VISCLOSKY:
The Subcommittee on Defense will come to order. This morning the committee will receive testimony on the fiscal year 2020 budget request for the United States Navy and Marine Corps. Our three witnesses are the Honorable Richard Spencer, Secretary of the Navy; Admiral John Richardson, Chief of Naval Operations; and General Robert Neller, Commander Commandant of the United States Marine Corps.

Gentlemen, we welcome you back before the subcommittee and do, as always, thank you for your service. Admiral Richardson and General Neller, I would like to take this opportunity also to recognize that this is likely the last time you will appear before the subcommittee. You’re probably happy about that. I congratulate you both on your upcoming retirements. You have both been outstanding representatives for your services, and we appreciate the frank and informative dialogue we have always enjoyed with you.

The committee has made significant investments in Navy platforms and readiness over the past several years to ensure that sailors and marines are prepared for whatever happens throughout the world. We want to understand how the fiscal year 2020 budget request is focusing on increasing readiness, utilizing the platforms currently and the Navy inventory to their full capacity and taking care of sailors, and marines and their families.

The recently-released 30-year shipbuilding plan continues to assert the need for a 355-ship navy. Since 2001, the Navy (INAUDIBLE) structure goal has fluctuated between a low of 306 ships in 2013 and a high of 375 ships between 2002 and 2004. However, the current number of ships totals 289, less than the requirements over the last several years. At the same time, the budget request seemingly contradicts the shipbuilding plan by deferring procurement of long-planned amphibious ship and canceling the refueling and overhaul of an aircraft carrier. Shipyard backlogs remain high, and shipbuilding industrial base is also facing production delays and capacity challenges. Today I would like to find out and hear whether or not a 355-ship requirement is a realistic goal and how some of the ships—decisions have informed at the fiscal year budget request.

Additionally, I remain concerned with reports that the Navy is frequently accepting shifts that have both minor and major defects which require additional cost and unscheduled maintenance. We have seen the multiple issues with the Zumwalt class of destroyers, littoral combat ships and the (INAUDIBLE) class aircraft carrier. I believe it is inexcusable that shipbuilders are delivering ships with defects, and we need to understand what steps are being taken to improve the situation. I am also concerned, and the committee is, about the well-being and quality of life for sailors, marines and their family. I have heard about the lack of available childcare and would like to know what the services are doing to mitigate some of the challenges that members and their families face.

With that, again, I want to thank you for appearing before the committee today to discuss these issues. We will ask that you present your summarized statement in a moment, but first I would recognize Mr. Calvert for his opening statement.
CALVERT:
Thank you, Mr. Chairman. I would like to welcome each of our witnesses, Secretary of the Navy, Richard Spencer; Admiral John Richardson, Chief of Naval Operations; and of course General Robert Neller, Commander Commandant of the Marine Corps. Admiral, General, I understand you're both going to be retiring before you have to return to this committee so this is my chance to say congratulations on your retirement and thank you for your long and distinguished service to this country. And we certainly appreciate your dedicated service.

The Department of the Navy plays a critical role in addressing the growing challenge and increasing threats from China in its effort to extend influence over international waters and sea lanes. As China becomes ever-more-bold, the National Defense Strategy rightly calls for renewed focus on adversaries such as Russia and China. While we've been filing--fighting violent extremists for nearly two decades, China has been watching us and steadily investing in its maritime capabilities. I want to hear how your budget request will enable the United States to achieve its strategic defense mission, particularly with respect to China. I also want to hear your rationale for the proposed early retirement of the USS Truman. This represents obviously a substantial change from the current course.

I'd also like to hear from you, Mr. Secretary, about our carriers and survivability against attack. We've discussed the capability of the military health community to respond to such an attack at an earlier hearing with the Defense health community (PH). I would also like to commend Secretary Spencer and Admiral Richardson on embracing the innovative technologies such as the AEGIS Virtual Twin, which significantly shortens the time it takes to field new capabilities of the fleet. While change can be difficult, we need to disrupt the status quo if we're going to maintain our technological military superiority.

Finally, I'd like to hear from you both about training, both Admiral and--and General Neller. Are we investing enough in our sailors and Marine Corps to make sure that we are effective in the future? And certainly, we have a lot to discuss so I'll conclude my remarks. Thank you again for your service to our country, and I look forward to your testimony. Mr. Chairman, I have to yield back.

VISCLOSKY:
Thank you very much. Gentlemen, your full written testimony will be placed in the record. Members have copies at their seats. Our intent is to try to complete two rounds of questions for each member present. In the interest of time I would encourage you to keep your summarized statements to five minutes or less. Be complete but succinct in responding to questions. Thank you very much, and Secretary, the floor is yours.

SPENCER:
Chairman Visclosky, Ranking Member Calvert, distinguished members of this group, on behalf of our sailors, Marines and civilian teammates, thank you. From the bottom of our hearts, thank you for this bipartisan effort you've done historically here to provide us steady funding. It is the lifeblood of our ability to bring readiness to the forefront.

I, too, would be remiss, ladies and gentlemen, if I didn't take a minute to--wearing my Title X hat--to say thank you to two amazing business partners I have on my right and left here, Admiral Richardson and General Neller. There has been no light between us on the efforts that we've put forward over the past
22 months, and we have—we’ve pushed the envelope in many ways, but it has been done in lockstep with a complete understanding between us. They’ve both done Herculean work, and at the same time I’m also hoping that’s what’s going on next-door will come to an expeditious confirmation because we have the same relationship with Admiral Moran and General Berger, and I look forward to a seamless transition in that regard if, in fact, we get an expeditious confirmation.

Ladies and gentlemen, the concept of a strategy is the application of limited resources to attain a goal. Aligned to the National Defense Strategy, the Navy Marine Corps’ strategy for restoring readiness, strengthening relationships and reforming our processes has been set. And from that we are building with a disciplined focus on people, capabilities and process. This budget prioritized a strategy-driven, balanced approach to investment. It builds on prior investments, sustains the industrial base and maintains our competitive advantage as we transition to a more cost-imposing, survivable and affordable future force. The restoration of readiness is well underway, and we’re seeing progress every single day.

My analogy is that the weather vanes are all pointed in the correct direction. Although we might be frustrated with the rate of velocity of the wind, it is increasing every day. We’re building the strength of our team through hiring in areas of critical needs, such as cyber security specialists, aviation technicians, scientists, engineers, human resource specialists, shipyard workers and digital warfare officers. In that light, we prov—you provided us the needed resources for hiring experts, but we now must also address the competitive salaries to fill these positions. We’re aligning and enhancing our educational institutions and distributed learning venues through the Education for Seapower review. And we’re taking aggressive actions to return private military housing to a premium product, mindful that we recruit the individual but we retain the family.

All of these actions have one common thread that runs through them, the goal of increased readiness. We’re building our capabilities through investments in hypersonics, machine learning, additive manufacturing, quantum computing and directed energy. We’re building the fleet to pursue—in the pursuit of a 355-ship navy, manned and unmanned, to include the Columbia-class submarine, a next-generation frigate, the remotely-piloted platforms, such as Sea Hunter and Orca. These efforts are increasing lethality through increased distributed maritime operations.

To reach the secretary’s goal of 80 percent mission-capable tactical aircraft, we’ve realigned investments in spare parts, aviation engineering and logistical support through our newly-created navy sustainment system, incorporating best practices from outside the wire, or as we might say, from commercial best practices in industrial process. As an example, our most recent F-18 readiness indicators show 68 percent mission-capable Navy F-18s and 72 percent mission-capable Marine Corps F-18s, a far cry better than 20 months ago. As a pilot program, these

SPENCER: review our processes in all maintenance areas within the naval enterprise to include ship maintenance, weapon and vehicle maintenance and sustainment. Driven by the Marine Corps force 2025 capability investment strategy we are investing in the amphibious combat vehicle, loitering man—and munitions and unmanned logistical systems in order to maintain and expand our competitive advantage on the margins. Exercising the Marine Corps operating concept is moving us to rapidly progress as a continuous learning organization as we adapt and experiment in our new competitive environment.
Yet while we affect the aforementioned the Marine Corps is also contending with the unprecedented double impact of hurricanes of Florence and Matthew which together damaged or destroyed more than $3.7 billion of infrastructure across our many East Coast installations. Camp (INAUDIBLE) is a primary force generator for the naval service is directly contributing to the capacity and readiness of our overall force. That area took the majority of blunt impact of those storms. We need relief through a supplemental funding as soon as possible for two reasons, the fiscal year is coming--closing upon us and we are about to enter the hurricane season as of June 1. We truly appreciate the work the committee has done to reprogram $400 million immediately which began addressing our most pressing infrastructure needs and we look forward to working with you to address the remaining $449 million shortfall in 19 and the $2.8 billion to fully recover.

Over the past year we have meaningfully increased our interaction with our allies and friends and this has been critical. Exercising and education of strength and our ability to operate therefore increasing the depth of our collective ability to deliver the resources required. Compared to a year ago this increase in depth of our relationship with allies and friends has been a prime contributor to this good outcome. Our navies adjudicated 91 of the 111 readiness reform and oversight Council recommendations and fully implemented 83 to date transforming a culture from accepting risk to one of understanding and managing risk.

We have reviewed and are in the process of remediating our business processes following our first top to bottom audit. The audit is now proven to be a tool where we find we can leverage lethality. We are using this information to streamline operations and reimagine how we support--Cal support functions can be modernized to drive continued learning therefore producing ever increasing efficiencies for the American taxpayer. We owe it to them to ensure every dollar we invest, every dollar we invest, is in the most effective manner possible. I am proud to work with this committee to keep that promise. Thank you.

RICHARDSON:

Good morning Chairman Visclosky, Ranking Member Calvert and distinguished members of the committee and thank you for the honor of appearing here alongside Secretary Spencer and General Neller to discuss the Navy's fiscal year 2020 budget.

At the dawn of our republic Pres. Jefferson wrote that industry, commerce and security are the surest roads to the happiness and prosperity of our people. The causal link between prosperity, order and security is why he deployed the United States Navy to combat piracy off the Barbary Coast at the dawn of the 19th century and it is why for over two centuries we have helped keep the seas open for all and oppose those who seek to control the seas at the expense of America and our allies. Today as outlined in the 2018 National Defense Strategy nations like China and Russia are attempting to do just that, to stem the tide that has steadily lifted all boats by unilaterally redefining international norms on terms more favorable only to themselves.

The nation and the Navy are responding with more than 60,000 sailors deployed aboard nearly 100 ships and submarines at this very moment by sustainably operating around the globe, advocating for our principles and protecting our national interest. To maintain this worldwide posture the President’s FY '20 budget offers a strategy driven, future leaning balanced approach to deliver a Naval force up to the task in this era of great power competition.
The single most effective way to maintain our strategic momentum is to provide adequate, stable and predictable funding. This makes everything possible. It solidifies strategic planning, incentivizes our commercial partners and mitigates operational risk by maximizing our planning and execution time. The foundation of Naval power is our force of talented and well-trained sailors. Important to our success we remain committed to recruiting and retaining diverse shipmates whose intelligence, curiosity, energy, different backgrounds and varied viewpoints will catalyze the speed and quality of decisions we need to outperform our adversaries as well working with the Congress we continue to transform our pay and personnel systems to 21st-century standards.

This budget builds a bigger fleet, 55 battleship, battle force ships over five years preserving our industrial base and strengthening our ability to prevail in any war fighting contingency. This budget fully funds the Columbia class ballistic missile submarine program fulfilling our existential imperative to deter a nuclear attack on our homeland. This budget builds a better fleet of fielding state-of-the-art systems that are more agile, networked, resilient and lethal. This budget recognizes that aircraft carriers will be central to winning the future fight which is why it in vest and the Gerald R Ford class delivering far more combat power for less cost over their lifetime than the (INAUDIBLE) class predecessors.

