Apr. 09, 2019 Final
Senate Armed Services Committee Holds Hearing on Navy Posture
LIST OF PANEL MEMBERS AND WITNESSES

INHOFE:
You're--and since now have a quorum, I would like to move to that. It is present. I ask the committee to consider a list of 82 pending military nominations. All of these nominations have been before the committee the required length of time. Is there a motion in favor of the appoint sum of 82 pending military nominations to the Senate? Is there a motion to second?

UNKNOWN:
Second.

INHOFE:
All in favor, say aye.

UNKNOWN:
Aye.

INHOFE:
Opposed, no. The ayes have it. That's done. All right, we have a--let's--let's go ahead on this list, and I'm going to go ahead with opening statements. Then, we'll--we'll have a round after we hear from our--our witnesses. The committee meets today to receive testimonies from the posture of the Department of Navy in its Fiscal Year 2020. We welcome our--our witnesses: Richard Spencer, the secretary of the Navy; Admiral John Richardson, chief of the Naval Operations; and General Robert Neller, commandant of the Marine Corps. And we thank you all three for your service.

The National Defense Strategy directs our nation's military to prepare for the return of great power and competition. This means we must be prepared to deter and, if necessary, decisively defeat our near peer adversaries, and I think we all know who we're talking about. It's China and Russia.

In order for the Department of the Navy to achieve that goal, our Navy and Marine Corps must be manned, trained, equipped appropriately. Significant progress has been made in rebuilding the readiness, but still, there's a lot of work to be done with the alarming speed of modernization that we've witnessed of both conventional and nuclear forces.

China and Russia now present a credible threat to the United States and our allies. It's past time for action. How--however, we must be smart and not hasty, as we modernize our military, recently--recent history should be our--our guide because without better acquisition performance, we could fall behind or further behind our competitors. For example, the last eight combatant lead ships cost $8 billion more than their initial budget and delivery of the last six months late with dozens of deficiencies.

Another example is our--the nine to 11 advanced weapons elevators on the USS Gerald R. Fords still have not been accepted by the Navy nearly two years after the ships deliver. And some other areas also,
the problems with that. And while the promise of new technology may be alluring, it's no substitute for demonstrated performance. I'm highly skeptical of claims by the Department of Defense officials that early retirement of the USS Harry Truman will result in a more modern and lethal force as well as increased industrial base workload.

The reality is the Ford lacks functional weapons, elevators, and has significant reliability problems. No combination of unmanned systems has been shown to match and reach the lethality of the aircraft carrier and its air wing. And the Truman proposal will result in reductions, not increases, of highly skilled employees. We'll have some questions and discussion on the USS Truman during the course of this hearing. Senator Reed.

REED:
Thank you very much, Mr. Chairman. I want to join you in welcoming Secretary Spencer, Admiral Richardson, and General Neller to the committee this morning to testify on the plans and programs of the Department of the Navy and our review of the Fiscal Year 2020 authorization request.

We are grateful to each of you for your service and for the service of the men and women under your command and for the support of all Navy and Marine families, and thank them for us please. I particularly want to thank Admiral Richardson and General Neller, as this is likely to be their last posture hearing before the committee. We thank you for your dedicated years of service to our nation.

As the leaders of the Navy and the Marine Corps, you face huge challenges as you strive to balance needs and support ongoing operations and sustained readiness with the need to modernize and keep the technological edge so critical to military success. In the near term, the Marine Corps has $315 million in the Disaster Emergency Relief Supplemental that they need relatively quickly. I hope we can focus on the potential consequences of delaying recovery activities and move to the Disaster Emergency Relief Supplemental forward.

In addition, because significant levels of funding are being transferred to build the wall on the Southern border, the amount of reprogramming authority will be limited this year. I remain concerned that the Navy and Marine Corps and other services may run short of headroom in reprogramming authority, which could lead to other delays and shortages. In addition, I'm concerned about the opportunity cost of deployments to the border.

The problem—the Navy faces serious readiness problems caused by deferred maintenance, reduced steaming and flying hours and canceled training and deployments. We are all keenly aware of the collisions of McCain and Fitzgerald and the loss of life that resulted, and I'm interested in hearing about the progress the Navy's making implementing changes that will ensure such incidents will not happen in the future.

All areas our naval forces are maintaining extremely high operational tempo. Demand is overwhelming for attack submarines, air and missile defense cruisers, destroyers, and strike fighter inventories. In addition, the Navy is now in its seventh year of operating with fewer than the legally required 11 aircraft carriers. The Ford is listed in the Navy inventory, but that ship which is more than four years behind schedule will not be ready to deploy for many more months.
In addition, during the next decade, the Navy will need to buy the new Columbia-class ballistic missile submarines to replace the Ohio-class submarines. This is an extremely expensive undertaking that is on a very, very tight schedule.

The Marine Corps continues to make modernization of ground vehicles a priority, which requires balancing the procurement of new systems while upgrading existing platforms to meet current operational needs. The amphibious combat vehicle will replace the aging inventory of assault amphibious vehicles in order to provide the Marines with increased force protection and enhanced lethality.

The Marine Corps is also partnering with the Army to develop the Joint Light Tactical Vehicle or the JLTV to replace the Humvee. I will welcome an update from our witnesses on the status of these programs, particularly in view of Army plans to cut back on the JLTV program.

Two years ago, our—you released the Force Structure Assessment that identified a new force structure goal. The Navy's current high level of operations contributed in part to your conclusions in this assessment that the goal on the Navy fleet needs to increase from 308 ships to 355 ships. I'd like to hear what progress the Navy is making in filling these needs. I'm also interested in learning how the plan to retire the USS Harry Truman, rather than refuel her, is consistent with achieving this 355-ship goal.

I, again, thank the witnesses for their service and their sacrifice. I look forward to their testimony.

INHOFE:
Thank you, Senator Reed. We'll now have our opening remarks by our witnesses. Your entire statement will be made a part of the record, and so, be brief if you'd like. Senator--or Secretary Spencer.

SPENCER:
Chairman Inhofe, Ranking Member Reed, distinguished committee members, on behalf of our sailors, Marines, and civilian teammates, thank you for your bipartisan efforts to restore funding stability. I would like to take a moment right now, though, and have everyone pause for a minute. Yesterday, as you read, we lost three Marines and one civilian in an attack. It is still a very riskful world out there.

I would be remiss--

INHOFE:
--I would--I ask right now, though, that we bow our heads in silence for the lives of these and the families of these individuals.

(AUDIO GAP)

Thank you, Secretary Spencer.

SPENCER:
I'd be remiss, chairman, if I wasn't to take a moment right now, since this might be my last time in front of you all testifying on a budget, to say that wearing a businessman's hat, I could not have asked for two better business partners than the CNO and the commandant. I came into a situation that we are working our way out of. If I, again, carry the corporate turn, it was a turnaround. We've done some herculean work, and these two gentlemen were side-by-side, no light between us, as we went forward. And I'd like to just acknowledge that.

The concept of a strategy is the application of limited resources to attain a goal. Aligned to the National Defense Strategy, the Navy Strategy for restoring readiness, strengthening relationships, and reforming our processes has been set, and we will build on that with a disciplined focus on our people, capabilities, and processes.

This budget prioritizes a strategy-driven, balanced approach to investment. It builds on prior investments, sustained—pardon me, sustains the industrial base, and maintains our competitive advantage, if not expands the perimeters.

As we move to a more cost-imposing, survivable, and affordable future of the--future--force of the future. Restoration of readiness is underway, and we're seeing progress, ladies and gentlemen, every day. My analogy is that the wind vanes are all pointed in the right direction. Although we might be a little frustrated with the velocity of the wind, we are moving it continually day by day.

We're building the strength of our team through hiring in areas of critical need, such as cyber security specialists, aviation technicians, scientists, and engineers, human resource specialists, shipyard workers, and digital warfare officers. We're aligning and enhancing our educational institutions, 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 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 in pursuit in a 355-ship Navy, manned and unmanned, to include the Columbia-class submarine, next-generation frigate, and 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 to spares, aviation engineering, and logistical support through our newly created Navy Sustainment System, which is based upon best practices from outside the wire, as I say—commercial best practices.

As a pilot program, these activities have moved us to review our processes in all maintenance areas within the naval enterprise, to include ship, weapon, and vehicle maintenance and sustainment. Driven by the Marine Corps Force 2025 Capability Investment Strategy, we're investing in the amphibious combat vehicle, loitering munitions, and unmanned logistic systems in order to maintain our competitive advantage. 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 unprecedented double impact of hurricanes Florence and Matthew, which together damaged or destroyed more than $3.7 billion of infrastructure across many of our East Coast installations. Camp Lejeune is a primary force generator for the naval services, directly contributing to the capacity and readiness of our force, and that area took the majority of the blunt impact of those storms.

Over the past year, we have meaningful increased our interaction with our allies and friends. Exercises in education have strengthened our ability to operate, therefore increasing the depth of our collective ability to deliver the resources requested. Compared to a year ago, the increase in depth of our relationships with our allies and friends has been the prime contributor to this good outcome.

Our Navy has implemented 91 of the 111 readiness reform and oversight council recommendations, transforming a culture of accepting risk to one of understanding and managing risk. We've reviewed and are in the process of remediating our business processes, following our first top-to-bottom audit. The audit is now proving to be a tool where we find we can leverage lethality.

We're using this information to streamline operations and reimagine how support functions can be modernized in order to drive continued learning and, therefore, producing ever-increasing efficiencies for the American taxpayer. We owe it to them to ensure every dollar that we invest, every dollar, is invested in the most effective manner possible. I am proud to work with this committee to keep that promise. Thank you.

INHOFE:
Thank you, Secretary Spencer. Admiral Richardson.

RICHARDSON:
Thank you, Chairman Inhofe, Ranking Member Reed, and distinguished members of the committee. Thank you for the opportunity to appear here aside--alongside Secretary Spencer and General Neller to discuss the Navy's Fiscal Year 2020 budget.

President Thomas Jefferson wrote that industry, commerce, and security are the surest roads to the happiness and prosperity of our people, and 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's why for over two centuries we have helped keep the seas open for all and opposed 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. Chairman, you mentioned that in your opening statement.

The Navy and the nation are responding with more than 60,000 sailors deployed and aboard nearly 100 ships and submarines at this very moment. By sustainably operating around the globe, advocating for our principles, and protecting our national interests, to maintain this worldwide posture, the president's YF '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 in 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 Congress, we continue to transform our pay and personnel system to 21st century standards. This budget also builds a bigger fleet, 55 battle force ships over five years, preserving our industrial base, strengthening our ability to prevail in any war-fighting contingency.

The budget fully funds a Columbia-class ballistic missile submarine program, fulfilling our existential imperative to deter nuclear attack on our homeland. The budget builds a better fleet, 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 an invest in the Gerald R. Ford class, delivering far more combat power for less cost over their lifetime than their Nemesis-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 nation's and the Navy's responsibility 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 this 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 we are unwilling to postpone, and one we intend to win."

I am grateful to this committee and to your colleagues in the Congress for continuing this important work. We look forward to sailing alongside you to--to build and deliver the safest Navy for our sailors, the strongest partner Navy for our friends and allies, and a Navy that is the worst nightmare for our enemies, and I look forward to your questions.

INHOFE:
Thank you, Admiral Richardson. General Neller.

NELLER:
Chairman Inhofe, Ranking Member Reed, distinguished members of the committee, I'm here today to testify on the posture of your Marine Corps, and I appreciate the opportunity to be here. And I look forward to your questions. I know this committee, the Congress, and the American people have high expectations for our Marines.

