm a believer that two is sufficient, Senator. I think we make adjustments on some of the areas that you just talked about and we could be -- we're gonna end up having to be more flexible, there's no question about it.

But my concern with the Mitstraw (ph) going to two was that once we made that decision (inaudible) let's build them correctly, let's make sure that the two Mitstraws (ph) themselves are what I would call enhanced. In other words, they have some of the newer ships that are available with greater capabilities and -- and they have the ability to offload, use these things, training -- no only training but also for contingencies.

So I -- that's where I am. I'm very comfortable with two. I was briefed last night that -- that -- it hasn't come to the secretary of the Navy for his final decision yet, but among the two services they've worked the details out where they have a pretty good plan (inaudible) 13 ships out of the two.

So that's -- that's where I know it as of today, Senator. I'm comfortable with two. I just want to make sure that they are of the right makeup.

AYOTTE:

Well, one of the things I would like to -- as you know, in the last year's defense authorization I included asking for a certification for the readiness posture of reducing the status of one of the forces from yourself, Commandant, as well as obviously from the chief of naval operations and the secretary of the Navy. And then to have the secretary of defense make a certification to Congress that he felt that there was acceptable readiness posture would still be available. And so I'm going to ask that the same type of certification be done if we're gonna reduce this because we're not only going from a reduction, but an elimination.

And so we need to be -- understand what additional risk we're taking on with that and whether in your -- all of your esteemed opinions that this is sufficient in terms of our readiness in a critical area of the world.

MABUS:

Senator, we are treating the requirement that is in the current NDAA about reduced operating status to also apply to the removal of one -- of one squadron. And that was the report that General Amos referenced that we'll be -- the certifications that will be coming.

AYOTTE:

Very good. I appreciate that. And my time is up.

I -- I can't leave, though, without saying that I'm deeply troubled, Admiral, when you tell me that if we allow this Congress sequestration to go forward that we are -- our fleet could be in a position where it would go from 285 capacity to 235 when we know just last year the chief of naval operations, your predecessor had told us that -- that the ideal capacity for our fleet to meet all of our needs is actually 313.

So I hope that we will act immediately on a bipartisan basis in Congress to stop the sequestration. Because when you think about our fleet going down to 235, that is an unacceptable risk to our country and our allies.

And so I thank you for your testimony today and I hope we work immediately so that this is not hanging over the heads of the Department of Defense for you all to have to worry about, and for our military men and women to know that we are behind them and we're not gonna allow this to happen.

LEVIN:

Thank you, Senator Ayotte.

Senator Begich?

BEGICH:

Thank you very much, Mr. Chairman. Thank you all for being here. Thank you for being so patient. I am, I think, the last man standing, so I'll try to walk through a couple issues -- or second to last man standing.

Let me say -- I want to talk a little bit about the Arctic, as you can imagine. But first I want to comment on the very early stages of this discussion about your research and your development with -- in regard to energy.

I will tell you, I'm gonna be a huge supporter of your efforts -- of the Defense Department. Now, I may have some questions about some of the efforts that you're doing. But, you know, we go back to the '60s in DARPA, which is the Defense Advanced Research Project -- if you go back to the '60s, a lot of people forget that they decided to do some simple things. They just wanted to communicate between some of the different facilities and low and behold today we have the Internet.

Now, you took an initiative -- you actually hired someone out of the private sector because you thought it was -- when I say "we" collectively -- back in the '60s how important that was. And the military has been a lead in many areas that have advanced this economy in many ways. And I use that as an example, 1960s when, you know, the military saw the high value of communication and connectivity and most people didn't know what the heck we were talking about.

But the Defense Department spent money, probably a lot of money in those early days, which we were probably criticized -- I'm sure there was some criticism back then. But today what would we do without it?

So I think what you're doing in alternative and renewable energy -- although I will have some questions on some of the expenditures and taking the lead in some of these areas -- is critical for our long-term national security and economic security.