This budget also builds a ready fleet, steaming days to exercise at sea, flying hours to train in the air, sufficient quantities of ammunition and spares and the resources to conduct maintenance today and in the future as the fleet size grows. Meeting the nations and the Navy’s responsibilities is not easy. It requires us all to work together but this is what great nations and only great nations can and must do.

At the dawn of the Cold War as the nation took on the challenge to go to the moon President Kennedy, a Naval officer, said we do these things not because they are easy but because they are hard, because that challenge is one that we are willing to accept, one that we are unwilling to postpone and one that we intend to win.

I am grateful to this committee and to your colleagues in the Congress for your continued vigorous support which validates founding father Thomas Paine’s maximum that a Navy when finished is worth more than it costs. We look forward to sailing alongside you to deliver the safest Navy for our sailors, strongest partner Navy for our friends and allies and a Navy that is the worst nightmare for our enemies. I look forward to your questions.

VISCLOSKY:
(OFF MIC)

NELLER:
Chairman Visclosky, Ranking Member Calvert, members of the committee I am here today to testify on both the posture and the budget proposal for your Marine Corps for this FY 20. Thank you for that opportunity to be here today and answer your questions. I know this committee, the Congress, the American people have high expectations for your Marines. As our nations expeditionary force in readiness you expect your Marines to be ready, to operate forward with our Navy shipmates in what the National Defense Strategy calls the contact or one’s own players of the global operating model to assure our partners, deter our rivals and respond to crisis across the range of military operations and that if our deterrent should fail and we are called to fight you expect us to win.
As we hold this hearing approximately 40,000 Marines are forward deployed or postured in more than 60 countries around the world, some of them in harm's way, all engaged doing exactly what you would expect. Throughout our history you have called upon your Marines to respond immediately to crisis around the globe from either coming from the sea, from forward bases or from home station.

To meet this intent, to be ready to suppress or contain international disturbances short of large-scale war we strive to prevent war by assuring allies and deterring our rivals with ready, capable and persistently present expeditionary forces along with our Navy shipmates. Forward posture naval forces remain critical to that in providing the nation a significant operational advantage through maneuver access and their daily presence.

Supporting day to day operations through theater security cooperation and building partner capacity, doing humanitarian assistance, disaster relief or supporting current global contingencies requires your expeditionary force to be both ready and to be present. We recognize the strategic environment is constantly changing requiring adaptations to our organization, our training, our equipment and our concepts in order to provide our nation the lethal and naval expeditionary force it to romance.

So your Marine Corps remains committed to building that force. This requires hard choices as we balance commitments to current operations, work to continue to increase our readiness and pursue modernization efforts designed to improve our competitive advantage over our rivals. And thanks to your efforts in Congress by providing timely substantial budgets we have seen increased--increased improvement on our readiness and the rate of our ability to change the force has also improved.

The Secretary mentioned the effects of hurricane Florence and Michael on the Camp (INAUDIBLE) and greater area and also Marine (INAUDIBLE) Albany so I won't go into that but I do want to thank the Congress, the administration and the office of the Sec. of defense for the reprogramming they gave us, $400 million to get us working on making those reinvestments we need to get this space back online.

So we continue to work tirelessly to address the remaining shortfalls for this year and for those in the future year budget. Despite these challenges we remain on the right path to implement the National Defense Strategy. We continue to develop what we believe are going to be and are effective or fighting concepts, invest in the right capabilities while experimenting ruthlessly to validate our choices. Most importantly to the success of our core we continue to be able to recruit and train the most qualified men and women our nation has to offer, men and women who have raised their right hand desire to earn the Eagle, Globe and anchor and asked to serve something greater than themselves and to represent the best our nation every day around the world.

So you're Navy Marine Corps team remains the nations naval expeditionary force in readiness forward deployed and forward postured present and competing across the globe. And with your continued support and commitment we will ensure that we must never send our daughters and sons into harm's way where they don't have every advantage the nation can provide. I thank you for your support and I look forward to your questions.

VISCLOSKY:  
(OFF MIC)
CALVERT:
Thank you, Mr. Chairman. The Navy has identified the Columbia class submarine as was mentioned in your testimony as its top acquisition priority. According to the GAO you plan to invest over $100 billion to develop and purchase 12 nuclear powered ballistic missile submarines to replace the Ohio class submarines by 2031.

The Columbia class submarine program is vital, there is no disagreement to that to the strategic nuclear deterrence into the nuclear triad. I think all of us here understand the complexity of building advanced weapons systems however as appropriators it is important for us to understand the risk of a major defense acquisition program. We have seen that many times in the past.

A recent GAO study stated that the cost estimate for the Columbia class--class is not reliable due to optimistic labor our assumptions and there is no, virtually no margin in the program for cost overruns. And while the Navy has provided a margin for schedule slip unless more time is built into the margin, they Navy is in a position where there is little room for error in order to meet the 2031 date for the lead ship first patrol.

Mr. Secretary, given the importance of the Columbia class submarine program and the imperative that we meet the timeline what steps are being taken to reduce risk in the program? Why is there a zero margin for cost overruns? The program is already eating into the margin for schedule slip. What is your confidence level on meeting the 2031 first patrol date?

SPENCER:
Congressman, those are all good observations and they have caused us to step forward I believe it's going to be early next week where we are sitting down with industry to do a collective assessment because as you know while the Columbia class submarine is our number one acquisition program it is in concert with the Virginia class program which is probably one of our most successful acquisition platforms that we have in the Navy.

We are balancing risk and both of those portfolios. We do have concern; I would be remiss if I didn't say that. We are sitting down with industry to look at the supply chain to look at both primes that are involved to ensure that we can manage the risk, that we can build in some margin where we can, that we can sweep risk on a continual basis. If we do not do this in lockstep with industry it will run off the rails, I guarantee you that. We are focused on this from the executive level on down.

I think you have heard me say this before when I came into my seat the attitude that we have is--is one of enforcing and supporting competition but to work with our prime suppliers in the most partnership manner that we can which means shared risk, shared responsibility, shared benefit. They are with us side by side on this program.

CALVERT:
Thank you for that answer. Real quick, General Neller, recently of F-35b's(SP) were successfully integrated into operation supporting the 31st Marine expeditionary unit. I believe you call the lightning carrier concept is a strategy that can be employed to overcome adversaries like China who have several long-range precision weapon specifically designed to hit land bases and aircraft carriers. How would the
lightning carrier concept which involves arming the America class amphibious assault ships with F-35b's overcome this thread and increase the Navy and Marine Corps ability to project power?

NELLER:
Well, Congressman you are aware that the capability of the F-35 is a fifth gen fighter gives it clearly, it's not invisible but it gives us stealth capability and gives it some opportunity to fly in regimes and envelopes that other aircraft don't. So if we are going to have to strike these long-range fire--targets that--that ideally could be anywhere even in the mainland of the home nation that's firing them it gives us an opportunity to penetrate the airspace and to take down these targets.

So when we put the 10 airplanes on the I believe the Essex that went down to the Philippines that was just a demonstration to potential adversaries of our ability to embark those airplanes and move into that area and fly in that regime. So as we work through this with the part of the Navy and Marine Corps team in the future experimentation we are going to figure out and learn more about this airplane and what it can do and what capabilities it brings. That said, we do need to increase the range of our weapons because the adversary is increasing the range of theirs and so even if we are having to penetrate the airspace optimally, we would want to stay outside the range and fire longer missiles.

So there's a whole lot of work going on with this with your experimentation of fleet experiments. I would ask the (INAUDIBLE) if he wants to comment but there is an empty carrier strike group or an amphibious ready group that doesn't sale from either the East Coast or West Coast of the United States or from overseas forward deployed bases that when they deploy, they don't go out and do what is called a fleet experiment where they operate in a strict electronic

NELLER:
and they try to work out how they're going to employ their weapons against this type of a threat.

RICHARDSON:
Sir, maybe if I could pile on just to talk about the survivability of both this type of a platform and an aircraft--a traditional aircraft carrier, you know, I would say that with respect to launching strikes into foreign theaters, these are your most reliable, most survivable airfields in that theater under attack.

These--a nuclear powered aircraft carrier can move 700 miles a day and can generate 100 sorties a day, so in concert with the amphibious ships, the big decks, F-35. We have to make sure that that F-35 can be fully exploited by making sure that they've got the combat systems and communications on the ships to-to stitch them into the battle space. But a well operated carrier in a campaign plan, you mention it in your opening statement, is a survivable platform, in fact may be more survivable now that it has been since World War II, and effective in delivering strikes.

CALVERT:
I look forward to hearing more about survivability in the--in the future, so--
RICHARDSON:
As you can imagine, sir, this is highly classified, to get into the real details of that. And I will bring you everything that you need.

CALVERT:
Right. I appreciate that. Thank you, Mr. Chairman.

VISCLOSKY:
(OFF-MIC)

KILMER:
Thank you, Mr. Chair. I--I've got a couple subjects I was hoping to cover. First, the Shipyard Optimization and Improvement Plan I know lays out a 20 year or $21 billion effort to optimize and modernize the four public shipyards, covering everything from drydock recapitalization to facility layout to just trying to modernize some of the capital equipment.

I was hoping you could speak to the importance of that shipyard modernization work in terms of ensuring the readiness of the fleet. What kind of capability gaps do you see that filling, you know, particularly as we build the 355 ship Navy? If we--what--what sort of gaps would we see if we don't make those investments in modernization? I've heard the yards are pretty much at capacity at this point. Do you envision that to continue to be the case if we make these investments?

SPENCER:
If I can provide a 30,000 foot overview from the Title X position and then turn it over to the CNO, Congressman, this is one of our--our--on the infrastructure category, one of our most critical programs that we have. One of the things that we're--we're really focusing on, and you see it in this year's budget, is the fact that infrastructure is readiness. It's been a bill payer in the past, no longer. We--we cannot afford to do that.

When it comes to the modernization program, it's not simply making a new drydock. One of the first steps we made this year, as an example, was to bring in contractors with expertise in industrial flow. They visited Hawaii. They are on their way to the Pacific Northwest, and they'll come to the East Coast. Just to increase our ability to get flow through and parts and touch on these hull forms is going to increase flow through, and I can get existing platforms I have back out to the fight quicker. That is the primary drive from my point of view. CNO?

RICHARDSON:
And that flow will lead directly to naval power, which is ships at sea and not in maintenance. And so, we've--this is one of our more challenging areas right now in terms of just wrestling through the complicated scenario of ship maintenance. If we don't modernize the drydocks, some of the ships that were building right now just simply won't be able to be using those drydocks. And so, we've got to do that. That's an imperative.
And then to the Secretary’s standpoint, if you map out the workflow in a--in a current shipyard, it looks like you just through a bunch of spaghetti on a plate. Some of the shipyards were built to build the Constitution, you know, and they just really kind of maintained that same format. This optimization plan redoes that using modern techniques for flow.

And then also, as you pointed out, some of the equipment that we use is a stunningly capable compared to some of the 24, 25-year-old equipment that we've got. So, it's a--it's a full court press across the entire spectrum, and it translates directly to ships at sea versus ships in maintenance.

KILMER:
Very good. The--related to that, the--one of the unique challenges in my neck of the woods is we have 11 Native American tribes, federally recognized tribes, many of which have treaty rights around fishing. When we build stuff on the water, whether it be a new drydock or a pier or, as we did a few years back, a banger and explosive handling wharf, that can impact the trouble treaty rights. And there was a couple questions I wanted to ask quickly on that front.