As our nation's expeditionary force and readiness, you expect your Marines to be ready to operate forward with our Navy in the contact and blunt layers of the global operation model, to assure our
partners, deter our rivals, and respond to crisis across the range of military operations. And if deterrent should fail and we are called to fight, you expect us to fight and win. As we’re holding this hearing, approximately 41,000 Marines were forward deployed or postured in more than 60 countries around the world, some in harm’s way as we found out all too well yesterday, all engaged doing exactly what you expect of them.

So, our history of you have called upon your Marines to respond immediately to crisis around the globe, either from the sea, from forward bases, or from home station to meet your intent to be ready, to suppress, or contain international disturbances, short of large-scale war. We strive to prevent war by assuring our allies and deterring rivals with ready, capable, and persistently present naval expeditionary forces.

Forward postured naval forces remain critical that end, providing the nation a significant operational advantage through maneuver access and our presence. Now, supporting day-to-day operations to the theater security cooperation, building partner capacity, humanitarian assistance, and disaster relief or supporting current global contingencies requires your expeditionary force and readiness to be present.

We recognize the strategic environment is constantly changing, requiring adaptations to our organization, training equipment, and war-fighting concepts in order to provide our nation the lethal naval expeditionary force it demands. Your Marine Corps is committed to building the most ready, capable, and adaptable force the nation can afford. This requires hard choices, as we balance commitments to our current operations, work to rebuild our readiness, and pursue modernization efforts designed to increase our competitive advantage over our adversaries.

Thanks to your efforts in Congress to provide increased and on-time funding, you have made some of our choices far less difficult. Still, we remain challenged by the lasting effects of Hurricanes Florence and Michael, both mentioned by Ranking Member Reed and the secretary, that hit the East Coast last fall. The financial cost of these two storms totals around $3.7 billion, but their impacts go deeper, and I look forward to answering any questions on this issue that you may have.

I do want to thank the Office of the Secretary of Defense, the Congress, and the administration for their work in supporting and approving $400 million of reprogram resources, so we can immediately begin addressing some of the most pressing needs at Camp Lejeune. The Marine Corps continues to work to address the remaining shortfall within this fiscal year.

Despite these challenges, the Marine Corps remains on the right path, as we implement the National Defense Strategy. We continue to develop effective war-fighting concepts through experimentation and invest in the right capabilities while experimenting ruthlessly to validate our choices in order to prepare for the future.

Most importantly to the success of your corps, we continue to recruit and train the most qualified men and women our nation has to offer, men and women who raise their right hand, yearn to earn the eagle globe and anchor, and serve something greater than themselves and represent the best our nation has to offer around the world.

The Navy/Marine Corps team remains our nation's expeditionary force in readiness, forward deploy, forward postured, competing every day, and with the Congress's continued support and commitment,
we'll ensure that we must send our sons and daughters--if we must send our sons and daughters into harm's way, they will have every advantage our nation can provide.

Lastly, as mentioned by Ranking Member Reed, this was likely to be my last appearance in front of this committee, as I close out four years as a Marine, the last four as the commandant, and I want to personally thank this committee for your support that you show every day to your Marines. Thank you, and I look forward to your questions.

INHOFE:
Thank you, General Neller. I had a couple of systems I've talked about that I think are worthy of bringing up in this hearing. First of all, Admiral Richardson, what is your current requirement for aircraft carriers?

RICHARDSON:
Sir, the 2016 Force Structure Assessment lists 12 aircraft carriers--

INHOFE:
--I understand that you're now talking about even consideration to taking out the USS Harry Truman. Now, my question--my first question to you is why would you--it's my understanding that over the last--for 22 days last December, there was not a single aircraft carrier or strike group deployed. Right now, we know that we have a need, and to take out I guess the Truman--you--you could characterize that as being in midlife at this time--to take that out of the system, will you have something then that can actually change our deficiency from two to one. In other words, come up with 11 as opposed to 10. So, what--what would motivate that--that decision?

RICHARDSON:
Chairman, thanks for that question. I'd like to think of the budget submission as a--particularly with respect to the Truman, as a bit of a discussion centering around three elements of the budget. One is that we have, indeed, proposed not refilling the Harry S. Truman at--at--in her midlife so that we can take those funds and invest them into advanced technologies, all with the idea of increasing naval power into the future. Our budget, as I said in my opening statement, is forward-leaning into those technologies.

INHOFE:
But that would have the result of bringing our numbers down--

RICHARDSON:
--It would indeed--

INHOFE:
--By one additional--
RICHARDSON:
--Yes, sir--

INHOFE:
--Carrier.

RICHARDSON:
And so, the third leg of that stool, chairman, is really important, which is that we've got a Force Structure Assessment currently underway, and we--the combatant commanders are also studying their requirements, their plans--

INHOFE:
--Now, when is that due (INAUDIBLE)--

RICHARDSON:
--This is due later on this year, and so, if we need to, it's early enough in the program that we can reverse this decision. I think it's about $16 million, $17 million in the budget year. We are ready to readdress that if these studies show that--

INHOFE:
--But I think that may happen because we're going to be--of course, we're going into our reauthorization, and that would be one thing that's--I've heard. I'm not the only one who questions that decision, but--and you have a chance to respond more because I know others are interested in that. Let me--Secretary Spencer, the question that obviously--our favorite subject is when do you project that all 11 weapons, elevators on the Ford would be ready to be accepted by the Navy?

SPENCER:
Mr. Chairman, as you know, this is a subject of great interest to me. What we're looking at right now is when she sails from her post shakedown availability. Right now, it's scheduled to be October. We've taken two deliveries since we last talked. We're making progress. We're working with contractors. Application and resources are being applied, and rest assured, attention is focusing down on it.

INHOFE:
Okay, but just to be sure that we're clear here. There are other areas of underperformance, as you're fully aware, such as the--the catapults, the resting gear, radar, and the propulsion plan. They're going to have to demonstrate reliability at the same point that we'd be looking at the weapons elevators. Isn't--isn't that correct?

SPENCER:
That is correct, Mr. Chairman.

INHOFE:
And--and that was going to be July the--July this year, 2019.

SPENCER:
That is correct. There are other items that are pushing the availability out, such as the main thrust-bearing propulsion and just the whole general PSA schedule.

INHOFE:
And--and that now is going out to October, is that correct?

SPENCER:
That is correct.

INHOFE:
All right. How confident are you that this is going to take place by October?

SPENCER:
I--

INHOFE:
--That's a good time to express that at this (INAUDIBLE)--

SPENCER:
--It certainly is, chairman. I am fairly confident. This is new technology. I don't want to use that as an excuse that as an excuse, but I will tell you that we're confident working with the contractor that this is the goal that we will get the Ford out the door--

INHOFE:
--Yeah--

SPENCER:
--In October.

INHOFE:
I think that's a good idea because we've scheduled the meeting for October, so we'll have a chance to--
SPENCER:
--I will--

INHOFE:
--Look at that.

SPENCER:
I will call up the CO, and we'll have lunch on the ship.

INHOFE:
Okay. Now--and what are the systems here because I know there's some discussion on the--on the CH-53K replacing the CH-53E, and I'd like to get kind of an update on that. It could be from you or from any of the other witnesses.

SPENCER:
Let me start--and I'm more than happy to have the commandant weigh in if he has other comments. I think that you'll remember this has always been a program since I've been on board that we've kept an eye on. As of this winter, it was not progressing to the speed that I thought was appropriate, nor our acquisition folks. We are having some negotiations with the prime supplier, Lockheed Martin Sikorsky. Just most recently, Mr. Chairman, I sat down with the leadership of Lockheed Martin, and we have quote-on-quote aligned our priorities as partners.

INHOFE:
Okay, I think that's a good idea. You have new leadership there. You have different corporate setting than we did before, and that has to be taken into consideration. Yeah, we're going to stay with our time-timing on this--this round. Senator Reed.

REED:
Well, thank you very much, Mr. Chairman. Mr. Secretary, we've mentioned several of us the damage by hurricane--several hurricanes to Navy installations. Section 335 of the FY '18 NDAA required the services--services to send up the top 10 installations that are vulnerable to weather--extreme weather. We have not received that yet. Your colleagues in the Air Force and Army have committed to do so. Can we get a commitment of promptly sending out to us the--the list of the 10 most vulnerable installations?

SPENCER:
At 1201, I will make sure that is underway, senator, and I apologize for the delay.

REED:
It's--thank you--you're in good company with Secretary Wilson and Secretary Esper, so thank you very much. One of the things that we've noticed through the course of these hearings is that, particularly when talking again with Secretary Esper and his colleagues in the Army, they did a deep dive into their budget to drive line savings before they asked for additional resources. Has the Navy--Mr. Secretary and Admiral Richardson, General Neller, Navy and Marine Corps made such a deep dive and made proposed cuts?

SPENCER:
Yes, senator. The way to look at--I think you're talking about the Army's night court that they were having, etc.

REED:
Yes, sir.

SPENCER:
Navy goes through a similar process every single budget cycle, although this next cycle that we're doing, we're actually calling it zero-based budgeting, where we are zeroing everybody out, and everyone has to come in and sing for their dinner, as to their requirements. But if you look at our savings--I was talking to Senator Perdue about this. If you look at our savings from authorities you've given us, whether it be block buy, multi-year buys, process improvements from Fiscal Year '17 on, we have about $30 billion worth of savings compared to business as usual.

REED:
Your comments, Admiral Richardson.

RICHARDSON:
Sir, I just--I go with the secretary said. We do this pretty much every year, but we've really turned up the heat under the secretary's leadership, and those tens of billions of savings are exactly what I'm tracking as well.

REED:
Commandant.

NELLER:
So, there was specific programs that we have dropped the budget that we felt we could accept risk, and there was risk to dropping them. But we did it because we wanted to generate our resources from other more important things, and we continue to look at what we call Corps and non-Corps actions that we do and things where we could possibly maybe outsource that or not do it at all in order to generate additional resources based on the fact that we--as generous as the Congress has been, we have to be prepared to be able to do with whatever we receive in the future.
REED:
Thank you. Mr. Secretary, there is a significant amount of MILCON construction that has been designated by the White House to be shifted to the wall, and I presume simply by the fact of asking for the MILCON, that these are serious investments and that from a military standpoint your position would be they should be--they should take priority perhaps over other funding, including the wall?

SPENCER:
Yes, senator, the--the process that I've been made aware of is that the list was going up. Then, we will be asked to prioritize at some point, and I will make sure that my prioritization and expressions are--are given.

REED:
The sheer size of the request will limit to a significant degree what you can protect, and I would presume that there'll be projects there that are critical to the Navy and the Marine Corps that--for the demands of the Southern Wall will be taken away, and from again a military standpoint--there are other factors, I'm sure, but from a military standpoint, you think that's a wise diversion?

SPENCER:
When asked, senator, I will give my best advice to the secretary.

REED:
Thank you. General Neller, I mentioned the JLTV. Can you give us an idea of how you and the Army are going to work together if they try to scale this program down in terms of--of putting it in the field?

NELLER:
Senator, we have a state of requirement right now in the acquisition objective. I think it's about 8,800, and we're starting to field actually this year for the first time. So, I have not heard specifically from the Army that they are definitely going to reduce their acquisition objective because that may have some effect on the unit cost, which would be passed onto us. So overall, we have--we've been looking at ground vehicles, and we're trying to get no more ground vehicles than we need.

And so, I'll have to engage with the Chief of Staff of the Army on this, but right now, we're fielding the vehicle and trying to get rid of our old Humvees and the oldest Humvees first and replace them with JLTVs to get Marines the newest piece of gear that they can get their hands on.

REED:
Thank you, and just a final comment, and then, I just--second to left. Admiral Richardson, again, you mentioned the Columbia-class. It's going to require a lot of scrutiny, a lot of oversight, and a lot of collaboration. It's a great challenge but necessary. We have to replace the Ohio-class, so thank you for your work, and I encourage you to keep a close and sharp eye. Thank you. Mr. Chairman.
WICKER:
Thank you, Senator Reed. Senator Inhofe has stepped out for a few moments and asked me to preside for a few moments. General Neller, let me begin with you, and certainly, thank you for your—your four decades-plus of service.