I was just in Afghanistan, General, and, you know, I saw -- I think it was at Boldak (inaudible) forward operating base the power of the solar panels and the change that had occurred through on -- on-the-ground testing, And as the Marines tell me all the time, "We don't want to carry a lot of junk. We want to carry what we need to do our job."

And when you can knock off a lot of pounds off the weight and you transfer it off the backs of the Marines and then they can do their job because they have better energy sources like solar panels and the utilization of the battery systems, that's powerful. That gives us tactical advantage, at least from my perspective.

So I want you to know from a person, from a state that produces a lot of oil and gas, we like what you're doing around renewable energy and alternative energy and research to help this country be more economically secure and from a national security perspective.

So I just want to -- you know, I -- you know, I hear this debate kind of out there because people wonder why you're in the business. Well, because you're in the business of saving lives. And part of the work you do in the military is try to look at risk analysis, and you have high risk when you move those convoys of diesel. And if you can reduce the risk, you save lives. And that's how I look at it.

BEGICH:

So I just -- not necessarily a comment. I just get very frustrated when I start hearing the noise out there of what's going on. So, again, I'll pause and just say, thank you for the work you're doing on the ground. I mean, I was impressed by the technology.

And the Marines were excited of what they're producing and how they could do things that they couldn't do before in two- and three- day increments with energy sources of self-sufficiency.

So let me pause there. But let me get to the larger one, if I can, to the secretary and admiral, the law of the sea, do you support it?

MABUS:

Yes, strongly.

GREENERT:

Yes, sir, I do.

BEGICH:

Thank you.

Let me also say, we had General Jacoby here of NORTHCOM, he was talking about the importance and the kind of evolving Arctic. And one of the agreements they're working on -- I think he was doing it that day, matter of fact, between NORTHCOM and the Coast Guard, to talk about and sign an agreement of a gap analysis process, of what we may need.

And today you probably saw, or maybe not because you've been stuck here, the Snow Dragon, which is an icebreaker from China -- I mean, an appropriate name. You know, I can only imagine what they've painted on it, and all kinds of things. But, you know, they're moving up to the Arctic, they're not messing around. They see that as an opportunity, economically and militarily.

Can you give me your thoughts, Mr. Secretary, and then the admiral, how do you view the Arctic? Are we prepared? And I know you did a study on the Arctic Roadmap, which was released by the Navy through your -- I think it was Task Force Climate Change. Are we prepared, and if not, what do we need to do?

MABUS:

Senator, you accurately pointed out we released the Arctic Roadmap in 2009, and we are following that road map. Both the CNO and I have recently been to Canada to talk to our Canadian allies about what they're doing in the Arctic, what we're doing in the Arctic, how we can better coordinate.

The question you asked immediately before that, one of the things that would help us the most is by approving the law of the sea. And it would -- it would help us in terms of the rights of freedom of navigation. It would also help us as a nation establish our claims in the Outer Continental Shelf.

And the Arctic, as you are far better aware than I am, but we have different nations competing for the same resources in an Arctic that is going to be increasingly ice free in the summer so that you can not only have navigation through there, and you're already beginning to see that, but also extraction of seabed resources.

And so I think the first thing we could do is become a signatory to the law of the sea conference. And secondly, we are actively doing things like ICEX, where I went last year. We operate with the Canadians in their Operation Nanook.

But I think that our plan is to become more capable in the Arctic over time as the Arctic becomes more accessible over time.

BEGICH:

Admiral?

GREENERT:

I back everything the secretary just said, I'm completely in line with that. I would add to that that as we organize, train and equip, operations in the Arctic has to be a bullet, a factor, a principle, just like operating in the Gulf, which unfortunately we didn't do right the first time, so we had problems with warm water, with sand, with, you know, grit in that.

Well, likewise, we need to continue to do Nanook exercises with the Canadians and Norwegians, keep that sort of deliberations and collaboration going on, continue with ICEX, so we're comfortable operating in that domain. And that's -- that includes critical infrastructure, make sure our command and control can be supported in that area of the world.



So just as we prepare our Navy, the Arctic operations has to be a factor in that.

