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**Senate Armed Services Subcommittees on Seapower and Readiness and Management Support Hold Joint Hearing on Navy and Marine Corps Readiness**

WICKER:

This joint meeting of the Senate Armed Services Subcommittee on Seapower and Readiness and Management Support convenes this morning to examine Navy and Marine Corps readiness. We welcome our four distinguished witnesses the Honorable Richard V. Spencer, Secretary of the Navy, General Robert B. Neller, Commandant of the Marine Corps, Admiral William F. Moran, Vice Chief of Naval operations, and Mr. John H. Pendleton, Director of Defense Capabilities and Management at the Government Accountability Office. Let me begin by expressing my deepest condolences to the family and friends of the six Marines who died after a midair collision last Thursday near Japan. This tragedy serves as a reminder of the constant dangers those in uniform based on a daily basis.

I think Chairman Sullivan and Ranking Members Hirono and Kaine for agreeing to hold this hearing jointly, this rescheduled hearing. We will discuss a range of important issues today that cross subcommittee jurisdictions such as equipment modernization and funding for spare and repair parts although there is plenty to discuss regarding Navy and Marine Corps readiness I will focus my opening remarks on the readiness of Navy surface ships. This February, the late Senator John McCain and I introduced legislation to help the Navy restore its surface force readiness. The Surface Warfare Enhancement Act of 2018 sought to address some of the root causes of declining readiness, which were outlined in the Secretary of the Navy's Strategic Readiness Review and the CNO's comprehensive review.

In the aftermath of the tragic USS Fitzgerald and USS John S. McCain collisions, in which 17 sailors lost their lives, our commanders and sailors called for a meaningful reform. Navy and Government Accountability Office reviews cited overextended and undermanned ships, overworked crews, a decline in naval mastery and confusing chains of commands as contributing factors to the Navy's readiness problems. Our legislation based on the Navy's and recommendations was specifically designed to address these and other challenges.

Although I have confidence in the Navy's leadership, I believe Congress must continue to play an active role in ensuring the right long-term corrective actions are successfully implemented. The John S. McCain National Defense Authorization Act for FY 2019, which President Trump signed into law in August, includes 11 provisions derived from our original legislation. These reforms require the Navy to review its chains of command, ensure that the ships (INAUDIBLE) overseas, rotate back home, and keep formal watch standing records among several other provisions.

We must learn the hard lessons of the past two years and get meaningful reforms implemented. I look forward to receiving an update on the progress of implementing these reforms for our surface ships. Clearly there will be several other topics, which will be highlighted in our witnesses' prepared testimony, but in the interest of time I will conclude my opening remarks. I think by agreement we are now to recognize Senator Kaine for whatever opening remarks he might have. Senator Kaine.

KAINE:

Well thank you, Mr. Chair, and thanks to the witnesses for being here today, to my colleague, Senator Hirono, and all who are here. This is an important hearing. I appreciate the opportunity to meet in the office to talk a little bit about it. It's rare to have a hearing of two of these subcommittees jointly but it is very appropriate to talk in this joint committee hearing about readiness about the Marine Corps and the Navy.

I will also echo what Senator Wicker said, our--our prayers go out to the family members affected in the marine family by the midair collision. One of those killed was Marine Kevin Herrmann from Fredericksburg, Virginia. Thinking about Kevin and his family.

I want to keep my remarks brief as well because we want to get into the Q&A. First on readiness recovery I'm encouraged by Secretary Mattis' expressed goal of an 80 percent readiness figure that's a lofty goal, it's a stretch goal, a (INAUDIBLE) goal but it's the kind of role you need to do good work. While I support the goal, I do have concerns about how we come up with and then allocate the resources that we need to meet it.

The JAO found just last month the Navy spent about 1.5 billion since 2008 to support submarines that were not able to be deployed. I'm very interested to hear from witnesses how the Navy can best use both public and private shipyards to ensure readiness goals are met in taxpayer dollars are used wisely and I know you're prepared to testify about that. Second, infrastructure challenges. I'm encouraged by the Navy shipyard optimization plan. The plan has an estimated cost of \$21 billion over the next 20 years, which would be nearly 3 times what the Navy has historically spent on capital shipyard investment. So if we're going to get to the 355-ship Navy, we need to make those investments but that will be challenging and I'm interested to hear from the witnesses today on how exactly they plan to achieve this amount of investment and obviously Congress has a huge role in that so you will be giving us a challenge as well as you describe it.