Let's talk about amphibious ship procurement and the current budget proposal. I was heartened to hear Admiral Richardson say that the budget submission is an opportunity for a bit of discussion about some of these issues. The— the Navy deferred the LPD procurement to 2021 and LHA procurement to 2024, saying that in pursuing the National Defense Strategy priorities it was unable to take advantage of last year’s addition of advanced procurement funding for either FY 2020 LPD or an adjustment to the LHA. Does the Marine Corps still have a stated need for 38 amphibious ships, as indicated in the Force Structure Assessment?

NELLER:
Yes, senator.

WICKER:
And do we have those 38 ships today?

NELLER:
No, we do not.

WICKER:
Do you foresee eliminating the Marine Corps’ core mission of amphibious operations at any point in the future? For example, in a potential conflict with China or Russia, would our amphibious Marine Corps likely play a key role?

NELLER:
Based on the plans I’ve seen, I would say, but it’s more than that. I think we have to look at the ability to come from the sea with the Navy as part of a maritime strategy, and I think the CNO and I are aligned with that. So, yes, they would be part of that planning and in those operations.

WICKER:
Okay, and let me just ask you then how the—how the F-35 exercise went recently. The Essex Amphibious Ready Group and 13th Marine Expeditionary Unit recently completed the first combat deployment of the F-35 joint strike fighter during this deployment. The F-35 saw action in Iraq, Afghanistan, and Syria. How does the F-35 expand the effectiveness of U.S. amphibious forces, and what did we learn about the F-35’s logistical and material footprint aboard the USS Essex that can be applied to future iterations of large-deck amphibious ships, sir?
NELLER:
Senator, I've not received the after-action from the 13th MEU. I expect to get that within the next week. I can tell you that the material readiness of the airplane while they were deployed was--exceeded what I expected. They averaged above 70 percent readiness at some point. Actually, in one month, they were close to 80. They had six jets aboard the aircraft. They did operate in the airspace above Afghanistan and--and Syria.

So, their material readiness was good. They were actually--well, there are lessons learned as far as the aviation maintenance onboard ship and the things you have to do, but they set themselves for--up for success. They had us--they did a good job on the parts block, and they did a good job bringing experience maintainers. This is a bigger jet that we're used to, so there is some deck-handling things that have to go.

So, all that stuff will come out. As far as the capability, as far as information and the passage of information and what they were able to do and not do, that's what I'm looking forward to hearing in the after-action brief.

WICKER:
And when do you think--

NELLER:
--Overall, it was--in the next week, and I believe they will be up on the Hill to brief also, senator.

WICKER:
But overall, it's a positive?

NELLER:
It was--it was--material readiness was the thing we were concerned with, being away from a home base, and the material readiness was excellent.

WICKER:
Great, and--and I think Senator Reed in his opening statement mentioned that he'd like to have a comment at some point about how not revealing the Truman is consistent with our goal of 355 ships, but let me ask this question instead, Secretary Spencer, and it's with regard to the amphibs.

Last month during the Seapower Subcommittee hearing on Navy ship-building programs, I asked Secretary Geurts if instead of deferring procurement to 2021 and 2024, could the Navy apply incremental funding to the LPD and LHA in FY '20. He said the Navy could apply incremental funding to the LPD and LHA in FY '20 if authorized to do so by Congress.

So, I'll ask you the same question. Could the Navy apply incremental funding to the LPD and LHA in FY '20 as--if authorized by Congress, and if Congress approves incremental funding in the FY '20 NDAA for
the LHA and LPD, would that allow the Navy to accelerate how it spends the 355 million that was appropriated in FY '19?

SPENCER:
Yes, senator, if in fact you authorize and appropriate our--our authorities to go forward with the funding. Yes, the answer is indubitably.

WICKER:
Thank you very, very much. Well, we're certainly going to pursue that, and I appreciate the--the candor of our witnesses today. Senator Shaheen.

SHAHEEN:
Thank you, Mr. Chairman, and thank you, gentlemen, for being here this--this morning. Admiral Richardson and General Neller, thank you both very much for all of your years of service and the excellent job that you've provided to this country and to the committee. I'm sure that the committee is going to miss you a lot more than you're going to miss the committee.

Secretary Spencer, you and I have had the opportunity to talk about the importance of the shipyard infrastructure optimization plan and the commitment that you have to make progress on that. It calls for $21 billion in investment over the next 20 years and a number of needs, one of which is drive back capitalization--recapitalization, and I--I just wanted to pick up on Senator Reed's concerns that he expressed about money being taken from military construction projects like those that are laid out in the shipyard optimization plan because of their need to address our military needs going forward.

Four of the projects that are on that list of military construction projects are the Portsmouth Naval Shipyard. At least three of those are critical to the continued expansion of the dry dock and the ability of the shipyard to continue to work on our attack submarines that are so critical to maintaining the defense of this country. So, can you talk about the importance of these projects to maintain our submarine fleet and how delaying or taking money from these projects would impact our national security?

SPENCER:
Senator, you and I have talked before, and I'm more than happy to present to the whole committee the importance of--of our ability to not only purchase but equally important maintain the ships that we have to get them back out to the fight. When we score our MILCON projects, there is a prioritization. This is obviously a very serious prioritization, and as I've said earlier, my job in this case is to provide the best advice that I can to the decision process, and I will represent exactly that.

SHAHEEN:
And have you been asked to do that yet, and is there any new criteria that has been laid out by Secretary Shanahan and the Department of Defense about how they're going to determine which projects to take money from?
SPENCER:
None that you--already has been discussed, and the timing has not been presented to me as to when he'd like my opinions.

SHAHEEN:
So, you haven't been told of any reprioritization that is being done by DoD?

SPENCER:
Not as of this date, senator.

SHAHEEN:
Thank you, and General Neller, there's been recent reports, and I know you're aware of, where you've expressed concern about the readiness challenges that are presented by taking funding and troops to address the Southwest border. Can you talk a little bit more about what your concerns are there?

NELLER:
Senator, I wrote a memo to the secretary of the Navy, laying out eight fiscal shortfalls that the Marine Corps had, one of which was the cost of putting Marines on the border. So, the Marines on the border, their readiness I've checked--personally checked the readiness of every unit down there, and with only one exception, there was no impact to their actual readiness. In fact, a couple of units improved their readiness. So, to say that going to the border was degrading our readiness is not an accurate statement.

That said, there is a cost there, a small cost compared to the others, and we have a shortfall of just under $300 million of which the border mission is less than two percent. So, what I was looking for was for some assistance in trying to get money to reprogram because we have to pay our bills, and short of that, we would have to look at other places to get the resources. So, that was the intent of the memo, and--but there are a number of things out there that we don't have funding for, some due to other mandates put on us by this body, some by the Department of Defense, so my intent was to just simply lay out for my boss what these were and ask his support in trying to figure out how we might fund them.

SHAHEEN:
Well, thank you, I appreciate that clarification. One of the concerns, Secretary Spencer, that has been expressed about our current state of readiness in terms of--is the industrial base that we have--that we're going to need as we ramp up our ship building. Can you talk about the efforts that the Navy's taking to rebuild this industrial base and the focus on research and development to support ship-building efforts?

SPENCER:
Yes, senator, it goes across the board, whether it's ship building, aircraft building, weapons building, we are tremendously focused on the supply chain because beyond the prime, who we interface with directly, is this underlying matrix of organizations providing parts into the platforms. It's critical on many
fronts, whether it goes to the cyber protection of the data that they're holding to produce the parts to us, all the way to the actual parts. You're finding that in the Navy/Marine Corps enterprise the acquisition side is going deep personally themselves alongside contractors to ensure the health and the warning signs and friction points that we have in the supply chain and how we can rectify them.

As an example, in certain areas, we're sitting there going, okay, if in fact supplier A is industrial capacity limited, why don't we go to our allies, if in fact it's not a critical, confidential part and actually rely more on our allies. As you know, we're legally allowed to, in many cases, include up to 50 percent foreign parts. I--we're now flexing that muscle again to make sure that we are exhausting the whole field of availability.

SHAHEEN:
Well, thank you. I'm out of time, but I'll submit a question for the record to try and learn a little bit more about exactly what we're doing.

INHOFE:
Thank you, Senator Shaheen. Senator Cotton.

COTTON:
Thank you, gentleman. Secretary Spencer and Admiral Richardson, I want to return--was testifying briefly the collisions of the Fitzgerald and the McCain. In 2017 after those collisions, you both initiated a review of the root causes and arrived at a number of corrective actions. Our National Defense Authorization Act last year also included 11 related--provisions related to those reviews to improve the readiness of our naval service forces. Could you please update the committee on the current state of readiness in light of those corrective actions and also tell us what corrective actions have not yet been fully implemented?

SPENCER:
Senator, I'll start, and then, I'd be more than happy to turn it over to the CNO. Out of the 111, 91 we discussed and arbitrated. We have underway corrective actions, some that were immediate, such as turning on AIS, which is the identification system when transiting busy passages, through our longer-term remediation, which is the education process for ships there for watch standing and also the equipment and systems that we are putting in place to enhance the education process. CNO.

RICHARDSON:
Senator, I'll just pick up from there. Every one of the measures that we committed to do, both to ourselves and to--with the Congress, are on track or complete, and we have really moved the discussion from certainly regaining a safe-to-operate perspective to moving through a climate of compliance into a culture of excellence, which is where your Navy should always be operating.

This included a number of different measures across a very wide spectrum, including first and probably foremost a return of schedule and training and certification, discipline in the 7th fleet, and so now, we are--are ensuring that we certify all ships to go out and do the missions that they are assigned, and they
have the requisite maintenance and training time to do those. We also addressed the surface warfare officer career path, and so as I alluded--illuminated in my written statement, the amount of training throughout that career path and the amount of sea time that an officer accrues before he goes to command has almost doubled across the board.

And so, there's a lot more experience being gained, and finally in addition to the amount of training, the quality of that training has increased considerably through the use of high-fidelity simulators, which are being installed in our schoolhouses and in our fleet concentration areas. So to put it broadly, we're making progress across this entire broad front to get to the culture of excellence.

SPENCER:
Senator, we can send you a little follow-up that I know Senator King had asked for, and being a data-centric person, it's--it's the numbers behind what we just presented you.

COTTON:
Thank you. Just to tie a bow on this line of questioning, how confident are you that we have no more ships in our Navy that have some of the deficiencies that those after-action reviews cited and that the leaders and sailors on our ships now have been fully trained and have the skills that they need to avoid such a terrible tragedy in the future?

RICHARDSON:
I'm confident we're on the right track, sir.

SPENCER:
Ditto.

COTTON:
Okay, Secretary Spencer, let's turn back to the Truman now. There's always been a few lines of questions here. Could you--could you tell us very simply was the decision about the Truman a decision driven by budget considerations or by strategic considerations?

SPENCER:
It was a hybrid, senator. Then Deputy Secretary Shanahan, when we were planning budget roll-out, the thinking amongst the Navy that we worked on was we have three buckets. We have legacy systems, we modernize legacy systems, and the third bucket was we called funding Force 2.0, which is what we've referred to as our future warfare systems, whether that be quantum computing, AI, machine learning, etc.

Couple that with the fact--and I want to make sure everyone understands this. The Ford will work--the Ford is not a Nimitz. The Ford has 30 percent higher launch capability for (INAUDIBLE) than the Nimitz. It takes 25 percent less people. It is a more efficient machine. So as I look at modernizing a Fleet, much like
in the commercial world when—when organizations modernize aircraft, modernize trucks, modernize cars, modernize ships, they will move for 20 percent efficiencies and abandon the assets that they have.