BEGICH:

One of the things I know and I'm hoping for and maybe we could get this at a later time from you, maybe the Arctic Roadmap, as you lay that out, kind of where you think you are time-wise on resources and how you're doing. Because obviously I think and, you know, when I see the map, I want to -- I love this map. I just want to have more numbers up here.

Because I, you know, I see China and what they're doing. They're not messin' around. They see us not capable because we don't have enough ice-capable vessels, and so they're taking advantage of that. And we need to equalize our opportunities up there.

So I would like maybe at some point kind of here's where we're at, here's where we think we're going, here's some gaps that we need to fill or potentially fill, if that's possible to do in a written.

Let me just end, my time is up, and one other piece I'd say is we should have a further discussion on the need for a deepwater port, U.S. controlled, in the Arctic. And we can have a further discussion, I think, from a variety, not only militarily, but all the other activity that's going on up there. We are just a lack of facility up there.

But, again, thank you all very much. And as I said, I didn't mean to get on my rant there about alternative renewable energy, but, you know, just a last datapoint. Alaska by 2025 will be 50 percent renewable energy. We understand the value of it. So I'm glad you guys do, too. So thank you very much.

LEVIN:

Thank you, Senator Begich.

Senator Blumenthal?

BLUMENTHAL:

Thank you, Mr. Chairman.

And thank you to all three of you for your extraordinary and distinguished service to our nation.

And particularly, General Amos, thank you for your endurance and tolerance with us. I know your back must be reaching a point of some pain anyway. But glad to see you here, as Senator Reed said, looking like all of us would like to look, with or without that kind of surgery.

Let me begin by saying also how much I admire and respect the success -- and I underscore the word "success" -- of our Marines and our soldiers in Afghanistan, where I have recently visited.

Despite all of what we see and all of what's been emphasized, at the ground level in targeting high-level leadership of the Taliban, the insurgents, the work done in terms of training and transition, I think the work has been just very, very impressive. And I know you've testified already to that effect, but I would just underscore it now.

I gather that IEDs, the roadside bombs, continue to be a problem there, and I wonder whether you feel that we are making any progress in that area.

AMOS:

Senator, they continue to be the low-grade, low-expense, highly effective weapon of the enemy, and especially in the counterinsurgency environment. They're cheaply made, as you know, and a little bit of fertilizer and, you know, technical know-how, you can -- you can make something to become pretty catastrophic.

So we have made progress. Interestingly enough, we've tried every -- put a lot of money. The department -- Congress has, Department of Defense has, different agencies have tried to find these things under the ground.

Interestingly enough, what we've found to be the most successful have been often the human eyeball, teaching observation skills to our Marines. We've kind of gone back to the way we have done business in the past.

So we use some of those things. We use ancient things like a bamboo pole that's about 12 or 15 feet with a small hook on it. You kind of drag the ground in front of you looking for a command wire. Doesn't cost anything but saves lives.

Dogs. We've tried everything from ground-penetrating radar to mine rollers. Mine rollers continue to be very successful. They're made in Panama City for the most part. We repair those. They find the mines on -- pressure-plated mines on the roads that our vehicles go on.

The ones that get us the most are those ones that are off the road, on canal sides, along paths, foot paths, and off areas where Marines might patrol.

And, sir, we are -- we are mindful, we teach people how to -- what to look for. There's a series of ways we grow that experience. But nothing replaces the human eyeball.

So, sir, it's still a -- it's still a high threat and you still see our great young heroes up at -- up at the new Walter Reed without their legs today because of IEDs.

BLUMENTHAL:

And the Pakistanis have been of very little or insignificant help in interdicting the ammonium calcium nitrate fertilizer that flows across the border.

AMOS:

Sir, what I've read is that's absolutely correct. Fertilizer comes in. Of course, we use -- it's a big agricultural area where we are. Helmand, it's kind of the breadbasket of Afghanistan. So you need fertilizer. We don't need it to make IEDs.

BLUMENTHAL:

I want to ask a quick question about a program that you and I have discussed before, the Transition Assistance Program that you have very, very commendably, in my view, emphasized for our Marines and hopefully will be expanded for our soldiers as well.