An additional concern I have about infrastructure, especially just following the fall that we've been through, is--is climate change. Hurricane Florence did significant damage to North Carolina and the cost at Lejeune to the Marine Corps could be significant. This is not an Air Force hearing, but Tyndall in Florida also suffered significantly and so there will be cost connected with it. The JAO recently found, "DOD acknowledges that the potential impacts of weather effects associated with climate change pose operational and budgetary risk to our military installations." We're seeing examples of that.

Notably, the FY 18 NDAA required DOD to report on vulnerabilities to installations from climate related events, could be hurricane, could be flooding, could be drought depending upon the part of the country wildfires. Including the top 10 most vulnerable installations in each military service, the report is due this month and I will as both the Navy and Marine Corps for their top 10 today, either for verbal testimony or testimony for the record. I'm not expecting each of you to pound the table about debating about climate change and the causes of it, but we do need to know coming up with the NDAA and prepping for it for next year what we need to build into deal with those vulnerabilities. And with that, Mr. Chair, thanks for calling this joint hearing and I pursue the opportunity to dialogue with our witnesses today.

**WICKER:**

Thank you Senator Kaine. Before moving to the other two opening statements, you--you mentioned your constituent. Let--let me just say that that we now have four of the five Marines, we have the names of four of the five Marines who have been declared dead after the--the crash of the two war planes. Family members of the fallen Marines identified their loved ones to Stars and Stripes.

In addition to major Kevin Herrmann of Fredericksburg, Virginia who Senator Kaine has already mentioned, Staff Sgt. Maximo Flores of Litchfield Park, Arizona, Corporal Carter Ross from Hendersonville, Tennessee and Corporal Daniel Baker of Fremont, Illinois have been identified as--as deceased by their loved ones in the fighter pilot involved in the crash who died was identified last week as Captain Jahmar Resilard of Miramar, Florida. So we mention all of those names with our thoughts and prayers to their families and our appreciation for their service and sacrifice to our country. Senator Sullivan.

SULLIVAN:

Thank you, Mr. Chairman and I--I want to thank all of the members for being here for this important hearing that really kind of emphasizes that modern--modernization and readiness go hand in hand and I know that our full committee Chairman, Senator Inhofe, has committed to ensuring that we continue down the path--path to readiness.

SULLIVAN:

Much has happened since then. I'm going to try to keep my opening remarks short, but like Senator Kaine, I want to just highlight a couple of areas that I hope our witnesses can address for us, first the readiness issues with regard to the Navy and the Marine Corps, importantly within the context of the new National Defense Strategy and the recent National Defense Commission report, which was mandated by this committee and the Congress--the leaders of that commission testified recently, and I thought they did a very good job--all of this within the context of the great power competition with China and Russia that are the highlights and emphasis in the National Defense Strategy.

As Senator Kaine mentioned, I also want to get a sense from our witnesses on the laudable but, let's say as he said, a stretch goal with regard to 80 percent mission capable by the year end with regard to Navy and Marine Corps aircraft. The readiness issues in terms of naval aviation has been a big challenge and continues to be. I'm also curious to get an assessment from, Mr. Secretary, you and General Neller and Admiral Moran, how you plan to get to the 80 percent capable mission for those airframes while keeping training up, which has been a big problem, and not degrading readiness capabilities.

On the topic of modernization, I'm concerned about a significant burden that we're seeing on sustainment. Last month, Vice Admiral Moore stated that only 35 percent of the ships that he had in maintenance availabilities would move on time. This, again, is an area where maintenance and sustainment of our fleet has typically been a strategic imperative advantage of the United States Navy relative to other countries, particularly China and Russia, and I want to get a sense from our witnesses on how we we make progress on that. Those numbers are concerning.