This is not an easy decision whatsoever, senator, but in the light of the technologies that we have coming forward—and I defer to the chairman that there's still work to be done here. The thought process was we have a much more capable, much more lethal, much more projecting platform. Three of those in the fleet will make up on a capacity argument. That was the primary decision, so we can take those dollars and then deploy those into Force 2.0, as a competitive fleet changes.

COTTON:
My time is almost expired, but just to—one final question here. Surely though, if this Congress provided you the money necessary for both the Truman refueling and also the rest of your ship-building plan, you wouldn't turn that money down and say, no, we don't need the Truman.

SPENCER:
I would not turn that money down.

COTTON:
I didn't think so.

INHOFE:
Thank you, Senator Cotton. Senator Warren.

WARREN:
Thank you, Mr. Chairman. So, thousands of active-duty troops and National Guardsmen are currently deployed on the Southern border. This operation is going to cost at least a half a billion dollars. So, I've repeatedly written to the Department of Defense asking whether the deployment impacts military readiness. Each time, the answer has been no.

General Neller, last month you wrote a memo to the Navy secretary identifying nine factors, and I'll quote, "Imposing unacceptable risk to Marine Corps combat--combat readiness and solvency." One was the border deployment, and a second was the president's plan to take funding away from military construction for a border wall. Now General Neller, I know you did not expect this memo to become public. You did not release it. You were just doing your job by assessing risks.

Ranking Member Reed and I, along with several other committee members, sent another letter to the department yesterday because that's our job as members of this committee to ask questions about the impact of these risks. So, let me ask have any exercises been canceled or were any units sent to the border instead of going to scheduled training exercises. Just factual questions, general.

NELLER:
No exercises to my knowledge have been canceled. There have been some due to funding. So senator, if—if I could just embellish for a second. You’re correct. I had a list of eight un-resourced requirements, of which one was the mission to go to the border, and what I tried to articulate was if we did not get funding for these, the total cost of these, about $300 million, of which the border mission right now to date costing about 6.2—if we didn't get additional money, then we would have to look at other sources for money, which could potentially include other exercises, which would eventually affect the readiness of the force.

WARREN:
So, I—I understand that—I'm not quite sure I heard the answer to the question. Are you saying no exercises were canceled?

NELLER:
There was an exercise that we reduced the number of people that were going there, but we have—we have relooked at our finances, and we’re going to cashflow at least for this quarter those exercises. And we’re going to continue to do the exercises.

WARREN:
Were—were any exercises delayed because people were sent to the border?

NELLER:
No.

WARREN:
Okay, and were any units sent to the border instead of going to scheduled training exercises?

NELLER:
There were some units that went to the border that were scheduled to participate in exercises, and they were not able to do so because they were in that mission.

WARREN:
So, they were diverted to the border instead of doing their—

NELLER:
--A small number, yes, ma'am--

WARREN:
--Their exercises. Okay. Can you just say a word about what are the opportunity costs of the border deployment?
NELLER:
It depends on the unit. Some of the units have gone down there, and they have done tasks that are more in line with their core mission, like engineer units or MP units. Aviation units that were assigned to that early on have actually improved their readiness because they were able to fly certain profiles and things. Other units--one particular unit is doing a mission today that's not part of their core competency, so it--but for 60 days, they can handle it, but it will affect their readiness.

WARREN:
Okay. So, when I've raised these issues with DoD officials, they seem to deny disruptions to readiness. I'm seeing something of a disconnect here. Secretary Spencer, maybe you can shed some light on this. DoD officials assured me in writing that the president's Southern border deployment and the transfer of military construction funds for a wall do not present significant readiness risks, but we now know that concerns about readiness have been raised internally. Same question to you. What are the opportunity costs of the border deployment?

SPENCER:
I answer the same as the--as the commandant, senator. There are some that actually benefit from the deployment because they can actually do their job that their core competency is. So, I'm not--but let's bring it up--and the whole reason that I asked both the CNO and the commandant for memos such as this is I feel I have to know--being the chief executive of the service--to know where the stresses are. This was Item G on the whole list.

The main stress that we were dealing with at the time, senator, was the hurricane, which was imposing the greatest cost on the Marine Corps. 500 men for a month at the Southern border is $1.25 million. In my mind, is that affecting my readiness stress, no it's not.

WARREN:
All right, I understand that it's in the context, but as I said before, part of our job is to--is to explore where we have valid concerns to military readiness. You're doing your job when you raise those concerns. We're doing our job when we ask about them.

Now, the commandant of the Marine Corps has said that border deployment and the transfer of military construction funds for a wall contribute to an unacceptable risk to the Marine Corps' combat readiness and solvency. I think it's time for the president and Congress to listen to him, and we should keep asking these questions. Thank you. Thank you both.

INHOFE:

ROUNDS:
Thank you, Mr. Chairman. Gentlemen, first of all, thank you for your service to our country. Secretary Spencer, you recently commissioned a report to review your cyber operations within the Department of Navy. In it, the--the report was very critical of current naval operations with regard to cyber operations, and it went to great lengths to put out some of the failings within the system today. But I also found it very refreshing in that it laid out for everyone to see the challenges that you face, and it clearly puts a--a focus on the need to make significant changes.

I find that if you would've taken out the Department of Navy and you would've put in anyone of our other branches, I suspect, other than the anecdotal examples, you would've found a consistency across the entire Department of Defense. So, number one, I want to thank you for laying this out for everyone to be able to see and to review but also for laying out not just the challenges but some solutions that I think are moving in the right direction. I'd like you to talk a little bit about one part in particular, and that is, as we move to a 355-ship Navy and as we talk about the security of every one of those--those ships and all of the work that we do to protect each one of those ships, compare that with what our--our near peer and peer competitors are doing.

They're not stealing our ships. They're stealing our information, and we need to take a change in terms of the culture about how we protect our information just like we protect our other assets. Would you care to comment a little bit about, number one, where you're going with that, and I've got one other question I'm going to--I want to ask you about it, so if you could a little bit share where you're going with this and just how deep in this went to not just cyber security but to all other aspects, whether it be acquisitions, logistics, and so forth, modernization.

SPENCER:
Senator, thank you for the question because it is timely. This was driven primarily out of some exfiltrations that happened in our supply system, and that's where the concern for the study started. Rest assured, when it comes to classified information within the Navy itself, we are good at that. Where we're concerned about is out in our contract or cleared contract or relationship base. That's where it started.

Now, where did it progress from there? One, we need to take immediate remedial actions, which we are underway right now, with our supplier base, when it comes to our cyber protection. You will hear the Navy and ourselves talk about--it's not how quickly we can get to the fight. One of our battles is going to be getting off the pier because cyber is around us continually 100 times a minute, a second, whatever--whatever analogy you want to use. It's there. It's present. It's not going away.

We need to up our game, not only on cyber defense, because you can't have one side of this equation. You have to be offensively agile, as you do defensively agile. They both complement each other. We have to move into that realm. We're going to be asking for probably more authorities in general, the DoD, when it comes to this because it's a balanced equation. Immediately in the Navy, we are in the process right now of--underneath Ron Moultrie, who was a primary member of the team, he is helping us coalesce our business plan to go forward with our cyber remediation process.

That goes from data hygiene all the way to organizing what the organization would look like. We're sending a ledge prop up to you all to entertain adding a fifth assistant secretary. One of the reasons here is we need to get the people of gravitas who have the education, who have the experience to deal in
cyber to get them into a position like that and give them the authority to organize and affect the solutions that we need.

ROUNDS:
I found one other part of this to be interesting, in that I think this could be transferred, this concept of using the--the outside resources to not only look at the cyber side but also on your acquisition side and on your maintenance side as well. Last fall, I asked specific questions about your attack submarines, the numbers that you've got. You've still got a number of them sitting at dock because you're not getting them into dry dock, which means we've got nuclear attack submarines taxpayers have paid for that can't be used today.

In fact, a number of them, including the USS Boise, can't dive. You've also got Legacy and Super Hornets of which two years ago I believe we were estimating the--the operational capability at 40 percent. My understanding is it's pretty close to that same level today. Can you share with us a little bit about the direction that you're going with regard to those and--and whether or not you're making progress on those--those Legacy's, both the Navy and the--and the Marines?

SPENCER:
The--the good news that I'm very happy to bring to you right now is our F-18, both Navy and Marine Corps, the Es and Fs and the legacies are now boasting somewhere up around 67 percent availability, and this is part of our Navy sustainment effort that we're focusing in right now. We have a ways to go when it comes to surface ship and subsurface ship maintenance. That is apparent. Senator Shaheen brought it up. We need to do our shipyard modernization. This is all about flow. We have the fundamental understanding now. Now, we need to apply the resources to get those out into there.

ROUNDS:
You need to be at 80 percent, correct, on--on the Hornets to make your mission?

SPENCER:
By end of fiscal year, yes, senator.

ROUNDS:
Thank you. Thank you, Mr. Chairman.

INHOFE:
Thank you, that's--that's good news. I was not aware that that's where we were right now because we were down as low as 40 percent, so you know--thank you, Senator Rounds. Senator Jones.

JONES:
Thank you, Mr. Chairman, and thank you each for your service, but Secretary Spencer, I want to particularly thank you for the time and--that you've shown me in my first 15 months here. It's been a really enjoyable and informative experience that I've had, so thank you for that.

You have stated--I guess this would be mainly to Admiral Richardson and General Neller, that we have increased rates. We're looking at 5,100 sailors and trying to increase the rates. I'm particularly interested in the pilot ranks. How diverse are our pilot ranks in--in the Navy, and what is the Navy doing to kind of increase the diversity for men--for minorities as well as females? Senator Cotton and I have a bill that we're--introduced to try to increase junior ROTC and some other things to try to increase that diversity. Could you talk about those programs a little bit and what you're doing?

RICHARDSON:
So, I'll tell you in the Navy, and then, I'll turn it over to the commandant. Just like you, senator, we're doing everything we can to make sure, as I said in my opening statement, that we bring in a diverse workforce across the entire Navy, not only in our pilots but everywhere. In that regard, we've opened up all of our jobs to women.

Certainly, we encourage a diverse population across the board not only in terms of assessing them but also--you know, look at that population 25 years down, is the leadership retaining that diversity as it gets more senior, and so we've got a number of efforts that I'd be happy to come and brief your--you and your staff on in detail to get after that but suffice it to say that this is--the competitive edge of the future is diversity. And we take it very seriously.

JONES:
Great, thank you. General.

NELLER:
Senator, I--if I look at the gross numbers, if you look at aviation right now for pilots, the--the stats are not really good. So, it's going to take a concerted, long-term effort to a better statistical look at--so that we have more men of color and ethnicity and women across the whole force, let alone in aviation. But I can tell you for the last four years, the number of ascensions for officers in the Marine Corps has been 24, 25, 26 and last year over 30 percent of those that accepted commissions in the Marine Corps were men of color and ethnicity and women.

A lot of that comes from the Naval Academy because we've been able to increase the number of midshipmen that can join the Marine Corps. It used to be limited at 16.6 percent, and the last couple of years, it's been around 25. And that's been a great source of us for--for men and women. So, it's going to take--it's not going to get fixed in four years because it takes 22 years to make a colonel, to be an air group commander or be a MEU commander. It takes 15 years to make a squadron commander.

So, we continue to track this and pay attention to it, but anything you or any other of the committee members can do to encourage people to serve in the military, to be involved in science, technology, and math, whether it be high school JROTC--although that is by itself not supposed to be a recruiting place. That's just a place to develop leadership in our high school students. But anything you can do in any area
to encourage young men and women to join the military, Army, Air Force, Navy, or the Marine Corps would be appreciated.