Right now, there is a government to government consultation that happens. Usually that happens as part of the Environmental Impact Statement. But at that point, it's usually sort of too late to develop any sort of changes to a project to mitigate the impact to treaty rights. So, with that in mind, would it be--I guess two questions. One, would it be possible to start that consultation before the beginning of the NEPA process and the issuance of a draft EIS? Is there any sort of regulatory or statutory barrier to--that would prevent that consultation from happening earlier?

And the other question I have on that front is I've heard that the Navy limits its ability to mitigate tidal--tribal treaty impacts to the mechanisms that are spelled out in the Sikes Act, which was really designed to mitigate environmental damage. Is there a reason for that limitation? Does the--you know, is there a reason the Navy kind of equates a right guaranteed by a treaty to an environmental impact? And could we look at sort of other mechanisms outside the Sikes Act?

SPENCER:
Congressman, to answer both questions up front, one, the--the move that we’re taking now is a continual conversation with our--with our tribal neighbors and partners. There is nothing that precludes involvement from day one. And to my knowledge going forward since I've been on board, we--we have been actively involved.

When it comes to Sikes, we also have other abilities to us. One thing I want to frame is the whole concept of impact is where does the impact end? I have to admit there has been--in my review of some of the cases, we were remediating way beyond the impact or asked to remediate possibly way beyond the impact of where we saw it. And there is where natural tour contention happens and we’ll get an arbitration to solve it. But yes, doors of communication are wide open at Navy at all times on all projects. The formality of the EIS doesn't mean that you can come in at X point of time. You can be involved all the way to the lead up and through.

KILMER:
Thank you. Thank you, Mr. Chair.
WOMACK:
Thank you, Mr. Chairman. Thanks to the gentlemen for your expert testimony here this morning.

General Neller, I'll start with you. I want to thank you for your service to the country and to the Marine Corps; wish you well as you turn over your responsibilities. You've always been a candid sort of guy with the committee, and I appreciate that. And I'm seeking your candor one more time. I--I want you to tell this committee about the readiness challenges that you have faced in the last few months, particularly with regard to some of the destruction that has taken place as a result of things beyond our control, shall I say?

NELLER:
Well, the biggest challenge has been trying to get reprogramming or what other assistance we can to rebuild Camp Lejeune. I was asked in a--with another member what's your insurance policy? I said you. You're our insurance policy. We don't self-insure.

So, we--we, just like the Air Force at Tyndall when they had Michael come ashore, we suffered a generational storm last September, and not so much the wins but the fact that the storm sat on top of the Eastern Carolina region and rain for three straight days and they got about 40 inches of rain. And there was enough damage to the older buildings that the rain just came inside. And it was--so, we could fix it.

But I can tell you that, you know, people are concerned about climate and storms. I can tell you that all the new buildings we have, and we've got a lot of new buildings because the Congress has been very generous with us and MILCON around the world, none of those new buildings had any damage. The buildings that were damaged and the buildings that we could repair, but we would recommend they be replaced. They are anywhere from 40 to 70 years old.

And so, that's--that's our dilemma, because we didn't program that. Some of them were programmed for--for being razed and rebuilt in the future years, like the MEF (PH) headquarters building is in the FY '20 budget. It was already there. But we--now we're living in that building.

And so, that's been the biggest thing, and then the discussion about other--other fiscal matters that's before the Congress and where money is going to go, and the ability to reprogram money, which has been a kind of a normal order of business where you could come in and--and if there were certain abilities, to reprogram money. And we appreciate the $400 million of reprogramming. That's--that's kind of been caught up in the discussion about other requirements for the administration and the Congress.

In the meantime, though, as the Secretary mentioned, other readiness is improved markedly, particularly fixed wing aviation. I can give you by model, type, series the number of hours that are being flown, the readiness, in fact, the other day on the East Coast we did break 80 percent for F-18s on a single day, on a Friday. Now, is that--is that there today? No, but we've been running pretty consistently
with F-18 anywhere from 70 to 80 percent. And--and Representative Calvert mentioned the F-35s. On 31st May, we had F-35s that are on 13th MEW (PH). They ran pretty consistently in the mid-70s, those six jets out there.

So, how did that happen? A lot of different things, but at the end of the day it’s we invested in parts and you gave us the money to do that, to fly, to get the parts to fix the planes. So, in the overall readiness situation, I think we’re in a good place and we continue to get better. But at the end of the day, I've got to come up with a solution for Camp Lejeune.

WOMACK:
And at the same time, we’re sitting here today without any real clarity on what happens or doesn’t happen on October 1st. So, if you’re worst casing it, which you guys have--make a practice of doing, you have to, you have to provide for all contingencies, how dire would it be if this Congress cannot give a clarity to the October 1 fiscal?

SPENCER:
Congressman, I'll be more than happy to answer that. It would be devastating. For all the money that you have given us, the ‘17 RAA, the ‘18 and ‘19 budget, we are up on the bicycle. We are pedaling down the street. We go into a CR, we fall off the bike, period.

WOMACK:
Well, I hope the Congress is paying attention. Got one more question, then I'll add more in round two. Admiral, last year's defense appropriations bill directed the Navy to take a look at the viability of restarting production on the Tomahawk. It's my understanding that the analysis of alternatives led the Navy to conclude that more Tomahawks were required, which led to a decision to restart production this year. Can you address the importance of restarting the Tomahawk line?

RICHARDSON:
Sir, you have to appreciate the Tomahawk in the family of missile systems that is going to really be the punching part of our Navy particularly moving forward where I think missiles are--are becoming more and more a part of our both on offensive and defensive push and so for this maritime strike Tomahawk it is a reengineered version of that missile, that's a big part of--it occupies a big space in that family both for land attack and anti-ship attack. So it is extremely important.

WOMACK:
Yeah, thank you.

CALVERT:
The gentleman yield--

WOMACK:
Be happy to.

CALVERT:
On the subject you just discussed on the--both on the supplemental and the--and the sequestration that we are dealing with and they October 1 deadline that I am sure the Chairman will bring this up also but the administration needs to step up here pretty quickly to come to a budget agreement. We--we--we are--we don't have a lot of time. The Chairman intends on marking these bills up as rapidly as possible and the budget committee obviously has challenges and but that doesn't change the calendar.

And we need a budget agreement between the House, the Senate and the White House and I would hope that the White House will step forward here pretty soon and please send that message back because we need to get this going sooner rather than later. Time is not on our side and I hope as part of that agreement that we come up with a supplemental to take care of these bases that have been devastated. We can't--this can't continue to stagnate.

WOMACK:
Should have already been done. I yield back.

VISCLOSKY:
(OFF-MIC)

BUSTOS:
Thank you, Mr. Chairman. Mr. Secretary, I come from Rock Island County and I want to thank you for visiting the Rock Island Arsenal, which is one of our largest employers, absolutely critical to our economic held in the congressional district that I serve. So thank you. We are really proud of it. We are really proud of the work that the men and women do their and that they produce readiness not just for the Army but for all services and--and sometimes people don't always know that.

I am sure those of you sitting there do know that and I'm glad you are able to see the capabilities that the Arsenal provides our organic industrial base and so and that includes the work that we do at the quad cities cartridge case facility. So that is housed under the joint munitions command and I know I am telling you something that you already know. That oversees the distribution, the storage, the demilitarization and production of munitions across all of military services. So a few questions for you along those lines.

Do you envision being able to leverage other capabilities that the Arsenal can provide if you have a feel for--for that?

SPENCER:
Most definitely. Congresswoman, on my trip there one of the things that really, really impressed me was the work Rock Island was doing in additive manufacturing. We are also doing that indigenously at the service level but obviously at the level of a rock island it would be terrific to have a depot level in sync with that in the fleet. It would be great.
BUSTOS: That's--that's great to hear. So you know that if you envision like other partnership so that's under the JM TC that would help the Navy build on your advanced manufacturing into the industrial base like in other words how would the Navy evaluate if there is a business case for using the Arsenal as a provider of--of capabilities to the Navy? How well--what do you see going forward of how you could take advantage of that?

SPENCER: So one of the things that we are doing when it comes to the Navy sustainment system is looking at all avenues of capacity, internal and external. And if in fact we can take any of our best practices that we are using in Navy and bring them to a rock island or Rock Island can bring them to us we look for that on a continual basis, that's the whole concept of a sustainment system, where are the best pockets of capacity and efficiency?

BUSTOS: Very good. One other line of questioning and then I will yield back in addition to the Arsenal being very critical act, agriculture is very, very critical to the region that I serve and I know that you have been a leader in biofuels. Wondering as you look ahead what do you see as the future for biofuels as it pertains to the Navy?

SPENCER: So our--our position on biofuels is--is much like innovation to be very frank with you. I am looking for industry which is now leading the area in biofuels and if in fact they can provide me a fuel that has both efficiency and effectiveness I will entertain it.

BUSTOS: Okay. Very good. Mr. Chairman, I yield back. Thank you, Mr. Secretary.

VISCLOSKY: (OFF-MIC)

CARTER: Thank you Mr. Chairman and thank each of you for being here today. This is an interesting discussion and I will ask the question about unmanned systems. Quite honestly unmanned systems include air service and undersea platforms. It kind of blows my imagination a little bit and you have asked for a significant increase in this area.

Admiral Richardson the budget request includes significant increases for unmanned air, undersea and service vehicles What traditional programs or platforms had funding decrease in order to fund some of the new research in these areas? What potential risk may decrease in these areas incur? The budget
request includes $507 million for unmanned surface vehicles including significant funding for the large operational manned service vessel. What is the goal of this program? What is the cost estimate and what is the proposed acquisition strategy? What are the policy challenges and implications the possibility of implementing deadly force from an unmanned ship? And finally the feasibility of these unmanned ships, will the account in future shipbuilding plans as we go forward? I am trying to imagine these--these vessels.

RICHARDSON:
Right. Sir, excellent questions and as technology continues to improve particularly those technologies that would lead to more and more capable autonomous systems our budget as I said in my opening statement leans pretty heavily into the future and so this is an area where we want to be in the lead as a nation in unmanned. Unmanned systems can have the endurance and performance limits that far exceed what a man vessel can do. And so many of those questions in terms of how that unmanned system will conduct itself, navigate itself, communicate with other systems this is why much of this is still in the R&D budget. We have these questions ourselves.

With respect to where did the money come from it is really the results of a comprehensive balancing act as we bring the budget together mindful that this is going to be an extremely important part of our future. I was just up in Washington state where the unmanned undersea vehicles squadron just stood up to move those vehicles sort of out of the lab and into the operational world, they have got tremendous potential to extend the influence of our manned platforms to go places where we wouldn't want to send people. And also as I said to injure there for a much longer so it's an important part. But all of these ethical decisions with respect to the policies of weapon employment, all of that this is the focus of our efforts to as we dive into this from a research and development perspective.

CARTER:
Yeah, and you know we already have some form of unmanned aerial vehicles.

RICHARDSON:
Right.

CARTER:
It's pretty easy to envision unmanned underwater vehicles but the surface vehicle to me seems to be a--I--I am wondering the size of a platform they are envisioning, the target somebody would be shooting at, maybe a small vessel I can see it but something the size of a cruiser or bigger would be interesting.

RICHARDSON:
We'll have to see where it goes, third. I will tell you certainly the small ones we are thinking about those in sort of mine countermeasure missions where you want to send that unmanned system into a minefield towing a very capable platform. So that's good.