Is that transition assistance, skill training, counseling expanding and enhancing in the way that you have planned to do?

AMOS:

Senator, as we -- it's in its debut stages. We did our first two beta tests in January, the middle of January, and we're unveiling it both on the East Coast and West Coast. We're unveiling it now to the rest of the Marine Corps over this spring and beginning of the summer.

And in a nutshell, for all the members, that's taking the old transition program that I went through as Captain Amos years ago, which hadn't changed any, to completely new, let's get our veterans hired, how do we -- how do we take that young Marine that joined the service and make him a Marine for life, such that when he -- he or she finishes their tour in four years, eight years, they come out the other side and they have the greatest opportunity and chance to get a job, to go to school, to learn a trade, to start a business.

And those are the four main windows that we have pathways that we have set for our Marines. It's a -- it is a significant effort and it will take us -- we probably won't see the real benefits of this for another couple of years, but I'm willing to wait. But we're on it right now, Senator, I'm very optimistic.

BLUMENTHAL:

Very exciting and very promising, and thank you and the Marine Corps for that great work.

Secretary Mabus, I wonder, in light of the Navy's new for strategic dispersal of undersea warfare assets and the commitment to keep 40 percent of the attack submarines on the East Coast, if you could give us your assessment of the capacity and military value of the submarine base at New London.

MABUS:

The submarine base at New London is one of the key components of the strategy in terms of just what you pointed out, the fact that we will be keeping attack submarines in a 40-60 split, Atlantic-Pacific, that what Admiral Greenert testified to a little bit earlier, that it's not just the Pacific that we have need for attack submarines, it's not just the Pacific where the capacity and the capability of these -- of these incredible warships are needed.

And I also want to thank the state of Connecticut for they have invested about \$40 million into the sub base there to upgrade some facilities so that -- so that we can maintain that base at the high rate of operational readiness that it is and that's very much appreciated and it's been very helpful.

BLUMENTHAL:

Thank you for -- for those comments. I will say on behalf of the state of Connecticut, we've been proud to support that sub base because it performs such an important mission. And would you agree also that with the increasing trend toward unmanned underwater vehicles and counter-mine warfare, the strategic importance of that base is only increasing?

MABUS:

I will agree with that, Senator.

BLUMENTHAL:

Thank you.

My time is up, but I -- again, I want to thank all of you for your service and for your very helpful testimony today. Thank you.

LEVIN:

Thank you, Senator Blumenthal.

Senator Webb?

WEBB:

Thank you, Mr. Chairman.

Mr. Chairman, you and I probably are the only people here who would remember this, but I just have to say listening to Senator Begich's questions about wanting a deep water port in Alaska brought back fond memories of Senator Stevens when I was secretary of the Navy many years ago, under the strategic dispersal concept at that time, he was pushing very hard for home ports in Alaska. Of course, at that time, we had 568 ships in the Navy.

But also, Admiral, I think your comment about learning how to operate in the Persian Gulf, that really brought back a strong memory to me from when I was secretary of the Navy and we had just started actually operating full-time in there.

I remember visiting the USS Stanley in the Persian Gulf back in 1987. The first thing I would do when I would go aboard ship, it came from my youngster crews at the Naval Academy when I worked in the engineering spaces with the snipes, was always to go down in the engineering spaces and ask them the last time their commanding office had visited the engineering spaces.

And the railings on the ladder going down into engineering spaces were so hot you couldn't hold onto them. And so we've come a long way since then.

I remained at the end of this hearing -- almost the end of this hearing because I was quite surprised, Secretary Mabus, to hear the response with respect to the questions from Chairman Levin and Senator McCain regarding this independent study for the layout from Okinawa and Guam that we had mandated, because this is -- and perhaps this is just a miscoordination, because I know it's not under the jurisdiction of the Department of the Navy, but I hope -- I hope what you said is not right.