JONES:
Great, thank you, general. Secretary Spencer and Admiral Richardson, as you know, Alabama's had an important role in building of the LCS and kind of looking forward to the transition to the fast frigate. Can you tell us just briefly about the importance of the frigate's role in the NDS, and do you see the Navy holding to the procurement schedule for the frigate?

RICHARDSON:
Senator, we do. It's extremely important that we make this transition to a--frankly a more lethal small-surface combatant, and as we look forward and do the Force Structure Assessment, as we look at deployment in a distributed way using this distributed maritime operations concept. These fast frigates are going to be an important part of that. Yes, sir.

SPENCER:
And just to add to that, senator, putting my business hat and my Title 10 hat on, this is one--going to be one of the most robust competitions that we'll have, having five potential forms being submitted into the competition. It's quite exciting.

JONES:
Great, thank you. Thank you, Mr. Chairman, I yield remainder.

INHOFE:
Thank you, Senator Jones. Senator Perdue.

PERDUE:
Thank you, Mr. Chairman. I want to thank the three of you and all your teams for a couple of things. One is last November, we--we received our first ever in U.S. history DoD audit. I'm not a bean counter. I don't think that's what we should be about, but I do think we need to look at being the most efficient we can be, so our men and women get everything they need.

I also want to thank you for the--the $30 billion of what looked like to me real savings for the secretary and the team and just in the last two years. So, this is directionally very encouraging.

UNKNOWN:
Billion, sir. Yeah.

PERDUE:
I'm sorry, billion, $30 billion. Let's put a billion in front of that, I apologize. Thank you. I have two questions. Mr. Secretary, I'd love for you to talk to us. You made a quote two years ago now in December of '17. I'm going to quote you if that's okay. I think you won't mind this. "CRs have cost the Department of the Navy--continued resolutions have cost the Department of the Navy roughly $4 billion. Between 2011, we put four--since 2011, we put 4 billion in a trash can, put lighter fluid on it, and burned it." Do you still stand by that?

SPENCER:
Most definitely, senator.

PERDUE:
So, would you also acknowledge that $4 billion--compared to the deployment at the border, $4 billion would've really materially impacted our readiness, would it not?

SPENCER:
It would, senator.

PERDUE:
Sir, would you talk to us just a little bit about the specific impacts of continued resolution. We've had--in the last 44 or 45 years since the '74 Budget Act, we've had 187 continued resolutions. In the last 10 years alone, one-third of our time has been basically under a CR. So, I'm very concerned we're halfway through our fiscal year right now. We're looking at September 30th this year. Would you talk to us about what momentum damage that would do to what we've done in the last two years, and then I have one more question about maintenance if we can get to it at the end.

SPENCER:
I'll be very quick with this, senator. The work that you all have done in both this chamber, across the way at the House, both in authorizations and appropriations over the last three years with the '17 RAA, the '18, '19 budget is absolutely spectacular. You've heard me say that it's the foundation of readiness, and we're building upon it. We are. A CR will knock us off our game. It'll be the most painful thing we've had, and what's more bizarre to me is that be self-induced.

RICHARDSON:
Senator, if I could pile onto that--

PERDUE:
--Yes, sir--

RICHARDSON:
Just a little bit. I'll tell you, I completely agree with the secretary. This would be like a punch in the gut. Just some specifics. It would--looks like it would be almost 16 billion less than the budget request. Of course, it's not just the amount but also the inability to start new things, and so, it would be no start to the aircraft carrier refueling, the fast frigate program that we just discussed, the Advanced Heli Training System, and a number of others.

There would be no quantity increases to the Virginia-class SSN, the carriers, the oilers, and many other programs. And so, the list goes on, and we would not be able to assess the people that we need to fill gaps at sea. And so, it would be devastating.

PERDUE:
General Neller, you have a helicopter I also believe is--is due for delivery this year that would be delayed until at least one full year. Is that correct?

NELLER:
As the CNO and the secretary said, senator, I mean, everything is impacted. You know, we come up with a program and a plan based on what an anticipated budget number's going to be, and although it would be better than the BCA number, it still would've impacted and cause us to have to go back, and then, it would stall our progress on readiness and--and modernization.

PERDUE:
Thank you. Admiral, supply chain, we've--other people have talked about it. You guys have talked about it repeatedly here. After sequestration years and cutting the military by 25 percent, supply chain is totally devastated. I've seen it. I've--I've lived in the supply chain most of my career, and I've seen that.

Just in the last week, I was--I visited--you guys were gracious enough to let me visit the--the Truman yesterday. I want to thank you for that, but one of the things I'm concerned is the procurement now you do have some flexibility over a multi-year facet. I think it's three years. Under maintenance though, if you don't spend money in one year, it rolls--it doesn't roll onto the next. It basically has to be re-appropriated. Would you be comfortable--or do you see value in a pilot program to test providing multi-year flexibility in ship--in depot maintenance appropriations?

RICHARDSON:
Sir, thanks for that question. Thanks for coming out to Truman yesterday. It was an honor to have you on board. Sir absolutely is the answer to your question. A pilot program I think would be terrific because it would match the funding window to really the job at hand, and so, this would give us flexibility throughout the--before, during, and after a maintenance. Before, we could get the supply chain, the material purchase, the planning done, all of that in order and in place.

During, as adjustments always occur, it would give us more flexibility to move funds from one project to another, and then after, it would allow us to recoup funds that we didn't spend efficiencies and apply them to other projects. So across the board, that type of flexibility would be very helpful, and I'd--I'd be happy to participate in a pilot program in that type.
PERDUE:
Thank you, sir.

SPENCER:
It only makes business sense, senator. It would be a great pilot to try.

PERDUE:
Well, that would be a shame to try something common sense that might help you guys, wouldn't it? In closing, Mr.--General Neller, I just want to thank you. 44 years is a long time to be doing anything, and America's better off because you were at the--on the wall. Thank you, sir. Thank you.

INHOFE:
Thank you, Senator Perdue. Senator Blumenthal.

BLUMENTHAL:
Thanks, Mr. Chairman, and I want to join in thanking you, General Neller, for your service. 44 years is a long time, but you have an extraordinary and distinguished career, and it will be a model for many of our Marines for a long time. And thank you, Mr. Secretary and admiral, for your service as well.

I was encouraged to see, Admiral Richardson, your remarks about the Virginia-class submarine, and I was encouraged that you agree that we should seize this moment of opportunity to build at the rate of three per year. I would assume that you also believe that we need to strengthen our workforce with training and the capability to build those submarines. Correct?

RICHARDSON:
Sir, I had the chance to go up to Groton and visit Electric Boat, and one of my million topics was exactly that. And I'll tell you, this is something that is really good for the nation. Electric Boat and Newport News Shipbuilding together, the two shipyards that build our submarines, have reached deep into the community colleges and high schools to start building skilled workforce at that--at that level, at that age.

And so, all of those folks who would historically maybe go to low-paying service jobs or those sorts of things are now doing really high-level work, pipefitters, welders, electricians, etc., to meet this workforce demand that's going to allow us to build these amazing ships.

BLUMENTHAL:
And they have begun expanded apprenticeship programs and skill training, on-the-job training that is building that kind of dedicated workforce in Southeastern Connecticut, not only there but throughout the supply chain, which is critical to the future of our national defense. The construction of three Virginia-class submarines in Fiscal Year 2020 is good news for our national security as well as for that workforce and for Connecticut. I'm going to do everything I can to support and bolster this effort. I hope it will be a smooth process in this year's budget cycle, but I appreciate your commitment to this effort.
Let me ask you about another area that I think is tremendously important to our national security, and I know that, Secretary Spencer, you've been asked about the report which I think you said is due at noon today.

(LAUGHTER)

SPENCER:
I said I get it underway, sir, at noon today. I don't know if I can deliver it today.

BLUMENTHAL:
Well, we'll anticipate it whenever it's delivered.

SPENCER:
Thank you, sir.

BLUMENTHAL:
But you would--you would agree that climate change is a national security issue, correct?

SPENCER:
Rising waters are a threat to me at all times. Yes, sir.

BLUMENTHAL:
And the prospect of famine, of flooding, drought, wild fires, the disruption that climate change causes around the world is a national security threat, correct?

SPENCER:
I would agree with you, sir.

BLUMENTHAL:
Is--do you believe that opinion is shared throughout the Department of Defense among your fellow service secretaries?

SPENCER:
I--I--I loathe to comment on something I haven't asked them about, but I know that in discussions, we share concerns about the events that you just discussed.

BLUMENTHAL:
Are you satisfied that our Department of Defense is, and not only acting but also planning adequately into the future for this national security threat?

SPENCER:
I--I do, senator, and the reason I'm pausing, I'm--I'm thinking about three reports I just read internally, primarily how the Navy is hipping into direction from the Department of Defense and what we're doing in that regard. So, the answer would be yes.

BLUMENTHAL:
Climate change is really a threat multiplier because it inflames the global instability. It exacerbates those floods and food shortages and droughts and all of the humanitarian crises, which increasingly breed terrorist threats to this nation. We live in that world now, and I thank you and your fellow members of the Department of Defense for your awareness of this issue, no matter what the--the climate of opinion is elsewhere in this administration. Thank you very much, Mr. Chairman.

INHOFE:
Thank you, Senator Blumenthal. Senator Sullivan.

SULLIVAN:
Thank you, Mr. Chairman, and gentlemen, thank you for your testimony and your service, and I think Admiral Richardson and General Neller--I think this is your last posture hearing, so thanks for your wonderful service. 44 years, general, I'm sure the one thing you probably won't miss in terms of your Marine Corps is these kind of hearings, so--you don't have to answer that.

I'm also glad to see our colleagues, like Senator Warren, are raising their concerns about combat readiness for the military. I think we all share that. What did the--what did the 2010 to 2016 25 percent cuts in the DoD budget do to combat--to readiness for our combat forces? 25 percent cuts from 2010 to 2016. A lot of people don't remember that, but--

RICHARDSON:
I think that--sorry, I'll just take the first stab at this, and I'll just--I think it's been said before that budget instability and insufficiency has done more damage to the military than any enemy.

SULLIVAN:
General?

NELLER:
Sir, as much as we don't want to admit it, we need resources to be able to buy gear, train, and--and maintain the force. So when we were in the period of time, the four deployed forces I believe were as ready as we could make them, but the difference between that and today is that the folks that were back home on the bench, their overall readiness was--is not what it is today.
SULLIVAN:
I just want to talk about an issue. It probably won't surprise you. I want to talk about the Arctic. You know, China and Russia are making big moves into that part of the world because of resources, transportation routes. We're an Arctic nation because of my state, Alaska. The Russian buildup has been dramatic; four new Arctic brigades, a new Arctic command, 50 airfields by 2020, 30 percent increase in Russian special forces in the Arctic, 40 ice breakers, 13 more being built, huge snap exercises in the tens of thousands.

This committee in a bipartisan way, I see Senator King is here, has been very focused on this issue. New Arctic strategies, strategic Arctic ports, ice breakers, and I want to commend you, the three of you, on your focus on this issue as well. Mr. Secretary, can you talk about some of the Navy's plans in terms of freedom--freedom and navigation operations, training on ADAC that you and I have gone out to see that very strategic naval base that kind breaks your heart to see that it's been shuttered. But the opportunity's there and then, General, cold weather training and other opportunities in Alaska and other places.

You know, when you look at our military and our threats--North Korea, Russia, China all present cold weather, mountainous threats in terms of terrain, and I think we need to do more in training in that area. Can--can you three gentlemen talk about some of our interests and what you're doing in that important, strategic space for America?

SPENCER:
I'm more than happy to, senator. Let me lead off, and I'll be more than happy to hand it over to both the CNO and the commandant. As you and I have discussed and we've presented to this committee before, the Arctic is a focus of ours. We've never taken our eyes off of it. We've been up there since 1964, if I'm not mistaken.