CARTER:
I can see that.

RICHARDSON:
Medium-size, the Commandant and I are talking about how you might use that for lift, enter theater lift to move amphibious--equipment for the Marines, move Marines themselves. This is something that will free up you know a lot of manpower for other things that only people can do. So this is sort of the effort all of the way to do as you said potential weapons employment as the technology and the policies develop.

CARTER:
Well, I--I love people thinking outside the box. The general acts like he wants to say something.

NELLER:
I just I think when if you are using a kinetic weapon I think normally as there is today there is going to be a human being that is going to make the call on whether you are going to engage or not unless the situation is so dire like you are attacked by a large number of swarming drones for example and you don't have time for a human to do that then it's going to have to be a machine interface. But I think right now I think as the CMO said a lot of this is you have surface vessels that are able to move fuels, supplies, things that go from a to B ahead of the other force or they are pre-staged or maybe they are submersible and then you arrive and they come to the surface and then they come in which you eliminate your ability to have to haul this stuff with you. Now most of this is going to require a network that's reliable and resilient and protected. So I mean at the end of the day on top of almost everything we are doing whether it's delivery of munitions, whether it's navigation, whether it's secure communications we are going to have to have a reliable secure network but this is stuff that is happening right now. I mean there is things and we just have to scale it. Like you said finding stuff under the water which has always been really hard for a human to do now we think we have got a way to do that and to find obstacles or mines or stuff like that and then potentially take them out in a very effective--in--in a very inexpensive and very effective way.

CARTER:
Thank you very much for getting me a good picture of that. Thank you, Mr. Chairman.

RUPPERSBERGER:
Yes, Mr. Secretary, thank you for being here and I just want to acknowledge I Admiral Richardson and General Neller you managed through some very difficult times including sequestration and which is probably one of the worst things this Congress has ever done to our country into our military and you were able to go through that and we respect you and we wish you well in your future lives.

I want to talk to you about the infrastructure at the Naval Academy, Mr. Secretary. Prior to 2013 the United States Naval Academy operated under what they called a flagship agreement which was instituted in 2005 in this agreement insured a minimum level of funding for maintenance of the United States Naval Academy fiscal complex and provided for recapitalization of facilities. By 2012 the United
States Naval Academy was receiving about $36 million per year for sustainment and $35 million per year for renovation and modernization. However sequestration and other budget factors placed pressure on the infrastructure spending which led to reductions at the Naval Academy. This caused a significant backlog of maintenance and deterioration of the United States Naval Academy's infrastructure.

In 2017 a new agreement one is implemented which provides approximately $30 million per year in sustainment funding for the Naval Academy and starting in 2020 $15 million per year in recapitalization funding and starting in 2012 $15 million per year in recapitalization funding. But only every other year. Now I have been on the board there for 10 years, I am vice chair of the board right now and part of the reason that we have members of Congress on the military boards is to advocate for them. I know--I know that Steve (INAUDIBLE) on the West Point board and we have the Air Force. I think these institutions are one of the reasons we are still the most powerful

RUPPERSBERGER:
--world, but we need to support them. The--the infrastructure at the Naval Academy is basically falling apart. There've been newspaper articles about it, Bancroft Hall, there's fungi--fungus in all--in the dorms, and it's just a matter of funding and it's really, really important.

I know the Naval Academy, which I--I--we all worked to get this done, have built a new building for cybersecurity, which is really important and that's going--going to be very positive. In fact, it was the fastest curriculum that we had moving ahead in mere people graduating in the cyber security and. So what I--what I really want--really want to say is that my question is the Navy considering an adjustment to its budget in the out years to resolve the issues in there--I'm not going to go over them now, but I think you know what they are, so the Naval Academy can stop differing maintenance and sustainment?

These institutions in my opinion are as good as any Ivy League school, the training, the honor, the--the commitment to--to their--whatever their expertise is going to be once they graduate. So I'm asking you the question, what can we do to get--to help get more money? We're willing to do this in our board. Steve, I'm sure you're having some of the same issues. And again, a lot of it goes back to sequestration, which hopefully will resolve that once and for all.

SPENCER:
Congressman, music to my ears. This is what it all comes down to in portfolio management, to be very frank with you. Yes. I could do with more money. I do not want to ever see the Navy investing 70 percent infrastructure ever again. We will not do that because, as I said in the opening comments, infrastructure is a direct correlation to readiness. And when it comes to what we just did with our education for seapower, which was this study that we adjusted, education is our answer to a root cause problem, which is to make us that much smarter out in the war field.

We can expand the competitive advantage if we fight smarter. That starts with our educational institutions. And in the Navy alone, I have three. I have not only the Naval Academy, I have the Naval War College and the Naval postgraduate school all suffering from the same thing. I will make your commitment we will try to put every single dollar we can forward to improve those because we must.
RUPPERSBERGER:
Well, with that regard is endgame and I would like someone from your staff to work with my staff to make sure we start focusing on this--this amount of money. I'm sure Steve will be in--when it comes to the Army, but--but the bottom line, we just won't don't want to be in a hearing and hear what we want, we want to get it done. And if we can both do it together, I think. So I--whoever when this hearing is over, I'll have my staff get with you and then we can decide where we can go, what the plan is to have to resolve this issue once and for all.

SPENCER:
Congressman, I would love it and I'd also like to think outside the box. I'd like to open up more authorities to the foundation so we can get private dollars to help us.

RUPPERSBERGER:
Well you know, there are a lot of private doctors--dollars coming in. Unfortunately, they might not be focused where they need to be. That's another issue.

SPENCER:
That's where we might need some authorities.

RUPPERSBERGER:
It's a very active alumni that's working on that, right?

SPENCER:
Exactly.

RUPPERSBERGER:
Okay.

SPENCER:
I look forward to working with you on that.

RUPPERSBERGER:
I yield back.

VISCLOSKY:
Diaz-Balart.

DIAZ-BALART:
Thank you, Mr. Chairman. Gentlemen, thank you for--for your service to the country. Let me--let me talk a little bit about this hemisphere. The Navy used to operate some of its Perry class frigates in the Caribbean to assist the Coast Guard with drug interdiction and--but those ships are obviously retired, so that--that stopped happening. And so what we hear is about 25 percent of what we see coming up from that part of the world come to the United States to poison our families, our kids is--is we are able--we're able to intercept and the Coast Guard continually repeats something that we think makes a lot of sense, which is a lot more effective and efficient to--to intercept there that when it comes and it already has our streets.

Mr. Secretary, you, I guess, wrote a letter in December 17 asking that the Navy provide at least four literal combat ships and expeditionary fast transport ships to once again support the again the counter drug, counter narcotics, again, some coming from the southern part of our hemisphere. Your letter noted that the figure of four ships was well below SOUTHCOM's requested amount, which is obviously accurate. And more recently in February was reported that a single LCS with and embarked Coast Guard law enforcement attachment will be headed to SOUTHCOM this year to contact again these type of operations.

So where do things stand now as far as the Navy support for--for SOUTHCOM and for the counter drug operations? Has the Navy been able to provide the ships that the secretary is has requested? If not, what level of support is they are available and has--can be provided and when does the Navy anticipate being able to provide at least--at least for the ships, which again, as you mentioned Mr. Secretary, is below what a lot of us and what SOUTHCOM believes the need is. So what are the plans and where are we on that?

SPENCER:
So congressman, just a month and a half ago both the CNO, or you actually went down sooner than that, and I have been down into the South American region specifically spending time with the folks in Columbia and Brazil talking about exactly what could be done in coordination with Admiral Faller. There obviously is a need. The LCS, which would be a great ship in this regard now that we have them coming back into deployment, I've been working with the CNO to see how we can actually have those deployed down in that area. And I'll turn it over to the CNO.

RICHARDSON:
Just as the secretary said, it's really a multi--a full spectrum approach that we need to take, so not--in just the U.S. contribution would be a joint effort, the joint interagency task force that is down there and we work also very closely with our Coast Guard partners. There is--I am reviewing plans to send LCS down there now in a more habitual basis. They can really help with the--the final intercept part, particularly with that law enforcement detachment that you mentioned that brings the authorities to do that type of intercept. And then, as the secretary alluded, working very closely with our allies and partners in the region to just really kind of have a full court press on this area.

DIAZ-BALART:
And appreciate that because I know you know, but one of the things that--that, and really Mr. Rogers is the one who always kind of reminds us, unfortunately, the number of Americans that frankly lose their life every year, was it 70,000, Mr. Rogers, something like that a year? And again, so we can do better,
and I adversely know that it's been an issue of not having the resources. So I'm hoping that those days can be behind us but it would be great if you could just keep us informed as to how that's going because obviously it's a huge--is a huge priority for a lot of us in the subcommittee.

RICHARDSON:
We'll do that, sir.

DIAZ-BALART:
I yield back. Thank you, Mr. Chairman.

VISCLOSKY:
(OFF-MIC)

CRIST:
Thank you, Mr. Chairman and thank all of you for your service to our country. I appreciate you being here today. Mr. Secretary, as I understand, the military uses the Eastern Gulf of Mexico for research, testing, and training activities. Can you talk about the importance of these operations and how those operations would be impacted if the eastern Gulf were open to offshore drilling?

SPENCER:
Congressman, those ranges are--are critical not only the Navy but the Air Force also in that area the way that I think it's phrased from the DOD point of view, which I agree on, is if in fact you can do mineral extraction and or exploration subsurface, we would have no impact with that or major issues with that. Where the primary issues are in the aviation range is anything that's sticking up in the air, to be very simple with that.

CRIST:
So any drilling rig would be an impediment?

SPENCER:
Traditional drilling rig. If in fact we could do it subsurface, which I'm sure technology can probably provide us at some point, I think that would be a way to go forward.

RICHARDSON:
Sir, if I could just add, we are also, every time we have these discussions, work in very close coordination with the local community in particular to make sure that, you know, we are not over stretching, or going to the minimum that we are--that we need to meet the training mission so that we provide maximum flexibility for these other types of activities.
Crist:
Thank you. I wanted to talk about climate change with you a bit. In January, the Department of Defense completed their report on the impacts of climate change on military installations. Apparently, the report found that 18 Navy installations are at risk and 16 of which are currently at risk of recurrent flooding. This report did not look at foreign installations, so the worldwide number is likely higher than that. Can you talk about the problems rising sea levels are causing the Navy and what you're doing to try to mitigate the effects of climate change itself?

Spencer:
Rising waters are, congressman, are a continual concern. They are in our forward planning. Right now one of our MILCON projects for Norfolk is flood control, flood prevention in the Norfolk area, but I will say that it's any major weather event. Weather rising water--waters Camp Pendleton, we worry about the fire impacts out there, wildfire impacts. We are continually working this into our assessment of risk.

Crist:
Great, thank you. In 2017, we had back-to-back fatal incidents involving the USS Fitzgerald and the USS John McCain. 17 sailors lost their lives. According to a report by ProPublica, systemic issues dogged these vessels and ships across the Navy inadequate training for sailors working 100 hour weeks, vessels not properly maintained, a command structure that silenced senior military officers and Naval officials that spoke up with concerns.

I understand that the Navy is investing heavily in new technology and next-generation vessels, which is important to keep in--keeping our superiority. However, we need to also invest in the men and women who carry out the missions. What have you done specifically to address the staffing and training issues exposed by these tragedies, and how can our committee be of further help to you?