I also want to get a sense, in light of the NDS, as Senator Kaine and I are going to be conducting a classified hearing later today with regard to the Pacific laydown of our force posture in light of the National Defense Strategy in the Asia-Pacific, Indo-Pacific. That's going to be an important hearing. And my state plays an important role in that, being one of the most strategically located places in the world, so I'd like to get an update on utilization of that platform, JPARC, Adak, other future training and basing opportunities that fit well within the NDS.

And finally and I think most importantly, we've already touched on it, the trend in the Indo-PACOM region with regard to accidents that we've had in the Navy and the Marine Corps. I don't want to go down the whole list, but we know what they are, the USS McCain, others, the collisions of our ships at sea resulting in the deaths of 17 sailors, several Marine Corps and Navy aviation crashes and training, including the latest that we just talked about. We of course send our heartfelt condolences to the families of the Marines who have lost loved ones during this holiday season. I know all of you gentlemen take these issues extremely seriously. These are the men under your charge, but we have to do better. We must do better, all of us, including the Congress. We have to do better. And what we need to do here on our side is make sure you get the authorization and appropriations bills on time. CRs and omnibuses that you've been forced to endure for, you know, over a decade don't help readiness and contribute to the problem. So, with that, Mr. Chairman, I look forward to very much hearing from our witnesses.

WICKER:

The ranking member of the Seapower Subcommittee, Senator Hirono.

HIRONO:

Thank you very much. I'll keep my remarks very short. And I do add my own condolences to the families of the Marines lost in the tragedy off the coast of Japan last week, as well as their fellow Marines at Marine Corps Air Station Iwakuni and throughout the Pacific.

Gentlemen, it's nice to see, well, three out of the four of you. Thank you very much were coming to see me not too long ago. These are the areas that I would like to focus on, and some of them have already been, of course, mentioned.

Of--one of the most important areas of concern for me is shipyard modernization, because Pearl Harbor Naval Shipyard is very much a part of our industrial base in Hawaii as well as, of course, being a major part of our national security. I too would like to know how we're going to get to 80 percent availability for aviation.

Something that I have been talking about quite a bit not necessarily mentioned by others is how we are addressing the corrosion problem, because that can lead to deaths, as it has when a propeller falls off and--due to corrosion and lack of adequate maintenance, and then of course, as mentioned by Senator Sullivan, preventing collisions at sea. So, thank you very much, Mr. Chairman.

WICKER:

Thank you. And I believe Secretary Spencer is first in line to make opening remarks. Sir, we are delighted to have you.

SPENCER:

Great to be here, Chairman. And I'd open up by saying thank you for keeping the--your thoughts and prayers in mind for those Marines affected. And I'd go one step further and please say keep your thoughts and prayers in mind for all our Navy and Marine Corps team that are out in harm's way.

Chairman Wicker, Chairman Sullivan, Ranking Member Hirono, Ranking Member Reed--I beg your pardon, Kaine, distinguished members who are all here today, first off, on behalf of the sailors, Marines, civilians, all our teammates serving around the world, we want to thank you for your bipartisan effort to restore funding stability to the Department of the Navy. It is critical and it is doing its work. I will tell you that the weather vanes are all pointed in the right direction. Urgency is the message that we have now. You are seeing improvement. You'll hear it today. But the rate of improvement must increase and we believe we have plans--we do have plans to address that.

The foundation for restoring readiness and increasing lethality has been set but we must build on this, as I said, with a sense of urgency, with a focus on people, capabilities and process. And while we have much to do, we are well underway. And during this testimony, we will highlight and answer questions for you that'll delineate what is being done.

The National Defense Strategy identifies three lines of effort to counter the increasingly complex security environment that we presently face. The first is to build a more lethal and ready force. The second is to

strengthen alliances, and the third is to reform the way that we do business. I'm going to highlight a couple of the major muscle movements that we're making.

We are increasing lethality and readiness through targeted investments in weapon platforms and munitions while enhancing our partnerships with the private sector. As an example, alongside our private sector partners, we are gleaning commercial best practices to increase efficiency and flow in our maintenance facilities, to turn those platforms back to the fleet as quickly as possible.