Undersea, making sure our presence was known--undersea and in the air, but now, we're taking a more proactive step. We have up to three exercises that you've been made aware of in Alaska. We have one on ADAC that we hope to have funded. NORTHCOM is the co-com that is coordinating that--

SULLIVAN:
--And that's amphibious operation and--

SPENCER:
--It is amphibious operations--

SULLIVAN:
--Other P-8 sub-hunter ops.

SPENCER:
Correct, exactly. Take the airfield, then bring in the P-8s fundamentally. We have been in concert with the Coast Guard and you looking at the--the needs and the possibility of a strategic port up in Alaska. I think--

SULLIVAN:
--At this committee's behest, correct?

SPENCER:
That is correct, senator. We--the--the CNO and I have been talking about the possibility of bringing some ships up, maybe up to Valdez. Again, training north of the Arctic Circle--we learned this in the most recent Trident Juncture, where we had ships above the--the Circle, and we need to learn again what we have done in the past, exercise those muscle movements, gets the sets and reps so we're ready to--to fight up there if need be and/or just to do our freedom of navigation and/or diligent maneuvers up there. CNO?

RICHARDSON:
So, I'll just pile onto that, if I could. Since the last time we testified before this committee, I've signed out this strategic outlook for the Arctic. I'm happy to share that with you immediately, which talks about our strategic objectives to defend U.S. sovereignty up in the Arctic. As you said, we are an Arctic nation--to ensure the Arctic remains stable and conflict-free, protect the freedom of the seas, and promote partnerships with the U.S. government and other Arctic nations.

Since that time, we've been putting our money where our mouth is too. We are not just talking about this. We've done four major exercises up in the Arctic. Arctic edge, where more than 1,500 military personnel were up in Alaska to test our ability to operate up there. As the secretary mentioned, we did the ICEX with two U.S. submarines and one British submarine up there. Trident Juncture, where we brought a carrier strike group north of the Arctic Circle for the first time since 1991 in November, which I can tell you much has changed since 1991, but it's still extremely cold--

(LAUGHTER)

--And hard to operate up north of the Arctic Circle. And so, we regained some of those muscles, and then in February, Arctic exercise, and that, as the secretary mentioned, looking forward to September of this year, we can get the environmental clearances and everything to do an exercise up in the Arctic amphibious with our Marine Corps partners as well, which will include not only a takedown and P-8 and ADAC but also the important part of logistics and refueling ashore and all of those things.

SULLIVAN:
Thank you, Mr. Chairman, and general, I can get your details from you later on. Thank you.

INHOFE:
Thank you, Senator Sullivan. Senator Heinrich.
HEINRICH:
Thank you, chairman. Gentlemen, I was very-

INHOFE:
--Yeah, let me interrupt for just a moment. We do have a vote coming up, and so, Senator Reed is going to go down and vote early and come up and relieve me, and I'll vote late. And we'll keep on working through. Senator Heinrich.

HEINRICH:
Thanks, chairman. Gentlemen, I was very pleased to see the focus that the DoD is now putting on hypersonics, and in particular, the $2.6 billion request for prototyping across the services. As you probably know, Sandia National Labs has long played a critical role in developing this technology and is the core reason why we have--we actually have a capability now that's ready to prototype.

One of the things I've discussed with lab directors who are really eager to transition this technology to industry and believe it may actually be important to collocate the R&D and the manufacturing of these systems. What will the role of the lab community and industry partners be as we seek rapid development of this capability, and is there some value in making sure that the feedback loop between R&D, engineering, and manufacturing is as tight as possible? secretary.

SPENCER:
Senator, from day one coming here, one of my comments was that I have to be able to work and so does the Navy enterprise as a partner with our--our--our--with industry. This was a prime example of it, but what's really exciting about this project is not only are we partners with industry, the Navy, Air Force, and Army are partners as we signed out an MOU to work together across our traditional stovepipes.

So, we're applying combined resources together to get the goal forward, which is why you're seeing hypersonics dragged to the earlier dates. It's going to be critical as we transition from R&D to manufacturing that there not be a stutter step. There's no light between R&D and the transfer to actual production. I believe everybody's on board with that. The proof will be in the pudding, but you can guarantee that the three service secretaries and their acquisition arms are looking at it this way.

HEINRICH:
Well, I really appreciate the joint approach on this because we're behind the eight ball. We're a little late to the party, and we need to speed things up, and I think making sure that all of those capabilities are center of excellence and manufacturing are as tight as possible is going to be really important.

Admiral Richardson, I was very encouraged by the--the Navy's rapid demonstration of laser weapon systems on surface ships. In a short period of time, the Navy has successfully deployed a 30-kilowatt laser on the USS Ponce, the 150-kilowatt laser on the USS Portland. You have an $80 million unfunded requirement in this area. If that were funded, what would--what would it allow the Navy to do?
RICHARDSON:
Sir, first let me thank the committee and the entire Congress for all the support in this part of our business. It's really been terrific. What the, including that on the unfunded priority list does, is allow us to accelerate it even further, right. So, in the--the budget moves very aggressively in this area already, on the submitted budget, but if we got a little bit more money, we could move even more aggressively still.

And so, I've been, you know, privileged to kind of visit the direct energy quarter. I was just recently out at our labs in California. They're working at every possible part of this, from the weapon itself getting higher and higher powers and then the integration with the combat system, shore-based test facilities. We're--we're taking this very seriously across a full range of powers.

HEINRICH:
Is the Navy looking at high-powered microwaves as well for--

RICHARDSON:
--We are--

HEINRICH:
--High-velocity threats like cruise missiles or hypersonics?

RICHARDSON:
Indeed, we are, sir. And so, we--when we talk about directed energy or electric weapons, a lot of times we go right to the lasers--

HEINRICH:
--Right--

RICHARDSON:
--Because that's so exciting, but there's also a tremendous amount of--of work being done in high-powered microwave.

HEINRICH:
Secretary Spencer, I want to sort of finish up here with a workforce question on artificial intelligence and really the need to make sure that we're building the workforce for these coming changes now. I had a conversation last week with Secretary Wilson, General Golfein on the idea of potentially--whether it would be beneficial to create a mission occupational specialty for this type of workforce. I'd just love to get your input on what you think we need to be doing now to make sure that we're developing a workforce that can handle and care for the kind of data that is going to be required and whether it would be helpful to consider a mission occupational specialty for that type of workforce.
SPENCER:
Senator, a very timely question because this obviously does feed the Force 2.0, as I just was describing earlier. When I look at it through Navy lenses, the way that I view artificial intelligence is that is the development of an algorithm that I can take and then apply to my machines so they can learn. I think in the clearest path what I would like to see is possibly at the DoD level have your AI development and Navy be able to go up and check that algorithm out of the locker, out of the development field, and then apply it to the needs that they have or amend it to the needs that they have.

That would be the most efficient, I believe, way to go forward. That being said, we need to ring the bell right now, say doors are open, and bring as many of the great minds to interact with AI right now.

HEINRICH:
Great. Thank you, secretary. Thank you, chair.

INHOFE:
Thank you, Senator Heinrich. Senator--Senator Peters.

PETERS:
Thank you, Mr. Chairman. Thank you, gentlemen, for your testimony here today. Secretary Spencer, this budget does not request funding for additional littoral combat ship procurement, and I understand that the Navy plans to--to shift from buying LCS to next-generation frigate called the FFGX. And I know you plan to purchase nine hulls by Fiscal Year '24 with the first purchase occurring fairly quickly in fiscal year.

But recently, Vice Admiral Merz, the deputy chief, testified to the House that the Navy will be reevaluating its force structure plan, saying specifically, and I'm going to quote him right now, "We know we are heavy on large-surface combatants, and we'd like to adjust that to a more appropriate mix, especially with the lethality we're seeing coming along with the frigate." So, my question to you is, how are you approaching the industrial base, given the potential to increase the Force Structure Assessment requirement above the current requirement for 52 small-surface combatants.

SPENCER:
The--senator, you've hit a nail on the head. The--the supply chain is absolutely critical in this regard no matter which way we move with what provider. As I said earlier, the excitement about this program is--as you know, there are five forms that we're considering. So, it's going to be a very competitive competition, but we're not just looking at the ship per se. One of the things that we have really moved forward on is when we look at the acquisition of a platform, equally important is the sustainment of that platform.

You might've heard us say that traditionally if you look back 70 cents on the dollar was spent on acquisition and 30 on sustainment. We're shifting that model completely because of what we've obviously learned. It's going to be critical that in this competition we understand where the supply base is, the health of that supply base, and the ability of that supply base's resiliency.
PETERS:
Well, do you believe the current budget request then bridges the gap because we're going to have a gap there in funding to make sure the industrial base can continue to operate?

SPENCER:
I believe it does. We're going to listen to industry. Right now, that has not become an issue, but we will listen to industry when it comes to that point.

PETERS:
Very good. The--the Navy's budget also request includes a request for 10 large unmanned surface vessels across the future years' defense plan and planned about two per year beginning in Fiscal Year '20. So, it's clear the Navy is continuing to embrace the benefits of unmanned platforms, particularly given the opportunities for low-cost, high-endurance platforms that can be reconfigured with a variety of payloads and can often serve as a force multiplier to the man force out there.

So, my question is to both Secretary Spencer and Admiral Richardson. Can you provide more detail on how you expect the Navy's unmanned surface vehicle family of systems to develop, and what are the specific benefits that you hope that these platforms are going to offer the fleet?

SPENCER:
Let me just provide again from Title 10 point, buying of these platforms, you all have told us in no mixed terms that we are to move with urgency, and that message is being transferred all the way down throughout the whole naval enterprise. This is a prime example of where we're going to acquire these platforms, and we're going to build, you know, use, break, learn cycle continually. And this is a prime example of a platform that we'll do this on. CNO.

RICHARDSON:
Sir, the--the benefits of unmanned in this area almost speak for themselves. We can send a ship out there for a lot longer. Oftentimes, in terms of endurance, the people are the limiting factor there. We can send them into higher-risk areas, you know, so all sorts of benefits. And I agree with you, that this large vessel will allow us a diversity of payloads, from weapons payloads to logistic payloads.

The commandant and I have been talking about some terrific opportunities for naval integration using these. The first couple will be working very closely with the strategic capabilities office to get those two going, and then, we'll partner very closely with industry. We'll probably use mature designs for the whole form and all sorts of things.

The real R&D part in this is, you know, what about the unmanned? What about the autonomy? How do we get into that, particularly when it--I mean, there's all sorts of dimensions, not only from a safety dimension, a security dimension, an ethical dimension, when you start to think about weapons employment. And that's why we have them in the account--the R&D account where they are right now.
PETERS:
All right. Thank you. General Neller, you're the--the Marine Corps has been conducting advanced naval technology exercises with the Navy to leverage both the industrial and economic intellectual base with prototypes and get it into the hands of Marines as quickly as possible so that we can be on the cutting edge of new technologies but learn from our Marines in the field. Could you briefly just tell us and inform us what lessons did the Marines learn during the technology exercise in 2018? And I know we're going to be continuing those kinds of exercises.

NELLER:
Well first, senator, yes, we will. We just did another one down at Camp Lejeune as far as mind-counter measures, where we have--so basically, we invite vendors to show up with certain technologies. The one in--in '18--they all kind of run together. We've been doing about one big one a year, give a certain theme. We do use surface-to-surface movement, and they show up with their--with their capabilities, and then, the--they talk to the Marines. They learn what the Marine requirements are. They make a change to their thing, and the Marines kind of say, hey, we think has got value, and this one does not.