Spencer:
Again, if I can give you an overview, and then CNO, if you'd like to dive in, post the accidents, congressman, as you know, CNO set out with advice on the comprehensive review, and I set up a strategic readiness review. We just reviewed the numbers at 111, and we've implemented 89 of these. These are critical. They range from policy procedures of turning on AIS, an automatic identification system, when transiting commercially heavily trafficked areas to longer impact educational and--and training devices schools that we've put together. We're committed to it. We're already seeing some of the better product coming out to the fleet. CNO, I'll turn it over to you.

Richardson:
Sir, I'll just say that, as you said, this happened in 2017. We just issued our sort of one-year report card in that effort. This remains our highest funding priority, and it really is a comprehensive approach. The manning (PH) situation in our forward-deployed naval force in Japan is much different than it was then. The training, both the amount of training and the technology to support that training, is on a--right on glide path. The schedule rigor of the commanders out there really to make sure that we provide enough time to do maintenance and training and that we adhere to the certification requirements, that was a big part of what we saw when we explored some of the causal factors--contributing factors, I should say, to the collisions. And then managing the surface warfare career path. So it's really been a
comprehensive approach. As the secretary said, many, many recommendations, but what we're really after is a climate change that the entire Navy learned from, but particularly the surface warfare community. I can provide you that report card. It's completely releasable. And we've testified before this committee and other committees in Congress to make sure that we're keeping everybody as informed as possible.

CRIST:
That would be great, Admiral. Thank you very much. Thank you both, and appreciate your service again. I yield back, Mr. Chairman.

VISCLOSKY:
(OFF-MIC)

ROGERS:
Thank you, Mr. Chairman. Gentlemen, welcome. General Neller and Admiral Richardson, I understand you're both fixing to retire, and we wish you much happiness in your next life. We profoundly appreciate your lifetime of service to your country. You've served it admirably, and something of which we are all very proud. General Neller, I understand the Army, after years of research and investment, much of it advanced by this subcommittee, awarded the contract under the Soldier Borne Sensor program for the Black Hornet. That's a highly-capable, squad-level reconnaissance asset, a small miniature drone helicopter, with television capabilities, highly capable, to give troops and marines immediate over-the-fence or around-the-corner capability both night and day. Are you aware of that program and that the Army is now putting it in place, General?

NELLER:
I'm aware the Army is looking at a number of different unmanned quadcopters or small squad element. In the past two years we feel that probably something a little bit more robust because our experience has been, you know, you get in a little bit of weather and something that small tends to get buffeted around, but I wasn't aware that they were actually--had a program of record for that particular capability, congressman, and so we'll take a look at that. But we clearly are trying to push unmanned aerial vehicles down at the smallest elements of the ground maneuver force so that they have the ability to look into buildings or look over the next hill so they don't have to send a marine or a soldier in there to do that. But I will take a look at that.

ROGERS:
Well, Tranche One Systems are now being delivered to the Army for initial integration into the force. FLIR has delivered over 8000 Black Hornet named UAVs around the world. The research done by the Army over years is through and is now fruitful. So it would be a big savings for you to adopt this system rather than try something new and spend more money.
Well, we'll certainly take a look at that.

ROGERS:
Good. Let me quickly change, Mr. Chairman. South China Sea. This political tectonic plate collision that is occurring before our eyes, tell us about the significance of what's going on there and what are the Chinese doing to prepare and/or execute?

RICHARDSON:
Sir, I'll take that question. The South China Sea, an extremely important body of water. As we talked about in my opening statement, really the United States remains a maritime nation. About 67 percent of our economy is directly tied to the seas, and about one third of the world's trade flows through the South China Sea, trillions of dollars of trade. And so it's extremely important. We have great national interest in there, and our economy depends on that flow, which is why we’re there. And we've been there for 70 years, and we're not leaving because we've got to protect those national interests.

We've been consistently steady. We haven't done anything to elevate our level of presence, but as I said, we're there to make sure that freedom of navigation is maintained and to advocate for the rules-based order that has allowed all of the nations in the world, particularly in that area, to florist.

China has taken a bit of a different approach, unilaterally constructing a series of islands and then militarizing those islands. They've been opaque about their reasoning behind that, and it's created a very uncertain situation as people are trying to figure out exactly what their motivations are. But--and I would say that a recent development is that more of our--this is not a bilateral issue between the United States and China. This is a regional issue, and more of our regional allies and partners are realizing that and are starting to advocate for this same system.

ROGERS:
Can you speak to the military implications of China's military goals of a blue-water navy and how this applies to the security of us, our allies and our interests in the region?

RICHARDSON:
Right. Well, when a nation's economy grows to the point that it's really reached the capacity of its continental bounds, the next step is to go overseas, and so China has--the People's Republic of China has been very vocal and transparent about their Belt and Road Initiative that they are using. A big part of that is our sea lines and harbors, dual-use harbors, and they need a global Navy to secure that infrastructure and those trade routes. And so they are building. In fact, the last 10 years they've transformed their navy, building--they're building aircraft carriers, cruisers, destroyers, you know, a very capable navy, increasing their submarine force and everything new. They're the nation--the world's biggest shipbuilder. And so this is a great challenge that some of the asymmetric capabilities in our budget in terms of unmanned, hypersonic, directed energy, are designed to address this increasing threat from the People's Liberation Army Navy.

ROGERS:
Can you speak to the quality of the--of the new ships and the new equipment that--

RICHARDSON:
Growing.

ROGERS:
I'm sorry?

RICHARDSON:
Growing more capable and higher quality every day.

ROGERS:
Higher quality than?

RICHARDSON:
Higher quality than they were before--

ROGERS:
Yeah--

RICHARDSON:
Improving.

ROGERS:
Higher quality than us?

RICHARDSON:
In some areas they are probably peer, right, as good.

ROGERS:
Thank you. Thank you, Mr. Chairman.

VISCLOSKY:
(OFF-MIC)
KAPTUR:
Thank you, Mr. Chairman. As with others, thank you very much, Commandant Neller, and Admiral Richardson for your patriotic service to our country. It's really been a privilege to work with both of you and with all of those whom you have served.

I wanted to quickly ask first, on the subject of hypersonics, Admiral Richardson, has--do you know if the Navy, in selecting--how is the Navy involved, if at all, in the selection of at least three sites to spend--expend over $250 million? Were you involved in creating the criteria by which those sites were selected in any manner, or were other branches more involved?

RICHARDSON:
Ma'am, I can speak in general terms about hypersonic, an extremely important capability. We're working with our partners in the Army and the Air Force to team together to make sure that we all are kind of playing to our strengths with respect to hypersonic vehicles and conventional prompt strike. But I'd have to get more details on the sites that you're talking about, ma'am. I'm not--

KAPTUR:
Okay. As I understand it, it's at China Lake--let's see--Naval Ordinance Lab at White Oak, Maryland, and Arnold Air Force Base. The information I have shows these facilities will costs significantly more than other facilities that actually have been mothballed and are near ready. And I will give you a series of questions to answer. But I'm curious whether the Navy has toured facilities that would be cheaper and take less time to construct and bring online for those test capabilities.

SPENCER:
Congresswoman, if I could answer that, I'd be more than happy to take those questions. We've been working in lockstep with the Army and the Air Force. In fact, we signed a memorandum of agreement to work together on this to find the most effective and efficient way to go forward so we specifically won't be siloing each other's events. I'm more than happy to take this--questions from you and respond.

KAPTUR:
All right. I would very much appreciate that, Mr. Secretary. I have a follow-on question for the Admiral. And that is, in your procurement of Harpoon block 2, do you know whether, how many contractors will be involved in providing those weapons to our country, to the Navy?

RICHARDSON:
Ma'am, I just want to make sure I'm accurate. I'll take that for the record as well so I don't miss speak. You know, I think about the capability that the Harpoon brings us, particularly, you know, the new ways that we employ it. But I do want to make sure that I link up with the Secretary and our--our acquisition armed to make sure that I'm not--I give you the very latest data on suppliers.

KAPTUR:
That will be extremely interesting for me to take a look at. And over the years, just so you know, Ohio has lost a capability that--its people manufactured the internals of that missile and no longer do, for the most part. It’s quite a disappointment to us, especially when it was one of the best missiles that the Navy ever had. So, just what's happened in the private sector is very interesting, and we're very disappointed in what's--what's occurred over the years on that. So, I just wanted to bring it to your attention.

Secretary Spencer, in your testimony you said that you've invested in civilian workforce including enhanced hiring and training at our public shipyards, but you're sometimes short in the talent that you need. Could I ask you, have you ever networks with the Great Lakes, ports and public shipyards on the Great Lakes, or just on the other coast?

SPENCER:
Primarily the other coast. But when it comes to the Great Lakes, where we look to the private sector, Marinette has done a great job of reaching out into the community. One of the things that we took as a best practice from some of our shipyards down South, to be very frank with you, was what they had done, teaming together with their states to provide vocational training and/or technical expertise to allow candidates to become qualified for employment within our shipyards. I believe Marinette--the Lockheed Marinette team up there is doing the same thing.

KAPTUR:
Well, we'd to be very interested in having you suggest a way for us to bring some of our public shipyards on the Great Lakes together and maybe develop a program to help you provide the talent that you need. But we need to understand better what you're trying to do. And that would be of--of great benefit to us.

SPENCER:
We will respond.

KAPTUR:
Thank you. And finally, Commandant Neller, in your testimony you say that Navy and Marine Corps team no longer relies on concepts and capabilities premised on uncontested see control. We must establish a forward deployed defense and depth anchored on it naval inside forces capable of expeditionary advance base operations in support of the--of the naval campaign. I'd like to ask you, in view of what is happening north of North America with the melting of the seas north of the Hudson Bay, could you talk a little bit from your perspective on what--your statements relative to becoming more lethal, resilient, and capable competitor as a deterrent, with what's happening up there, what does that mean? What does it mean for the Marine Corps?

NELLER:
What is means for the Marine Corps, Congresswoman, is we know that the Russians have, not to the level they were during the Cold War, but they have reestablished bases and airfields and capabilities on
their northern frontier, which would allow them, depending upon what the climate is or what the weather conditions are, to potentially control those sea lines. And so, for us--

KAPTUR:  
--I would love for somebody to come and show me a map of that.

NELLER:  
We can do that, but that would be obviously the--the actual specific capabilities are--are classified. But--so, our ability, as all the U.S. forces have been focused for understandable reasons on them--on the Middle East and the CENTCOM AOR for the past 17, 18 years, I think you find that the naval force, Trident Juncture, the exercise we did in Norway is a perfect example of where we are starting to operate again in the more northern climates because it's--it's a different environment for you, not just because it's cold but because it affects your equipment, it affects your personnel, it affects your aircraft, and it affects all the things that you do.

So, we realize we've got to get back into operations into that area. The Expeditionary Advance Based Operations concept is a way--is kind of geographical--geographically agnostic, that you would go into an area, establish a base in support of the naval campaign where you could potentially control sea lines of communication from the land with long-range precision fires, provide arming and refueling for aircraft to extend your range, which is kind of what the Chinese have done in the South China Sea. They're using that area to extend their range out into the Pacific.

So, we're looking at, along with our shipmates in the Navy, how we can potentially occupy bases regardless of the geography, be there and then continue to maintain--maneuver to create a dilemma for the adversary.

KAPTUR:  
Thank you very much. Again, if there's anything--yes, Admiral?

RICHARDSON:  
I just was going to pile on to say that we've been exercising up there a lot more than we use to as well in response to this climate change that has opened up sea lanes, exposed continental shelves, etc. And so, starting really--we've had a steady program up there with submarines that would--every two years we go up there and surface to the ice and do a number of military and scientific experiments.