We have mandated by law that there be an independent study and that they would report to the secretary of defense 90 days after the signing of the national defense authorization bill which was December 31st, which means that this independent study not only is supposed to have been contracted, but it's supposed to give its first report to the secretary of defense in about two weeks. And then the secretary of defense has up to 90 days after that to report to us.

This is not a small thing, as you know, and we're not in any way up here attempting to kill this program. We're trying to un-stick it. The administration, plural, administrations have been working on this issue for 15 years now -- a little more than 15 years.

I have had dozens of Japanese delegations visit my office just over the last year, including I have another one coming in this afternoon. And I have been saying to them over the last three months that there is an independent review that's going to take place in tandem with the reviews that are going on. I'm visiting Japan right after the first of April and I had assumed that there would be some sort of preliminary report in from the study. And then we're hearing that apparently there hasn't even been a contract let. I hope we can clarify this.

My understanding also is that, Admiral, maybe you can clarify this for me that the Navy has halted potentially about \$3 billion worth of construction projects on Guam as we attempt to sort all this out. Is that correct?

GREENERT:

I don't know that that number is correct in halting that. I'll have to go back and do the research on that. There are -- there are some on hold, but the specifics and what they are based on, I better check it out before I give you an answer.

WEBB:

We are in a -- we are in a freeze, and it's being misunderstood on Guam. The -- the situation on Okinawa is one of the probably the top two most volatile domestic political issues in Japan. We need to get this going. I know there are continuing talks. We follow them every day in my office. But this is a -- this is a part of it, and it's designed to get an independent set of eyes on this because there are so many turf battles over in the Department of Defense, quite frankly.

GREENERT:

There are -- there are harbor projects, you know, for -- for -- regardless of how many Marines are on Guam -- that are proceeding.

WEBB:

I know that. You know, I came back from Guam two years ago, or a little more than two years ago, and -- and did everything I could to get the White House to put money into that from the TIGER funds. We follow this very closely.

But at the same time, you know and General Amos, I know you know, you and I have had many talks about this. One of the big questions on Guam was just exactly what the Marine Corps laydown would look like. I had my own questions about this when I -- when I first revisited Guam a couple of years ago because they were -- they were doing a laydown that included dependent personnel, family personnel, which was driving up infrastructure and the numbers from 8,000 to potentially more than 20,000 people.

So -- so we know that this needs to be redone, but I can't emphasize strongly enough how important it is that, first of all, the law be obeyed here and then second of all that we reach an end-point on this for the good of our strategic posture in that part of the world, and also for our relations with the Japanese and the people of Guam.

No further response required, but I just wanted to reemphasize what Chairman Levin and Senator McCain were saying.

Thank you, Mr. Chairman.

LEVIN:

Thank you very much, Senator Webb.

Senator Shaheen?

SHAHEEN:

Thank you, Mr. Chairman.

And thank you, Secretary Mabus, General Amos and Admiral Greenert for being here this morning. Hopefully, I am the last person that you have to hear from. I figure on this committee, we always save the best for last.

I actually want to begin where some of my colleagues left off, and particularly Senator Begich. And that is on the issue of energy. And I want to thank you very specifically, Secretary Mabus, for coming to testify on Monday. The Water and Power Subcommittee of the Energy Committee in the Senate, which I chair, held a field hearing down at Norfolk on the USS Kearsarge. And I want to compliment the great staff work and finding a ship that was named after a mountain in New Hampshire for us to hold the hearing on. That was a nice benefit to the hearing.

But -- but it was an excellent hearing and it's one that I wish everybody on this committee could have gone to to see very directly the difference that moving towards alternatives and energy efficiency is making for the efficiency and the capacity of our fighting men and women out in the field to do their jobs.

And Secretary Mabus, you made the point that national security in today's day and age is really about energy security. And if we don't have to be defending the Straits of Hormuz and deploying men and women around the world to defend foreign oil that comes to us, then we are in a much better position to defend the country.

I was also impressed at some of the statistics that you mention in your testimony and that we heard at the hearing. The federal government is the biggest energy user within America. The Department of Defense is the biggest energy user within the federal government -- 93 percent of all energy used is used by the Department of Defense. And as you so rightly point out, so much of that is fuel to power our vehicles.