The Navy and Marine Corps team is strengthening our network of allies and attracting new partners through joint exercises such as RIMPAC, Trident Juncture, Malabar and Bold Alligator, all the while increasing opportunities for our personnel and their allied counterparts to study together, serve together, and operate as a single unit. Teaching, learning and exercising together seals a long-term bond with those that will be part of the fight if called on. Aligned and training allies and friends are our force multiplier both in manpower, ideas and capital assets.

And we have made business process reform a top priority. At every level we must become, and we're moving there, to be a continual learning enterprise, identifying best practices from outside the building, promoting a culture of problem solving and achieving efficiency at the speed of relevance. Recent examples of this include the newly revised Surface Force Training and Readiness Manual, which places more focus on training and changes the delivery strategy of basic phase training to ensure ships are able to continuously train during the optimized fleet replacement plan cycle, this coupled with the establishment of the Marine Skills Training Centers in both Norfolk and San Diego and Naval Surface Warfare offices to develop their mariner skills throughout their career. They're increasing the capability of the United States Navy, and this shows what we are investing in our people.

The American taxpayers provide us with a treasure. In return, we must protect them from the risks associated with an ever-changing world. We owe it to them to ensure that every single dollar we invest has a return on lethality. We must do this to fulfill our oath to them.

We have more examples of our efforts put forth to increase readiness and lethality. While we have been focused on addressing root cause issues that we face, you should be aware that we are making systemic changes that will take time to meaningfully move the needle. In order to effect our goals we must--ladies and gentlemen, we must have consistent funding. Any breaking in that consistency will have dire effects on the process and progress that we have made to date.

We appreciate the support of the oversight of this committee. And on behalf of the world's finest Marines, sailors, we look forward to your questions.

WICKER:

Thank you Mr. Secretary. Mr. Pendleton, I understand you also have an opening statement.

PENDLETON:

Yes, sir.

WICKER:

You are recognized.

PENDLETON:

Chairman Wicker, Chairman Sullivan, Ranking Member Hirono, Ranking Member Kaine, thank you for inviting me to discuss our body of work on Navy and Marine Corps readiness issues. I'll break my statement into two parts. First I'll describe ship and submarine readiness and then I'll move to aviation.

Just over a year ago, I had the grim duty to report to you that Navy training was not up to its own standards. Training requirements at that time were being wavered at an alarming rate. The Navy and a series of internal studies concluded that this lack of training had contributed to the deadly collisions. When I learned that I'd be testifying at this hearing, I decided to go out to Japan to see for myself how things were going.

What I found was encouraging. The Navy has stepped up training to make sure that crews, ship crews, are deployed before they train, and they've committed to provide dedicated training time going forward. Things had improved markedly. However, this is keeping the sailors very busy. We talked to 10 groups of sailors on two ships out in Japan, and they told us since--that morale was high, but they told us that they're still working very hard, sometimes 100 hours a week or more. I'm concerned that this reveals an underlying problem still facing the Navy, that it simply is not yet putting enough sailors on the ships to cover the workload. We reported on this last year and the Navy is working to develop ship manning requirements both at sea and in port, and we eagerly await the results of those studies, as I suspect a number of hard-working sailors do as well.

Completing maintenance on time has proven to be a wicked problem. Since 2012, the Navy's lost more than 27,000 days of ship and submarine availability due to delays getting in and out of maintenance. 2018 was particularly challenging, with the equivalent of 17 ships and subs not available because they were waiting to get into or out of maintenance. Looking forward, I do see some cause for concern because the dry docks are short about a third of the capacity that'll be needed to conduct the planned maintenance that the Navy already has on the books, and that doesn't include the fleet increase.

Moving to aviation, the issues center around sustaining older aircraft while incorporating new aircraft into the fleet. In a report earlier this year, we looked at seven different Navy and Marine Corps aircraft, and none were meeting availability goals. And those availability goals were less than 80 percent. Many had delays in depot due to personnel and part shortages and unexpected repairs due to their age. As you know, the Hornet and the Harrier and other aircraft are 20 or more years old, and we're having to extend their service life to bridge the gap until more F-35s come into the fleet. And so--and also moving to the F-35, early indications that it's--that--incorporating the fleet is we are seeing some challenges there as well.