In 2018, we had an exercise, Arctic Edge, in March. We did the ice-X in March and April. We took a carrier strike group north of the Arctic Circle in November of last year for the first time since 1991. We did an exercise in February of this year up there, and we are planning for an amphibious exercise with our partners in the Marine Corps later on in September. And so, in response to that changing security dynamic, the Navy and Marine Corps team is exercising and regaining those skills it takes to operate in that environment.

KAPTUR:
Not to abuse my time, could I just say could you come in on the Black Sea and what you see is the role of the free West in what is happening there?

RICHARDSON:
Well, like the South China Sea, if we're present, we have a destroyer in the Black Sea at regular intervals to make sure that that doesn't become a denied area for us. And like the Western Pacific, very much a regional issue. We've got to continue to strengthen our partners there by exercising with them so that they are more resilient, particularly to the challenge posed by Russia at sea.

KAPTUR:
Thank you all. Thank you, Mr. Chairman.

VISCLOSKEY:
(OFF-MIC)

MCCOLLUM:
You've had a couple of questions on climate change and--and what's going on in the Arctic, and I'm going to follow up on that a little bit. As you alluded to, the sea lanes are opening. Both China and Russia are working hard on establishing themselves in the Northern sea route. MCCOLLUM: They're investing in an artic posture. And that's gonna create security vulnerabilities, not only for the United States but for some of all allies. And they--last month CNN reported that new Russia base in the artic--Arctic Circle also reported that Russia has 50 percent of the arctic coastline and is working to expand it by another 100--excuse me, 1.2 million square kilometers. So, clearly, and you know it well, our adversaries are--are active up there.

So, if you don't have all the information you'd like to, you know, present in a short period of time, I would really like for you to share with the committee an update on Russia's and China's recent activities in the Artic region or if it needs to be done in a different format, please work with the chair on that. What type of weaponry our near peer adversaries are introducing and how are our allies, especially in the Scandinavian shows viewing these activities? I've had some quite frank discussions with some of the Nordic nations. And so, how does this fit into your budget request in 2020 with--with looking at what we need to be doing in the Artic. And, as you know, Congress finally, and I do mean finally, appropriated funds to construct a first coast guard heavy polar icebreaker in over 40 years. We are way behind on the icebreaker updates. And even though the artic is slowly melting, ice is always gonna be a problem up there with storms and navigation and that.

So, what's the Navy looking at as far as having assets to--for icebreakers in the future? So, I know I asked a lot of things kind of rolled together, but some of us, as you can tell, are really starting to track this with a great bit of detail.

RICHARDSON:
Ma'am, we're tracking it as closely as that as well. Partnering with the Coast Guard in terms of acquiring an icebreaker so we've got a joint program office that's helping it through the shipbuilding decisions.
We've just recently signed out the strategic outlook for the Arctic which talks about our need to, one, you know, continue to defend U.S. sovereignty and protect the homeland from attack from the Arctic to ensure that the Arctic remains stable. So, there's a strategic approach to this. I'd be happy to bring you all the details on that.

And then, as I pointed out to the last question, exercising more and more up there. We're finding that, you know, a lot has changed in the last 20 years, but it's still really cold and heavy seas up in the north of the Arctic Circle in November. And so, a lot of this is just taking some old books, updating those lessons and getting back up there. And so, this is the way that we're addressing that.

MCCOLLUM:
Well, there's certainly cold weather places to train besides Alaska too. We have a National Guard unit in Minnesota, you know, General Wellhouser from South St. Paul, Minnesota's in Africa. It's a little warmer working in Africa, but we certainly have cold weather conditions up there and work a lot with the Norwegian home guard.

So, I look forward to learning more about this. I'm late to this meeting, in part because I'm the chair of the Interior Appropriations Subcommittee that oversees the EPA. I'm gonna really switch gears on you and talk about environmental remediation, particularly the cleanup of--of the PFOS and the PFA.

I'm very (INAUDIBLE) I keep reading the paper about the Department of Defense looking into said its own standard for cleaning contaminants, maybe having one standard for water, another standard for--for (INAUDIBLE) contamination. And I sent up for the Department of Defense and the chair and I have made this very clear to decide what the standards are would be up to the EPA, not the Department of Defense. What is important for life, health and safety for our men, women and families who live on our bases?

So, to get down to the where you folks are, there's 401 known locations that the Pentagon's reported. The Navy and Marine Corps have responsibility for 127 of them. And I realize in your current position you're on the receiving end of the DOS--excuse me, OSD policy and guidance. By--in 2019 Congress appropriated millions of dollars towards sampling site investigations of these two contaminants on DoD installations. If you can't do it today, in the near future. And I do mean in the near future, can you walk us through the Navy's process for allocating these future FY20 resources for cleanup and explain how you focused your 2019 environmental restoration funds?

And, additionally, we're hearing a lot of about firefighting and foam contaminating in these chemicals, particularly contaminating ground water. And that's--that's a problem. Anyplace where there's--there's an airbase, airfield as well in the civilian sites. So, this is a--this is a national problem. But, it is a problem for the Department of Defense. So, what additional capacity are--do you--do you need in either identifying or cleaning up these pollutants to the best standard possible? Can you comment on what the Navy and the Marine Corps been finding with (INAUDIBLE)?

SPENCER:
Certainly, Congresswoman. I'd like to start by saying DoD is not looking to set, from my observation from Navy, to set the standard. They were just commenting on the standards. And they'll be set in an open forum. But, more importantly, we are everyone's neighbor in which we live and we will--we are a
responsible neighbor. We’ve proven that in all our previous cleanups when there are issues. I’m dealing with one in Bethpage (PH) right now. If I was to make an overarching headline while we have 147 points, there are 630 airports in the United States that did the exact same thing that the Navy has done. This is an all of government approach. I would--I would beg of you to either take this to the EPA where we can get standard and qualification to have a superfund to pull on like we are doing with the spills we’re working on Bethpage as an example.

We are more than happy and we have done this historically to apply our resources to monitor, whether it be Red Hills, whether it be Bethpage, to make sure that we are environmentally responsible neighbor. When it comes to cleaning up, this is an issue that I really truly believe is an all of government approach because when you look at DoD, we’re a minority in the whole players nationwide.

CALVERT:
Will the gentlelady yield on that subject?

MCCOLLUM:
I will. And I have a follow up. But, I’m happy to yield to the gentleman.

CALVERT:
I thank--I thank her. We had this discussion recently. And it--the technology that's being used today, the old technology of pump and treat is not working.

SPENCER:
No.

CALVERT:
And--and there's new technologies out there, biologicals and so forth, that do work. The less cost, and clean it up 100 percent. And the EPA has been slow to move to these new technologies by just the bureaucrats and so forth. And I would hope that both--that the DoD can show the way in cleaning these sites up using these new types of technologies. And maybe we can use this across the spectrum of all these sites in a--throughout the United States, not just on DoD facilities, but facilities all over the country. I just wanted to make that point. Thank you.

MCCOLLUM:
I thank the gentleman for his comments. And we--we--and I--and I share what you were saying. And that's why I was very clear, that this is a national--and it's an international issue. But, having worked on cleanup from Army facilities, and many of us in the room have, the DoD comes in and says oh, we're only gonna clean to industrial standards. Industrial standards are not the same as being a good neighbor with state standards. And in Minnesota, the Minnesota Pollution Control Agency has been successful on getting remediation cleaned up to our state standards, which--which are higher in and redeveloping land, making sure that they've been cleaned up to residential standards. And because you have such mixed use on the bases with people constantly coming in contact, sometimes family members present
on certain parts of the bases for certain activities and that, I really think we, and I mean the federal government, we need to be--we need to be challenging ourselves to--to go to the highest standards when it comes to cleaning up these contaminants.

So, I want you to know I stand ready to work with you. I--we're, the chairman and I, I'm asking the same tough questions of the EPA. We cannot just sit on our hands on this nor can we just say well, we're gonna just clean up to this--this standard here because it's industrial and, you know, it'll be less money because these will be--legacy issues will be leaving forward.

And there's also things that we're gonna have to address in this committee as far as--

MCCOLLUM:
To merge with our service men and women - my women have been exposed to them just as firefighters and other people have who come in direct contact with massive quantities of these chemicals.

SPENCER:
I am sure you have heard the statistics Congresswoman that 87 percent of Americans test positive for it in their blood serum. So it's everywhere, it's not just firefighters, it's not just the military. This is a--

MCCOLLUM:
I am--I am very familiar--very familiar.

SPENCER:
It's a whole of government. We've got to get the EPA--

MCCOLLUM:
I understand that and I said that but I am saying that the department of defense has a special responsibility. The federal government has a special responsibility to clean up some of this. I mean you look at the budget in the department of defense, I think we can come up with--with environmental remediation.

SPENCER:
I am not disagree with you.

MCCOLLUM:
(INAUDIBLE) disagree with it.

SPENCER:
We are totally in line this. All I need is I need--I need policy and guidance and that is what I am asking for.

MCCOLLUM:
But I am also saying that certain job occupations and I realize it's--it's--it's in the bloodstream. I am pretty familiar with this stuff but some people with their occupations have been more exposed to with than other individuals, some people have come in greater contact with it than other individuals then we need to do our due diligence now rather than have another agent orange or something else in the future--

SPENCER:
Totally agree.

MCCOLLUM:
--where we are dealing with it later. That--that's my point. You have people here who want to work with you to keep it--.

SPENCER:
We are in violent agreement.

VISCLOSKY:
Mr. Secretary you just said that you need policy and guidance to proceed from who?

SPENCER:
well, I--it would be great to have an EPA standard where we are all working in the same--off the same page.

AGUILAR:
Thank you, Mr. Chairman. Mr. Secretary, a third Virginia class sub has been added to the Navy's budget request for FY 20. What complications do you foresee in adding this additional submarine and do you believe the industry has the shipyard capability to handle the increase?

SPENCER:
We do believe they have the capacity to build this. It will build as a leadership but as stated earlier I can't remember if you were here, Congressman or not combined with the Columbia and the Virginia this is the Columbia being our number one acquisition program, Virginia ride alongside it they are both being built in the same quote unquote industrial environment. We are very attuned to the fact that there is little margin involved in there is risk present in the development of a new program.
We are sitting down with industry next week to go through specifically step-by-step what is available out there, where the risk reside and what—what the calendar line looks like. May 16 we are sitting down with the CEOs, myself and the three CEOs, and acquisition and walking through what are going to be resources applications on all team sides.

AGUILAR:
I appreciate it.

RICHARDSON:
Sir, if I could just add on to that with respect to the attack submarine it is the war fighting platform that is furthest below its war fighting requirement. So we are headed down to a force level of about 40s and we are against a requirement in the mid-60s. So this is why we prioritized that submarine in FY 20.

AGUILAR:
Sure. Larger deficiency, greater need. I understand. Mr. Secretary, can you go into a little depth on the Navy's plans to build multiple unmanned surface vessels over the next five years? What will be the main function of the vessels and how do we get from the R&D phase to the procurement phase?

SPENCER:
Unmanned, whether air, surface or underwater is going to be a key area it already is a key area of research and development than application for the Navy going forward. We are now in the learning phase of what we will do with that but I mean as you have seen with Sea Hunter already made a successful transition from San Diego to Honolulu and back unmanned using cold rigg (PH) the rules of the road for surface navigation. Great hope here.

What would it be? I defer also to the--to the Commandant and the CN know in this case. I see it as additive capacity. They might have a finer point on it but again if I was to use an analogy the Ford F1 50 truck to help existing ships have more capacity also in the logistics being a backbone for logistics, freeing up jobs that might be done more with a human interface. Those would be the two primary areas.