And I know that there was an exchange earlier around the cost of biofuels. And I wonder if you could speak to the memorandum of understanding that you have with the Department of Agriculture and the Department of Energy to try and move forward to develop a biofuel that is drop-in that will allow us to be more efficient and reduce the dependence on oil?

MABUS:

Thank you, Senator. And it was good to see you on Kearsarge.

The memorandum of understanding that Energy, Agriculture and Navy signed and that the president announced last August, was in response to the direction of the commander-in-chief to our three departments to come up with a geographically dispersed, commercially viable, competitively priced biofuel industry for the country.

Navy's contribution to that would come from the Defense Production Act, which, as I pointed out a little bit earlier, explicitly mentions energy as one of the things that the Defense Production Act could be used for. And I think it's important that the requirements -- drop-in fuel -- that we're not going to change the engines on our ships or our aircraft. We have to have a fuel that will operate on the fleet we have today, with the aircraft we have today. Secondly, that this be a geographically dispersed effort; and third, that it help this industry reach commercial viability.

We have seen the cost of biofuels come down dramatically just in the small amounts that we have been buying so far. We bought biofuels to test and certify our aircraft on, including the Green Hornet, and the Blue Angels have flown on biofuels. We made, as I pointed out at the hearing, the largest purchase, we believe, in American history, 450,000 gallons for use in the Rim of the Pacific exercise this summer.

MABUS:

The cost has -- has been cut in half in the last two years just in those test amounts. And we are convinced that as the military brings a market here, that the -- that the cost of biofuels will be competitive with -- with existing fossil fuels.

And finally, one of the things that we got to talk about at the hearing is that this really is one of the core competencies of the United States Navy. We moved from sail to coal in the 1850s; from coal to oil in the early part of the 1900s; and we pioneered nuclear in the 1950s.

Every single time, there were concerns about was the Navy trading one form of very certain energy for another that was uncertain or more costly. Every single time, the change has proven to be correct.

And so I -- I appreciate your help, the -- the opportunity to testify on the Kearsarge, which represents both the Navy and Marine Corps in their effort, but also the -- the opportunity to talk about how we are planning to use these biofuels and the way that we believe the cost will come down.

SHAHEEN:

Thank you.

And General Amos, we also saw some very -- a very impressive demonstration of some of the equipment that the Marines are using out in the field in Afghanistan. I asked one of your Marine colonels, Colonel Charette who was there, what had been the reaction to the Marines out in the field when they were introduced to things like solar blankets and some of the smaller-weight batteries and the generators that are now going into Humvees.

And he said, "Well, the -- the first reaction wasn't so positive, but once they realized it could help them complete their mission easier and more effectively, their sold."



So I wonder if you could comment on that?

AMOS:

Senator, I'd be happy to.

I'll tell you, Marines are slow to change; 236 years of history unhindered by change and progress, but once we do, we get on it with -- with -- with reckless abandon. And here's a case in point. Those Marines, you know, I remember in OIF I, one of our shortfalls during the -- after we crossed the border into Iraq -- one of the things we worried about and struggled with were batteries.

I mean, honest to goodness, I would sit at briefs with three- and four-star generals and we would be talking about batteries. And by the way, you couldn't get them, and then once you got them, you had to carry them. Here's a case in point where those solar panels, the ability to re-charge your radio batteries while you're humping along a ridgeline in Helmand province, that's what sold it for the Marines.

The other thing I'll tell you is that all of a sudden, it went from being 120 degrees outside in their shelters and whatever, and now just with a little bit of ingenuity and some of the energy initiatives, you can actually walk inside these things and -- and it may be -- it may be 87 degrees, but it might as well be -- you might as well be at the North Pole. That's what these kids feel like.

So they really have gotten into it, and it's exciting, and from my perspective, we're just on the cusp of it. I think there's so much more we can do and we're dedicated to doing it.

SHAHEEN:

Thank you very much.