PENDLETON:

We found in a report last year that depot capabilities were already six years behind, and what that meant is in practical matters, it took months, sometimes six months or more to get the parts repaired and back out to the fleet. I understand the rush to fill the F-35 and I know the Navy and the Marine Corps and DoD is working on this, but we feel additional attention has to be paid to sustaining the F-35.

As mentioned, the secretary has established a goal--the secretary of defense has established a goal to have 80 percent mission capability of several aircraft including the F-35 by next year. This will be difficult to achieve in my assessment, and I offer a couple of cautions as we move forward on this, Mr. Chairman. Consistent and clear definitions will be critical. There's been some efforts to define what we mean both in the numerator and the denominator of that 80 percent, and I think that's a step in the right direction. This is basically the 80 percent of what question. Secondly, we need to be sure that everyone understands what mission capable is. It doesn't mean the aircraft can do all the missions it might be assigned to it. It means-

-that's typically called fully mission capable and that's typically lower because it--they need to be able to perform all the missions including the high-end missions. When we looked at the F-35 last year, it had a 15 percent fully mission capable rate. This has significant implications for a high-end fight because those difficult missions are the ones that are often hard to find time to train for.

In closing, Mr. Chairman, as my statement indicates, we have 45 recommendations to the Navy and the Marine Corps and DoD, and I'm happy to report to you that there--there's progress being made on those recommendations. We see actions being taken, we haven't closed that many of them, but we're working closely with the Navy and monitoring progress, and I'm encouraged by what I see. But make no mistake, it will take significant time to rebuild the readiness of the ship, submarine, and aviation fleets, and it will require sustained attention. We stand ready to assist you in your oversight and I'm happy to take any questions.

WICKER:

Thank you, very plain and forthright testimony that we need to heed. Secretary Spencer, we're--we're--we're entering a time of--of divided government in this Congress. We'll soon have a Republican Senate and a democratically controlled House, and we're going to have to join hands as Americans and give you the resources, give all four of you gentlemen and the people you represent the resources that you need.

Let me just remind folks listening that there's a provision and a statute that has not yet been repealed. And if it should be allowed to--to take effect, it would put us back in sequestration, an unthinkable result and utterly irresponsible act that I--I feel sure this Republican Senate and this upcoming Democrat House will avoid. I remember a previous secretary of the Navy, Secretary Mabus telling me, in a budget hearing, that they had no contingency plans for sequestration because it was so utterly irresponsible and unthinkable that it could not happen, and lo and behold, it happened. And we received testimony before our full committee some three years ago from a previous CNO that the sequestration cuts resulted in five canceled ship deployments, two billion dollars in deferred procurement, a 30 percent cut to facility sustainment, increased maintenance backlogs, and approximately one-half of the Marine Corps home station units at unacceptable levels of readiness and the CNO could have gone on and on--on that.

I don't think this is going to happen, but it's in the statute and, unless we take action, bipartisan action to give our citizens the security they need, it's there in the statute and we must be mindful of that. Secretary Spencer, you, first, then General Neller, and then Admiral Moran, please give us illustrations of what impacts that would result in if the sequestration kicks back in as is currently slated under current statutes. Secretary Spencer, I'll let you go first.

SPENCER:

Mr. Chairman, devastating in many ways. First, right off the bat, the money that you gave us in '17, '18, and '19, you're going to hear what it's--what--what's being done and we are doing some very unique and trailblazing efforts to really get us back on our feet, into the fight at--at--at fighting weight. We're on the bicycle pedaling. It took us a while to get up. This would just knock us down, flat down. If you look at what sequester does, it's a \$26 billion cut to the Department of the Navy. And if you--if the--if the president has MILPERS as exempt or 19 percent nonexempt, 14 percent, it's--it's devastating. I'm more than happy to share with you all later a graphic that I put together here going around the country, for everyone's district, what this would mean that we would have to do if sequestration hit, and no area of the country is really unscathed by this. And this is just--

WICKER:

--Let's go ahead and put that in the record right now, Mr. Secretary--

SPENCER:

--Will do.

WICKER:

Without objection.

SPENCER:

Will do, sir. That's the bottom line. I turn it over to my two compatriots.