AGUILAR:
So I will tell you just we are looking at a family of unmanned surface vehicles just to focus in on the surface unmanned issue, small ones that would go into minefields, they would be towing sensors, they could find in water and bottom lines obviously a much better option than sending a manned platform into a minefield so this is a use for the smaller ones.

The medium-size vessels we are partnering with the strategic capabilities office so that we can buy some of those. We could use those as the Sec. said just for logistics to move things enter theater. We could use those possibly for decoys, payloads, a lot of different possibilities there. And then we have got to think about a larger version of this as well as we mature the algorithms and such that will allow for more and more autonomous behavior.
AGUILAR:
And what could—what could we expect from a projected timeline when we come to that from the R&D side over the next--

RICHARDSON:
It's happening right now. It's very vigorous. In this budget we are looking at north of 200 unmanned systems supported in the budget including surface vessels.

AGUILAR:
So and again walking through kind of a hypothetical let's say five years out FY 25 what can we—what can we expect a future budget request would look like when it comes to--to unmanned?

RICHARDSON:
All of that is contained in our current five-year request and so we would be looking at about 226 unmanned vehicles. Yes, sir.

AGUILAR:
Thank you. Thank you, Mr. Chairman. I will yield back.

VISCLOSKY:
Thank you very much. Admiral, I would like to talk about childcare and Commandant as well. The Navy as I understand it currently has a wait list of about 7800 with the bulk of about 68 percent in the most heavily populated installation San Diego, Hawaii, the District of Columbia, metropolitan area and nor folk. The Marine Corps waiting list is smaller. It's 573 people as I understand it today. Given that looking ahead to 2020 the Navy is not planning on increasing the number of child development centers or family care homes even though the number of facilities has remained stagnant for the last two years. It is my understanding that the Marine Corps also is not looking to expand the number of day care centers if you would even though that is also remain unchanged for a number of years. For the budget for 20 the Navy is asking for what looks like a $50 million increase in spending for daycare. My understanding is in fact it is a $7 million increase over this year's spending. The Marine Corps is looking to in their requests spend $11.8 million less than it did two fiscal years ago. I think people wanting to serve in the military and worried about their children and only at a base for three years or two years or less than that if they are diploid what is the problem here at about not providing more day care services? 7800, over 8,000 people under your commands waiting for daycare and there's no plans in 22 increase that capacity.

RICHARDSON:
Sir, I—I will take a first stab at this. We agree 100 percent and as the Sec. said in his opening statement you can recruit a sailor but you are going to retain a family and a lot of those decisions are going to be made based on childcare.

As you pointed and some of our greater fleet concentration areas is also the area where we have the longest waiting list where about probably 75 percent of our total projected need. We look forward to
expanding that capacity. The quality is something that we think is about right but it is just we don't have enough and another option that we have looked at is to provide some subsidies so that if you can't find it on base you can go out in town but in those population centers where our bases are the childcare situation is even worse outside the gate. The wait list are longer and there's even fewer spots being met. It is another national problem where the Navy and the Defense Department is a part of that. We look forward to looking at every possible solution. Adm. Mary Jackson our chief of Naval installations command has solicited put together some teams to look at every possible idea and we look forward to working with this committee to mitigate this shortfall.

VISCLOSKY:
But there's no request for additional facilities in '20. When is this going to happen?

RICHARDSON:
We--we will take a look at it, sir. You are right, there is nothing in '20.

VISCLOSKY:
I--I appreciate in the absence of facilities the subsidies you are right it is a very uneven world out there. I remember when my son who is in his 30s now was born his wife and I had every resource in the world, every resource in the world and it took us nine months to find good daycare. And I'm thinking recently being in San Diego I don't want to pick on Southern California but if I have a subsidy and it's a great daycare center off-base and I'm living somewhere else in the Metro facility I am getting up bed for o'clock in the morning by the time I get my kid to daycare and then I get to the facility to start working let alone then I have to go pick my child back up and get home. And looking forward to dealing this with a backlog of 1000 people between the two commands and not having any plans next year in 2022 deal with it I don't--I don't think that's looking forward to dealing with it.

RICHARDSON:
Yes, sir. We will--we will--we will address that maybe not with facilities this time. We are still setting the requirements to see that there are other creative possibilities but we do agree with you 100 percent. This is a chronic problem and we have to get after it.

VISCLOSKY:
We are going to mark up our bill very shortly. We are in the process of putting the pieces together so time is of the essence

But I do not want to wait 'til fiscal year 2021 to work down that list of over 8000 marines and sailors who are desperate for daycare. I'm really looking to work with you to--I think we're all agreed--in 2020 to start dealing with this problem.

RICHARDSON:
Sir, we'll work with you, and we'll beat your timeline. And we do look forward to participating in the national problem that is childcare. So you mentioned San Diego County--
VISCLOSKY:  
(INAUDIBLE)

RICHARDSON:  
If I go out, the shortfall in San Diego County is almost 200,000 spots.

VISCLOSKY:  
Right. Admiral, another question is, unfortunately, an 18-year-old female recruit died at a Navy boot camp in Great Lakes last week. My understanding is that earlier this year a 20-year-old female recruit died while undertaking her own physical fitness assessment. I don't mean to trivialize the loss of two lives by saying is this an aberration, but what were the circumstances? Is there a pattern? I'm struck that both of the recent deaths are female recruits.

RICHARDSON:  
To the degree that we have investigated it so far—and some of the investigations are still in progress—there really is not a pattern between the two, and it appears that there is no smoking gun or anything that we can point to in terms of some precaution that we should have taken or something like that. But we continue to investigate it, particularly in light of this most recent second passing.

VISCLOSKY:  
Okay. What I would like—and then I'll turn to Mr. Calvert—is have a discussion about submarine procurement, as well as submarine maintenance, but particularly a focus on maintenance. The budget request has $11.6 billion in for procurement. We've had a number of people touch upon submarines for three Virginia-class submarines, advanced procurement for one Columbia-class, and advanced procurement for two Virginia class submarines. Because there has not been any advanced procurement for that third submarine that's in the request for '20, my understanding is that would be a ship for 2023, give or take.

Talking about maintenance, from fiscal year 2012 to 2018—and this is cumulative for—and I'll just talk about submarines for a moment—had maintenance delays of 7321 days. Looking at a graph from GAO, it would appear for fiscal year '18 that for submarines the number of day delays is somewhere between 1750 and 2000. And I'm struck that the graphs for surface ships and submarines all tend over those years to move to the right with longer numbers.

The Navy has requested an excess of $10 billion in base and OCO for maintenance funds for these types of activities. The Navy has also submitted unfunded requests for $814 million. That figure includes $653 million for submarines. And I want to focus on three in particular. It includes $290 million for the USS Boise (PH), $306 million for the Hartford and $57 million for the Columbus. And all three, as I understand, are Virginia-class. Currently, Boise and Hartford are in dry dock. Columbus is in need of repairs. According to a GAO study on Navy readiness, the Boise was scheduled to enter shipyard in 2013, but due to several delays the Navy has postponed the repairs. The Boise has now lost its dive certification as of February of '17. So we're asking for additional submarines, and we've got two in dry
dock and another one waiting. And for those three submarines, in particular, they're asked in the budget in the unfunded request. And the additional Virginia-class wouldn't be ready until 2023. I don't understand the economics of that at all.

SPENCER:
If I could start, Mr. Chairman, and then again more than happy to have the CNO dive in, at the whole level of ship maintenance, am I satisfied? No, not at all. Between--and I don't want to pull out a crying towel of sequestration, but on historical review on my part that really did hurt us as far as allocation of dollars, where we were putting dollars forward. Let's talk about how--where we are and how we're getting out of it. The shipyard modernization program is one of the keys to get flow, maintenance flow through our shipyards. That unto itself is not an inexpensive program. I think I've said this before. Yes, I like buying new things, but by God I like fixing old things. I have to get them back out into the fight. We expanded our capacity by having private shipyards assist in the maintenance of our submarines. To be very frank with you, that has not gone as quickly and as fast and as efficiently as we had expected. We're addressing the issues at hand. The increase in manpower in the public yards is addressing that. It is not moving as quickly and as fast as we would like, to be very frank with you. But we are having improvement, albeit incremental. CNO, I don't know if you want to--

RICHARDSON:
Just I think the secretary captured it. There are a lot of different aspects of--in your question, Mr. Chairman. There is the new shipbuilders, primarily for submarines, electric boat and Newport News shipbuilding. That's one industrial base, if you will. They do some repair. There is the public shipyards that do our nuclear power warship repair, and then there's the private shipyards that do our surface ship repair. All of those I think were leaned out. They're on the recovery path. I would say that if you look in the aggregate--and I look forward to bringing you those numbers--the amount of idle time, if you want to call it that, has been shrinking over time for ballistic missile submarines and carriers, and we're looking forward to bringing that discipline into the SSN world as well.

SPENCER:
Mr. Chairman, I want to make sure everyone doesn't leave here with the wrong impression. We are after this issue. I mean this is one of the key issues that we're working on in the sustainment side of the house is how we get flow through so we can get our ships back out onto the sea. Submarines are a prime example.

VISCLOSKY:
I appreciate the consequences of sequestration, but that was some time ago, and the Congress has provided a lot of relief. And I guess my specific question still remains. The Navy for the first time now has put a third Virginia-class in. I'm not saying I'm for it or against it. They put it in. I've got a Boise that was scheduled for 2013 that has now lost its certification, and it's in the unfunded requirement request. It's not even in what you're asking for this year to catch up on your maintenance.

SPENCER:
I see them as two different--I'm sorry.
VISCLOSKY: (INAUDIBLE) is not in your request for '20. It's in the unfunded request list, and the Columbus is in the unfunded. You've got three subs out there, two of which are in dry dock, and they're not even in the basic request for '20, and I want another sub.

SPENCER: The other sub, chairman, we have our retirement schedule.

VISCLOSKY: Let me ask you this. Why didn't you ask for the money in the maintenance for these three ships for '20?

RICHARDSON: Some of this is a matter of what we discovered. Some of this is a matter of industrial capacity. So with respect to the Boise in particular, it's a little bit of a timing, right, so the public shipyard--I'm sorry, the private shipyard that was designated to do the Boise repair is currently still working through other submarines that they're doing, so there is a bit of a cascading effect that is at play as well.

VISCLOSKY: I know maintenance (INAUDIBLE) different than procurement of a new sub, but the fact is if we have a problem as far as capacity, in the request from the administration we don't have capacity problems as far as asking for a new sub. We've got a capacity problem on repairing three existing subs. Mr. Calvert.

CALVERT: Well, since we're on the subject of maintenance and what we're trying to do to address those issues, we also have a problem not just with submarines but with amphibious ships that the Marine Corps relies upon and new amphibious ships where we need lift capability, obviously. It's not--it's good to have a capable Marine Corps, but you got to get them to the fight, and it seems to me that we have some challenges when we talk about the status of our amphibious fleet. Do you want to comment on that, General?

NELLER: We're in a similar position. And again, as a marine I've tracked the readiness and the maintenance of all the amphib ships, of which we're up to 33 with a requirement of 38. So I think--I'm not familiar with the yard issues, the deal with other platforms, but in talking with the CNO and his staff that help us with this, it's a similar issue with contracts and finding things in these ships that they contracted for a certain amount of work, and then they got into the middle of the ship, and they found other stuff, and then they had to relitigate the contract. And then--so it's--there's a lot of reasons, no excuses.