And so, we can narrow it down. So, we'll continue to do that. We just recently did a big exercise with the Navy on the West Coast called Pacific Blitz, where we had a number of technologies and ideas being demonstrated, where we looked at expeditionary-based operations, where we would employ a Marine force too, as part of the naval force control maritime sea space. So, we'll continue to do that, and we'll--the ships that you were just talking about with the CNO and the secretary are of very great interest to us.

They could be platforms, as the CNO said, to carry weapons. They could carry logistics, and we're seeing now that we need to have some sort of a connector that allows us to move from place to place. And if it's unmanned and it can still do the job, that just makes it safer and easier, and it reduces our--our cost and our risk.

PETERS:
Thank you.

INHOFE:
Thank you, Senator Peters. Senator Tillis.

TILLIS:
Thank you, Mr. Chair. Thank you, gentlemen, for being here. Secretary Spencer, thank you for the work out of Annapolis last week on sexual assault. I think that it was a great discussion, great coming together of expertise, and so, it was a good meeting. A great outcome will be specific proposals that we can work together on to make sure that we make progress in this Congress. But I thank you for being here.

I--I want to go quickly and with limited time to General Neller. General Neller, you don't strike me as the sort of person that gets rattled very easily, but I've seen and had a number of discussions with you on the MILCON challenges that we have down at Camp Lejeune. I don't know if it's been covered in any of
the other meetings. I've got two competing meetings on our discussions here, but can you outline for this committee your chief concerns over the billions of dollars of MILCON backlog that we have at Camp Lejeune, how it affects capabilities, readiness, and the operations of the base?

NELLER:
Senator, there's really not a backlog. It's an emerging requirement. As you know, Hurricane Florence struck the Carolina Coast in September of last year, and fortunately, the storm went from a category 4 to a 2, but then when it did come ashore, it sat on top of the--that part of North Carolina and rained for three straight days, rain--over 30 inches of rain. And so, when the roofs came off some of these 40, 50, 60, 70-year-old buildings and the water went in, we had a lot of damage, and it's not visible.

It's not like down in the Panhandle when Michael came across with category 4 winds and--and actually leveled buildings. So, when you drive around, you don't see it. It's more inside, and so, we've gone through. The PPV vendor is working to fix the housing that was damaged aboard the base, and they're about a 50 percent improving their process. And that was a painful thing to get that going, but we're working that.

But we've gone through and looking at all the buildings, and we've prioritized about 30 billion. We think the cost of--of repair is not worth it, that we think they need to be replaced, and the total bill's about $3.5 billion. The $400 million that we got in reprogramming last week will be helpful, but so, we still have this remaining bill. A lot of this money, the department says they're going to put it in FY '20, and so, we're hopeful that that will be part of the--part of the program. But we still have about $450 million we could--we could legitimately apply this fiscal year if we were to get the money.

TILLIS:
Can you tell me what the impact is on--what are you doing to make do? Some of these buildings, I would assume, are inhabitable, and you're having to figure out how to continue to operate. Can you give me an idea of how it's disrupting the day-to-day operations at Lejeune?

NELLER:
We've had to move people around at different places and spaces. We've had to make adjustments on some of the communications, and in some cases, the Marines are just continuing to operate the building, making the best of what they have. The buildings are not unsafe, but their ability to have heating or air conditioning is--is limited, and so, it's a pretty expeditionary environment, which is something we're used to. But--and you can do that for a limited period of time, but it would be nice to be able to work in a--in a more normal environment, in a garrison environment.

So, we're confident that we'll get these things fixed. Some of the buildings that they're in eventually would be raised, and a new building would be built because that's what we think it's going to take. We know for a fact, from the storm, that all the new buildings--and the Congress has been very generous with all the MILCON down at Camp Lejeune and many of our other bases. All the new buildings suffered very little-to-no damage. So, we've got a lot of old buildings down there that we think we need to replace if we're going to continue to be able to survive what's likely to be continued storms in the future.
TILLIS:
Secretary Spencer, I--I appreciate also your prompt action after a committee where I was a little bit animated on housing a month or so ago and want to continue to work with the--with all of DoD on what I think are unacceptable housing conditions. I've gone down to Fort Bragg. I'm going to be vising Camp Lejeune, going to spend some time.

You've got to separate the storm damage from some of the--some of the problems that existed before that. We'll have to sort that out, but do you also--and--and Admiral Richardson, do you share the commandant's view that this military construction recovery down at Camp Lejeune is a top priority?

SPENCER:
Yes.

TILLIS:
Thank you, all. Last thing I'll leave you with, I left it with Secretary Wilson in the hearing last week is that I--I--I understand the funding request. I tend to support what your priorities are and--and hope to provide the funding. I think that you need to look ahead and--and game out what the likelihood is of getting that funding versus something less than that, and you know, worst case, a sequester and need to communicate in very specific terms what your department will have to do to react to that, not here in the committee.

But there needs to be a very clearly delineated list of everything that shifts to the right as a result of Congress' failure to give you all the resources that I think you need and you deserve. Thank you, Mr. Chair.

INHOFE:
Thank you, Senator Tillis. Senator King.

KING:
Thank you, Mr. Chair. Gentlemen, I'd like to start my questioning with a plea. We've had testimony from the SOUTHCOM commanders over the last two or three years that we have intelligence about drug shipments coming to the United States by sea. Of the 100 percent that we have intelligence on, we're only able to interdict 25 percent because of lack of maritime assets. Since this hearing started, 12 Americans have died of overdoses. Our country is under attack. People are dying. People are dying in my state one a day.

Please see if you can find a way to allocate LCS or other maritime assets to work with the Coast Guard to interdict those drug shipments. It is--it is inexcusable that we know of a drug shipment and can't do anything about it because of a lack of maritime assets. If you want to respond, Mr. Secretary, I'd be delighted, but basically, this is a--a heartfelt request to try to use--to do something that's within our power to do.
SPENCER:
Senator, I could not agree more. The CNO and I have been talking along with Admiral Faller down in SOUTHCOM exactly about this. This is--this is a mission that fits the LCS, and I think this coming quarter or so you'll see our response in that regard.

KING:
Thank you. I deeply appreciate that, and I'll look forward to continue to work with you on that. To a somewhat lighter question, a major change is--you're talking now about a large surface combats, and you're in the early stages. Can we assume that that's going to follow a similar path of the--of the new frigate program of existing hulls working with partners and that kind of approach to this project, admiral?

RICHARDSON:
If I could, just--the short answer is yes. We're going to try and really shorten the acquisition cycle, and we do so by leveraging more advanced and mature technologies, hull forms all the way up to combat system sensors, weapons, and then, we take more rapid, shorter acquisition steps, if you will, to follow that Moore's law curve or that exponential curve a little bit more closely with smaller steps.

KING:
I appreciate it. Thank you, and I should've, at the beginning--I've had some exchanges with naval officers here over the last month or so about the accidents with the McCain and the Fitzgerald. I've sought data. I've met with you at--at the Pentagon. I want to express my appreciation for the forward-leaning approach that you've taken, the data you have supplied. That doesn't mean I'm always going to be happy, so keep at it.

I want to--I want to see the data on a quarterly basis, a specific ship-by-ship in terms of training levels and all of the issues that were identified in the reviews of those two crashes. I--I think it's very important, but--trust but verify, I guess is what I'm saying, and I intend to continue to verify. I--but I do appreciate what the Navy has done and the responsiveness that you've--that you've shown.

Secretary Spencer, last year, we talked about the audit, what you expected to find, you said you saw four to seven years, I think, as a--as a ramp up to get to a--to a clean audit. Now that we've had a year, any modification of your estimate, and are you satisfied with the process thus far?

SPENCER:
Senator, no update on--on the--the date. I will say that we've come in a year. I'm not kicking it out one more year, keeping four to seven being a constant. We learned a tremendous amount, and we are underway right now. We're remediating the findings from the audit itself, but the remediation is only one of the steps we're taking. It's what we're learning from the remediation.

As an example, in--in the way that we monitor our real estate, in the way that we keep tabs on (INAUDIBLE), we're finding many different ways to improve the way we do it. Best practices from both--other services, other forms of government, and outside the wire.
KING:
So--so, your conclusion is that the audit has certainly performed a useful function.

SPENCER:
Its ROI is a multiple, sir.

KING:
That--that's--that's excellent. I--I appreciate that and look forward to future progress. One just short comment at the end. You had an exchange, I believe it was with Senator Rounds, about the--the cyber threat. I--I deal with cyber in two other committees, and one of the things that's come out in recent hearings is the threat via subs that the major contractors are pretty secure and strong, and our adversaries are now going through a little six-person engineering firm that supplies one screw to a major contractor. And that's how they get into the system.

I commend to you that as a--as a--a risk factor that I think needs real attention. I also commend to you the red team approach to get their attention.

SPENCER:
Senator, you've hit the nail on the head, and that came out in the--in the review that we just had, our cyber security review, but I'd like to turn around and say, hats off to you and Congressman Gallagher for setting up the Solarium. We look forward to seeing what's going to come out of your organization in that regard. There is not enough time and there's not enough resource to be put against this issue right now. We've got to get the gray matter starting it, and then, we're going to start affecting the remediation.

KING:
We had our first meeting yesterday. We're on our way. Thank you, Mr. Chair--Secretary. Thank you, Mr. Chair.

INHOFE:
Thank you, Senator King. Senator Reed has returned. We're under--a vote is underway.

UNKNOWN:
Yes, sir.

INHOFE:
I'm going to go vote and come back. We're going to work through it. Senator Hawley.

HAWLEY:
Thank you very much, Mr. Chairman. Thank you, gentlemen, for being here. Thank you as always for your exemplary service. I have heard much praise for your work as reflected in this budget in a lot of areas, but particularly an area I want to ask you about and the investments and unmanned, undersea, and surface platforms.

I want to ask you about an unmanned aerial system, the MQ-25 Stingray. I understand that this is the first of its kind, unmanned aerial system, that will serve as a refueling station for other carrier-based aircraft, and many proud Missourians working on this program in St. Louis. Of course, they have my--my firm support. Secretary Spencer, can you update the committee on the Stingray's progress and when you expect it to enter service?

SPENCER:
I--I'm going to defer to the CNO here on exacts. This is a fast-track acquisition, and it's--it's a large platform fast-track acquisition. We are tremendously impressed with what we've heard coming out of St. Louis on the--the difference manufacturing style that they're going to use on the MQ-25, which is without going into the weeds, is going to actually speed time dramatically for our receipt of this. CNO?

RICHARDSON:
Sir, first let me talk to the military benefit of this tanker--unmanned tanker, which will be able to stay in flight for so much longer than a manned tanker would be, and then, it liberates five F-18 strike fighter aircraft to do strike fighter missions instead of tanking missions. So, military utility couldn't be stronger.

As well, the approached acquisition, as the secretary said, has been unique in that we partnered with industry very, very early on to--to find the requirements appropriately. Going back to Senator King's discussion regarding technical maturity so that we can get this out into the fleet as quickly as possible, and so for a sophisticated aircraft program, we let the contract for this program in 2018. We expect this to be on deck in 2024, six years, which is pretty good by recent metrics.

HAWLEY:
Yeah, that's outstanding. Thank you. Admiral, can I just ask you about the--how the Stingray's deployment will change how air carrier--or carrier air wings operate? I think you were starting to gesture towards that just now, but if you would say some more about this?

RICHARDSON:
Well, it'll extend the range of the strike fighter air wing, right, because we'll be able to go out, tank those aircraft, and allow them to go out to do their mission even further, but I'll tell you what, sir, this is just the beginning for unmanned for us with the air wing. I think that one of the most exciting parts of this will be to integrate unmanned with the aircraft carrier crew, in terms of launching and recovery, and then of course integrating it with the other manned parts of the air wing. Lots of lessons learned as we continue to advance unmanned aircraft.