My time is up, but I just want as a final comment, you'll not be surprised to hear that I am also concerned about our four public shipyards and the fact that this year's military construction budget does not again contain much-needed dollars for the Portsmouth Naval Shipyard.

And we have a request for a modernization report that we -- Senator Collins, Ayotte and I included in the defense authorization bill last year and it's due back by September 1st. I hope that that will be on time and we will see what your commitment is to supporting our public shipyards.

MABUS:

It will be on time.

SHAHEEN:

Thank you.

Thank you, Mr. Chairman.

LEVIN:

Thank you, Senator Shaheen.

Either of my colleagues have additional questions? Senator Blumenthal?

BLUMENTHAL:

Yes, Mr. Chairman. I appreciate the opportunity to ask one last question to really follow on Senator Ayotte's questions about the submarine force and about the possibility of going back to the two-sub-a-year program for 2014, which I strongly support and I know we've talked about it a little bit.

I believe that going back to that program would be cost effective in the long run. And I would just like, if you would, Admiral Greenert, to comment on the possibility of alternative plans and the possibilities for transitioning to that kind of 2014 two-sub option.

GREENERT:

Yes, sir, Senator. Right now, of course, the submarines in '18. We are requesting a block buy, starting in '14, '14 through '18. We would request a multi-procurement authority.

Now, that gives us the opportunity to make what we call economic order quantity buy. So you can buy the reactor vessels, the turbines, the shafts and all that at a much better price. The vendors are more efficient. The workload and the learning curve is more efficient. Everything's more efficient. And we have experience in this, and that's part of the reason why these submarines are coming in under budget and on time.

What we're looking for is an opportunity to, using fiscal processes, to be able to, if necessary, incrementally fund this, such that the savings we know we will accrue in the later years, that those savings can be rolled forward, if you will, and therefore applied to a submarine in '14, a second submarine in '14. Right now our budget has one submarine.

So we'd like to pursue that. We appreciate your willingness to help us with that.

BLUMENTHAL:

I am eager to help you, and I thank you for that excellent answer. Thank you very much.

Thank you, Mr. Chairman.

LEVIN:

Thank you, Senator Blumenthal.

Let me just close by commenting further on this energy issue, which I made reference to in my opening statement commending you, Secretary, for the initiatives that you've shown in the Navy.

By the way, the Army was here at its posture hearing not too many days ago with batteries, pointing out how much lighter the batteries are that they're going to use with the troops and what difference that makes in terms of weight and security for our people, as well as energy independence for the nation.

So you're going to find a lot of support for the energy initiatives that you've taken on this committee. There may be opposition to it from some and questions probably from all of us, but there's basically, I believe, most of us will support -- at least I hope most of us will support the initiatives that you've taken and that the Army is now taking as well.

We've seen this before. We've, kind of, gone through this whole business before when we've tried to do -- take some action on energy initiatives and energy alternatives. What we saw is the argument made, "Well, heck, they cost more in the short run."

LEVIN:

Well, of course they do. That's why we can't just rely on the private sector to produce them, because the private sector has a different goal than our military does and our government does.

Their goal, legitimately, is profit. Our goal is the nation's security. And those are not always the same. Short-term profit is not always the same as planning for our nation's security.

So what you have done here is taken some initiatives which are the right way to go. They fill in a vacuum that exists in the private sector. They fill a vital need. We cannot rely on the marketplace to take these initiatives because there's a short-term loss. They're not as competitive in the short term. And that's why you've got to have these test samples run and a number of other short-term production activities.

So we just want to add my voice at the end of the hearing, as I did at the beginning of the hearing in support for these, I believe, creative initiatives which are directly aimed at enhancing the security of our country.

And if there are no further questions, we will adjourn, again with thanks to all of you, and good wishes for your continuing strong recovery, General Amos.

CQ Transcriptions, March 15, 2012

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List of Panel Members and Witnesses PANEL MEMBERS:

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ADMIRAL JONATHAN GREENERT (USN), CHIEF OF NAVAL OPERATIONS

GENERAL JAMES F. AMOS (USMC), COMMANDANT OF THE MARINE CORPS