But I think we're making some progress. We keep track of that. Ideally, you know, we would put a ship in the yard. It would have a scheduled time. It would come out on time, and it would fill the deployment
schedule. On the big decks, it's a more difficult challenge because you're having resurfacing going on because you have to resurface the deck in order for it to handle F-35s, and so there are certain things you have to do in addition to that.

NELLER:
I would think--I'm not going to speak for the secretary and the CNO, I don't think any of us are where we want to be, but I think we are well aware of the problem and were working hard with the yards to get--try to get these ships out and try to avoid any second and third extensions. And so we'll work with that. It doesn't just--it does impact on the deployment schedule from time to time and we have to adjust, so we are--we are tracking it. It's not where we want it to be, but we're working hard with the ERs to try to fix it.

CALVERT:
Well, it seems to me, Mr. Chairman, we have a capability capacity problem two in the domestic shipyard, with which leaves the question should we do a better job of incentivizing our domestic shipyard operations to take on more of obviously a tremendous amount of demand out there?

SPENCER:
One of the things I want to make clear, Congressman, when I talked about sequestration, the dollars are in the--what's the question here. During sequestration, we lost people out of the industry who never came back. That's the biggest thing that it cost us is that there was uncertainty so they went to different professions and now we're starting to re-spool up there. That's one of the biggest contributors.

I agree, we should--we are--we are trying to work with every single tool we have two incent, but there is the concept--you asked about the third submarine, you have gross--gross hull numbers that we have to manage and then we also have the existing hull numbers. In those existing hull numbers, the maintenance clock never stops taking so I've got to get them through quickly. And when they sit there, they are still expiring so you still have to manage the gross hull number. That--that's why the third, our top priority is to make sure that these attack submarines are available to us on a gross number. I'm not apologizing for the maintenance involved.

CALVERT:
I wouldn't--I wouldn't disagree with that, but obviously too, the United States is not a reliable customer because of all these other issues out there. And obviously if you're in the private sector, you--you're going to pick people that are going to pay their bills and do things on time--

SPENCER:
Exactly--

CALVERT:
And all the rest. And so we have to be a better--a better customer in the future. That's the one thing--I'll go back to where we started with the--with what Mr. Womack brought up is that we need to get this budget agreement completed because if we don't have a defense budget, a defense appropriation bill on time, we're going to have the same--we're going right back into the tank.

WOMACK:
If the gentleman will yield a minute. So Secretary Spencer, you just mentioned that--that we lost people in the trade, which we all knew was going to happen. I mean, when--when you mess around with certainty, people that are talented to do certain skill sets are going to move to other things if we're not a reliable customer.

And I'm concerned that we are sitting here today, tomorrow is May 1, and I'm a defense appropriator and I can't answer a question about defense appropriations in time for an October 1 deadline. And of course, I spent last year working on budget process reform that I thought would fix part of this problem and we missed on that. So this is it--we--we could be headed right back into the same dilemma, could we not?

SPENCER:
Yes, sir.

VISCLOSKY:
(OFF-MIC)

CALVERT:
I yield back the balance of my time.

VISCLOSKY:
I will recognize--

CALVERT:
Mr. Chairman, I'm going to ask Mr. Womack to cover for me because I've got to go to a meeting upstairs.

VISCLOSKY:
You're good?

WOMACK:
Admiral Richardson, I received a briefing showing that a PAC-3 missile enhanced segment would fit in a--in a surface ships vertical launching system and that this missile being agile, hit to kill, bullet to bullet technology can defend against hypersonic weapons, which we've talked about already in the brief, what
can you tell me about the possibility of this army program of record missile being used on ships? Is this something that the Navy is exploring? If not, should we be exploring this? I know we talk a little bit about, you know, old strategies and new--with a new direction, those kinds of things, multi-domain operations attacking old problems with--from new angles. What can you tell me about the prospect here?

RICHARDSON:
We are--we are working very closely with--across the entire Defense Department to look for efficiencies where we can--particularly in weapons systems where we can use each other's warheads, use each other's boosters, that sort of thing. Right now, the--our ballistic missile defense system uses the SM--the standard missile. Those are in production and--but that's how we've met that need to date, sir. But I think there's enough industrial war fighting demand for both the PAC-3 and the standard missile. That's kind of how we sliced it and diced it today.

WOMACK:
And then finally, for anybody, particularly the secretary, a little worried about replenishment of stockpiles. I can envision if we are in some kind of a great power competition and we end up with a major confrontation that we get a week or two into a conflict and we've emptied our stockpiles, a lot of this stuff takes a while. So is that something that we need to be concerned about? I mean, some complex missiles like IMRs and Tomahawks are--you just don't create those overnight.

SPENCER:
Congressman, one of the great things that you gave us was the two-year budget and that sent the signal to industry and we allocated the dollars to--we did a whole analysis last fall on the global floor minimums for our weapons across services. But the fact that we had a two-year eye to eye, send the signal, got industry back in gear again. Now you're right, some still have a long lead time. We're not of the woods, but we are--we're making progress.

WOMACK:
Yeah. And I'll just say one more thing about budget process reform. The secretary mentions a two-year budget and this is one of the changes that the joint select committee had advocated, got right to the finish line and could not quite get it across the finish line for a lot of really political reasons, but that two-year budget has been--was proven effective, was it not to create certainty?

SPENCER:
Instrumental. And you can ask any of the--any of our prime suppliers and or supply chain members.

WOMACK:
Thank you. Chairman, I yield back.

VISCLOSKEY:
And I would associate myself with the earlier remarks of Mr. Womack and Mr. Calvert to the extent you can suggest to the administration strongly that, and there are three parties here, the House, the Senate, and (INAUDIBLE) we can't wait till September 27 to start these negotiations and do a two-year deal because I am convinced the will is here in the House and the Senate on the committee to get our work done by the first of the year. It's all for not if we don't get those numbers. So to the extent that you could do that, that will be a great service.

What I'd like to do now is talk about procurement of ships. And as you're well aware, there was a GAO report that was unflattering, to say the least, relative to the deployment of new ships with either minor and/or major defects and who ends up paying for those problems. I have a series of questions for the record, but what I'd like to focus on is in the GAO report.

They indicated that on average, the shipbuilder pays to correct 4 percent of the flaws while the government pays 96 percent. To determine this percentage, the GAO reviewed the contract terms for a non-generalized sample of six fixed-price incentive contracts for the detailed design and construction of 40 ships in 5 different shipbuilding programs. Would you have a response to how those cause for minor and major defects are paid for between the government and the contractor because they are on defects?

SPENCER:  
Mr. Chairman, I don't at the tip of my tongue, and I will obviously get back to you on it. I'm just thinking about some of the programs that we have in place right now, such as the LCS, which we are delivering with you know, four-star--on the start reports they're coming out with literally--literally no discrepancies. If in fact these are the earlier ships, and I--you gave me the universe, so I--allow me to get back to you if I could, but our present line, I look at DDG, I look at LCS, I look at the learning curves we're doing there, they're quite impressive.

SPENCER:  
But our present line, I look at DDG, I look at LCS, I look at the learning curves we are doing there, they are quite impressive. First ships as you well know are always pretty dramatic. That is a large universe you have provided so I would like to be able to respond. (INAUDIBLE)

VISCLOSKY:  
With that historical record I think it's all the more important to--

SPENCER:  
I agree.

VISCLOSKY:  
--protect ourselves on the contract side with the vendors when we deal with them. And understanding the historical issue I would ask for the record information on the Gerald Ford. The Gerald Ford was delivered to the Navy in May 2017. This is not the distant past. It will not be deployed until 2022 but there were numerous deficiencies in systems that have been identified including the main turbine
generators, the electromagnetic aircraft launch system, the advanced (INAUDIBLE) gear, the advanced web and elevator, dual band radar and the integrated warfare system. What I would ask for the record is if you could just in this one instance for the four breakout how much of a delay each of these system deficiencies caused to the program for each of the deficiencies the total cost overrun to fix each of the systems and finally the split between the contractor and the government as to who will pay for it.

SPENCER:
We will do that. Congressman, I can tell you right now that the October 15 date the biggest issue that we are looking at right now the elevators. The electronic launching system I--I have high confidence after reviewing what's going on. That will be perfectly fine. The arresting gear we have issued--we have gotten all of the issues out of that. The phased array radar we are online with that like I said the biggest gating event we are going to have is making sure we get the main thrust bearings and the propulsion system outstanding along with the elevators.

VISCLOSKY:
Looking ahead because I can understand any time, I do something for the first time there is unintended outcomes fiscal year budget 2020 request $1.3 billion for the lead frigate. What cautionary actions is the Navy taking to make sure we don't continue to hit our head against a wall like we always have because it's the first one?

So I would say that one of the big--

VISCLOSKY:
What--what will be different this time?

Right. The big lessons from Ford is that with respect to well, no, we bit off a tremendous amount of advanced technology and we decided to put it all on the lead ship, technology that was not developed so this technology needed to be both invented and then integrated into the larger aircraft carrier itself. So we are using with respect to the frigate we are learning from that so that we are using mature technologies we brought industry and much, much earlier into the requirements process to understand the technology maturity, what is really the art of the possible. So we are going to use as I said mature technologies across the board, proven whole designs and then it really just remains to be an integration challenge which is a much more manageable problem so that is what has allowed us to move to a contract award only sort of two years after setting the requirements for the ship. Industry has been lockstep with us in terms of determining the balance between cost, schedule and war fighting requirements so this gives us more confidence that we are going to be able to deliver this on schedule and for the budget that we ask for and step up and then we will have to be poised to continue to modernize that, to integrate more advanced technologies as they mature.

VISCLOSKY:
Again, we have a number of questions for the record and please don't misinterpret my remarks. Adm., we have gone back to when you were the in the nuclear reactor program (INAUDIBLE) Sec., Commandant. The information we received to date in rebuttal or commentary on the GAO report I would say is lacking. So I would want to continue this conversation as far as ship procurement, defects
and particularly who is picking up the tab. I always think of that person waiting at a diner in pick a state in rural America on tips and some of that money somebody's getting paid on these defects is coming out of that person's pocket.

The last question I have is on the transition of military treatment facilities to the defense health agencies. My understanding is the Naval Hospital in Jacksonville was first—was one that was transition last October. We have heard concerns about the transition including that the services are continuing to support the defense health agency more than anticipated. Adm. or Sec. do you know is that concern true and are there problems? How are things going?

SPENCER:
Chairman I will tell you that right now I am going to reserve my comments for you if I could follow up. In the fall when we were sitting down there as the three service secretaries working on this transition there was concern. We sat down with DHA and hammered out where we believe there was a construct to go forward. It's not as much of a concern as it was before if in fact we are following those edicts should we say but if you would allow me to go back and pulls the system to make sure that those statements are correct I would appreciate it.

VISCLOSKY:
Good. And one thing I would add is when you get back to us because we will have a hearing next year God willing with whoever the participants will be would like to be able to look back and say last April we had this discussion and here were some benchmarks we would want to make a decision as to whether we are moving in the positive direction or not. If you could provide us that so not again to find fault but is this working as advertised both from your perspective as well is on the health agency I'd appreciate it.

RICHARDSON:
Mr. Chairman if I could just add on to that, the pace of this transition is of concern to me. How many medical treatment facilities we are transferring in a relatively short amount of time as I talk to people in the healthcare industry and the private sector they would never try to take on a pace like this. So as we want to do this right at a pace that is executable that doesn't allow these sorts of things to fall in the cracks just because we are a slave to a pace that's really faster than we can execute.

VISCLOSKY:
Appreciate that very much. No further questions. Again, gentlemen thank you very much. We are adjourned.

List of Panel Members and Witnesses

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