HAWLEY:
Yeah, thank you very much. Let--let me just shift to a--a broader set of questions in the Indo-Pacific theater. The NDS focuses our attention on the fait accompli scenarios and, of course, the--the Indo-Pacific arguably the decisive theater from the--the NDS standpoint.

When it comes to a fait accompli scenario involving Taiwan, which is one that is featured prominently--much the focus of our attention and planning. How are we doing with our current capabilities on our capacity to prevent a fait accompli scenario in--in that specific incidence? Go ahead, admiral.

RICHARDSON:
So, I'll just echo Admiral Davidson's thoughts, and he is the Indo-Pacific commander primarily responsible for making sure that we are ready in all respects across the entire joint force and the interagency for that contingency.

HAWLEY:
And do you feel that we are making progress here towards--from your--with--from the Navy's point of view with the capacities, the capabilities that are required. I mean, are--are we making progress here in--in getting to where we need to be to prevent a fait accompli.

RICHARDSON:
Sir, I think that one of the major strategic messages of the budget submission that we're discussing today is that it looks exactly at that problem. If you integrate across the size of the force, the capability of the force, and the readiness of the force, it's focused on our--our pacing threat, which is the Indo-Pacific.

HAWLEY:
Can you tell me, there's been--there's been some discussion, of course, about aircraft carriers today, but from a--a broader point of view, can you tell me how you see the carriers contributing to our toughest fights in that theater with China? I mean, what--what is it, as we think about--there are major investments, obviously. What is it that strategically the carrier--how does the carrier contribute? How will it contribute in--in that theater in the-in the decisive theater to that fight with China?

RICHARDSON:
Right. The--there's been a lot of discussion about aircraft carriers and their role in the future, so I appreciate the question. One, again going back to our budget, the acquisition of the--of another four-class aircraft carrier and the--the purchase of two of them at the same time, capturing a $4 billion savings but is--but is a firm a statement as we can make, that aircraft carriers are a lethal, survivable part of that future.

With respect to the theater that you just described, in a very high-end fight, the carrier is the most survivable airfield in the theater, able to move 700 miles a day and--and really confound any kind of a targeting problem. Beyond that, sir, it gets very classified very quickly, but suffice it to say that a competently run aircraft carrier using distributed maritime operation concepts can inflict a tremendous amount of damage against an enemy in that theater.
HAWLEY:
Yeah, I'll look forward to an opportunity to--to take that up further with you in a classified setting. I do think you allude to the very significant investment that these carriers require, and I think it's incumbent upon us to--to make sure that it's an investment that meets our strategic priorities. Thank you, Mr. Chairman.

UNKNOWN:
Thank you on behalf of Chairman Inhofe. Senator Kaine.

KAINES:
Thank you, Mr. Chairman. Thanks to all the witnesses. I especially want to just offer my congratulations to Admiral Richardson and General Neller for your wonderful service. You guys each have Virginia ties. Admiral Richardson, a Petersburg native, and General Neller, congratulations to the UVA Cavaliers. That was a--an exciting evening. There are four senators who have degrees from the University of Virginia. Neither of the Virginia senators had either the talent or judgment to be in that--that number. It's King, Whitehouse, Capito, and Cornyn, but it was exciting. But again, I just want to offer my thanks.

I have two questions that are sort of a follow-up, not--not to repeat other questions that have been asked about the refueling of the Truman. I--I associate myself with others' questions on these, but one of the references was to this future force study that's being done, and I want to ask two questions about it.

This is--the first one's a broad one. Do--do you think we're going to see other surprises when that is done, ship classes that are being considered for early retirement or other things like that. What--what would you--what would you let us know that we ought to be watching for, as that study's being done.

RICHARDSON:
So, I'll tell you that, one, as we've talked about many times, a security environment has only become more complex, and so, we would see that the Force Structure Assessment would address that increasing demand signal for maritime security. I think that the next 25, 50 years easy are going to put a lot of responsibilities on maritime security and the U.S. Navy in particular.

There are additionally new technologies, and so, we'll have to see where those new technologies take us. I'm of a mind that we need to move into that new technology space on an evidence-based approach. We can't just take a leap of faith when our nation's security is--is--you know, the stakes that we're claiming, and so, we'll look for a lot of experimentation and evidence on which to base those decisions.

And then, there are those sorts of enduring qualities of payload volume and energy and those things will allow a platform from which that innovation can take place, and so certainly, as soon as we get any kind of inklings, I would say that that would be the area that we're moving if there are places where legacy types of approaches fail to yield a return on investment. Then, we'll be informing you of those as well.
KAINÉ:
Thank you. One, we've had a number of classified briefs about both the Navy and Marine Corps operating concepts as we talk about future needs, and one concern I always have is whether both the Navy and the Marine Corps' operating concepts are being represented in any future analysis or ship building, aircraft procurement, force structure. Will both the Navy and the Marine Corps be signing off on the next iteration of Force Structure Assessment ship-building plan, aircraft procurement strategy?

RICHARDSON:
Sure, the commandant and I share just about everything, and so, something this--of this impact, we would absolutely habitually share them and address every concern they would have.

KAINÉ:
General Neller, anything you want to add on that?

NELLER:
On the previous comment you made, senator, I think, you know, amphibious capabilities have an image in people's mind that we're going to storm the beach. That's just one thing that they do, and quite frankly in 97 percent of the stuff they do every day is to do the second line of effort for the National Defense Strategy, which is maintain alliances and build partnerships and also create presence out in the context so--and so, we do need to look at the capability of those platforms to make sure there are more increasingly survivable and increasingly networked.

And so, those are things that--that the CNO and I sit on a Navy/Marine Corps board. Our staffs bring us these issues. We try to stay as linked as we can through naval integration and make sure that the programatics are in line with where we think we need to go, and I think you're going to see in training and experimentation, just like we did a Pacific Blitz. You're going to see more and more U.S. Marine/U.S. Navy operations where the two commanders are together.

In fact, that that operation, probably the most unique thing is they took their staffs and put them together as one staff. So, you had a blue/green staff, and so, to try to get rid of any of the seams or areas where there wasn't complete interoperability between the two forces, and I think it worked out well.

KAINÉ:
Great, thank you.

RICHARDSON:
If I could come back just very quickly, with respect to the ship building program, it was discussed earlier the enduring need for 38 amphib ships. Our current ship building plan gets us to 36 by FY '24. The five years--
RICHARDSON:
--With this incremental funding authority that we've been discussing, we might be able to accelerate and get even closer to 37, and so, we're paying a great deal of attention to meeting that requirement.

KAINE:
Excellent. Mr. Chair, thank you. Appreciate it.

UNKNOWN:
Thank you on behalf of Chairman Inhofe. Senator Gillibrand please.

GILLIBRAND:
Thank you. Admiral Richardson, statements from both the president and the Secretary of State seem to call into question this administration's commitment to--to defend our NATO allies. At the same time, we're building a new, low--low-yield nuclear missile so that we can more easily threaten nuclear war against Russia in order to protect the very allies that it is clear to me this administration does not care about.

So, what do you think would make NATO feel safer, having the U.S. build a new nuclear weapon that dangerously lowers the threshold for nuclear war or have the U.S. commit to defending our allies, which has successfully kept the peace in Europe for almost 70 years?

RICHARDSON:
Sir, if--ma'am, I'm sorry, if I could answer that, I would say both.

GILLIBRAND:
Yeah.

RICHARDSON:
That the nuc posture review makes clear that we would enhance our deterrent effect, including extending that to our allies with the development of these low-yield nuclear weapons, and that would also help defend our NATO allies.

GILLIBRAND:
I understand it's the Department of Defense's position that the low-yield nuclear weapons program is focused on deterrents. But does not it also make it more possible that it could be used?

RICHARDSON:
Ma'am, I think that the--the logic would be that if there's an asymmetry in the nuclear arsenal, if you will--if our opponents have options that they could use that we have no real deterrent symmetric approach, that this--this imbalance is in fact the thing that might lower the threshold to use, and so, that is the theory behind advocating for these new capabilities.

GILLIBRAND:
Secretary Spencer, we continue to see significant cyber-attacks on the defense industrial base. More specifically, reports continue to show China's interest and success in the illicit collection of critical maritime technology and information through both defense contractors and universities directly supporting Navy research and development. I'm alarmed by the persistent vulnerability. What can happen if China continues to collect maritime information and technology at this rate?

SPENCER:
It's disastrous, senator.

GILLIBRAND:
What concrete steps has the Navy taken to mitigate and--and counter these threats?

SPENCER:
That was the reason, senator, for setting up the cyber security review, which was just delivered to me three weeks ago, and we're now rolling out the plan.

GILLIBRAND:
And how is the Navy collaborating with the intelligence community, academia, and industry to improve the defense of Navy-affiliated contractors and universities?

SPENCER:
That is--actually in the plan, senator, which I'm more than happy to review and/or this committee at any time--that is the key. It's not simply one avenue. It's the whole universe of players.

GILLIBRAND:
Can--can you expand a little bit on potential fixes that can help the Navy more effectively protect maritime information?

SPENCER:
CNO will weigh in here for a second.

RICHARDSON:
Ma'am if I could, just support the secretary. We've all--a lot of this has to do with just ensuring that our contractual agreements--

GILLIBRAND:
--Excuse me--

RICHARDSON:
--With academia, industry includes measures to secure their, you know, cyberspace, if you will, right, and so, a lot of this is making sure that there's increasing accountability by prime contractors for their subcontractors' performance, as Senator King illuminated a lot of that vulnerability comes through the subs.

Strengthening the security and oversight by making sure that data is encrypted both at rest on those servers and in transit. Dual-factor authentication. Some of this is pretty low-hanging fruit and well-known things, but ensuring that they are contractually required and that there is a response mechanism and allowance for oversight there are some of the measures we've already taken.

GILLIBRAND:
Thank you, Admiral, and will you please submit that report to the committee and to me, particularly, so I can read it.

RICHARDSON:
Most definitely, senator.

GILLIBRAND:
General Neller, for a variety of reasons including current civilian secretary employment numbers, the military's having a tough time meeting its own recruiting goals. We've heard too about the portion of young Americans who do not meet medical, fitness, and education standards to join the Armed Forces, shrinking the pool of potential recruits.

At the same time, the president's proposed budget would slash money from domestic agencies that directly address these challenges, programs to support childhood nutrition, public education, healthcare for low-income families, and others. Do you agree it's possible for cuts to domestic spending to further limit the number of Americans qualified for military service?

NELLER:
Senator, I have to speculate on that, but you know as well as I do that less than 30 percent of the American youth that are qualified--that are qualified to join our military. You take the propensity of those in that 30 percent, and you get a smaller number. That said, I can only speak for the Marine Corps.

The Marine Corps has been successful in making our recruiting goals and maintaining our quality of those applicants to become Marines since 2006. We--our recruiters work very, very hard, and it's not
easy to do. But clearly, anything that we can do within the nation to increase the health, the educational level of--of our youth, of our citizenry would make it easier and better for us to find more and more people that were qualified to serve in the military.

GILLIBRAND:
We had hearings--just to close the loop, Mr. Chairman--in the OAC committee specifically on this issue because obesity just continues to rise, and so, the importance of food stamps became obvious because if you are a family on food stamps and you cut your nutrition amount the last week of every month they can't get fresh fruits and vegetables at affordable price, so they eat high-carb, high-fat foods that tend to be very inexpensive. And the--and the actual consequence of hunger is obesity. Thank you, Mr. Chairman, and thank you for all of your service.

INHOFE:
Thank you, senator, and thank you all three witnesses. It's been good. We've--we've accomplished a lot, a lot of interest, and we thank you for your time and your effort and your service.

UNKNOWN:
Thank you, Mr. Chairman.

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