WICKER:

General Neller.

NELLER:

As the secretary said, we're making progress, maybe not-certainly not as fast as we would like or you would like, but I can show you quantifiably how our readiness is improving. And we have a unique problem. I mean, we're at an inflection point for our nation. We have to maintain the current operations and those are being reviewed and looked at. We have to modernize a force that's been at wars for 17 years, and then we have to prepare for something we haven't had to prepare for since the Cold War, to fight a pure adversary. And those particular nations have done--had to do nothing other than recapitalize their force.

So, if we were forced back to a sequestration level, it would be more than just the Blue Angels not doing airshows, and people not going to conferences. It would be units getting ready to deploy later, it would cause us to look at our force structure have to make ourselves a smaller force. So, we lose capacity which means we'd have less presence around the world. It would delay almost every single acquisition program that we have underway, ground and air, to try to, not just modernize, but to create future capabilities for the force that we think we need to be to defend the interests of this nation.

And I think, never--I would never underestimate the impact it would have on the force itself. It's important for--I know this committee understands that, but the American people understand this isn't not just an all-volunteer force, this is an all recruited force. And they expect that, when they are recruited and they sign up and we send them--we want all games to be away games. We don't do home games--that they're going to have the best year, and the best training that this nation can provide. And we would be challenged to do that. You know, obviously, those that are going to be four deployed, are going to get the best that we've got. And they're going to get the most ready capable equipment. But the time for them to get ready would take longer, and the depth on the bench, if there were an unexpected contingency, the readiness of that force would go down.

WICKER:

Admiral--

NELLER:

--So, it would be devastating, I agree with you.

WICKER:

Thank you, thank you. Admiral.

MORAN:

Thank you Mr. Chairman. When I think about Budget Control Act, sequestration, and even multiple continuing resolutions as opposed to a stable predictable budget, I go back five years ago or so when the first time we went through this occurred. And it's taken us five years to really get back on our bicycle as the secretary referred to. So, I think about this in--in--with a component of time. Time for our sailors to learn how to operate their gear, time to fly airplanes to become proficient and, beyond proficient, but experts, masters at what they came into the Navy to do. I think about time for families, notification from PCS gets driven down to one or two months instead of six months, as it should be. And I also think of time in terms of our ability to recover if we were to go back to those levels again, even though we would probably start to recover, you're talking five years, if you just use the recent last five years as an example. So the component of time is time you can't get back so we lose proficiency, we lose expertise, and we have to recover that by skipping generations of people who miss the opportunity during the time when we didn't have the resources available.

WICKER:

Thank you, gentlemen. Senator Hirono.

HIRONO:

Thank you, Mr. Chairman. I mentioned, in my opening statement, that the concern that I have about our public shipyards, and I know that the Navy has a new plan for modernizing the public ship--shipyards called the Shipyard Infrastructure Optimization Plan. I consider this to be a major improvement after years of neglect of this important infrastructure and, certainly, there have been military construction projects and various upgrades over the years, but there's nothing like a comprehensive plan that can be implemented to really move us to the point where we need to be. So, the Navy told us earlier this year that the Navy would issue a master plan for modernizing the four public shipyards in the Fall of 2018. That master plan was intended to guide Navy investments over the next 20 years. So, Secretary Spencer, where does the Navy stand on implementing that master plan?

SPENCER:

Underway, senator. The key that we're looking at right now, when we fund and we're looking to build up the Palm, is basically three buckets. And that's our legacy systems or, what I call, our installed base, modernization, and then force 2.0 which are our future investments--I mean our present investment for future weapons. Think AI, directed energy, et cetera. We have stepped back and taken a close look because, the fact of the matter is, until we get our shipyards, specifically for our underwater fleet, our public shipyards primarily, increased flow and increased efficiencies to--for throughput, we are hurting ourselves. I am responsible with my title X hat to man, equip, train, and deliver those assets needed by the combatant commanders. This is a key focus. We are allocating dollars. Hawaii is one of the first projects that we're looking at right now. We're sitting there taking an industrial flow overview look on how were going to rebuild these. The fact of the matter is, that the science of industrial flow has progressed tremendously since we have last touched these shipyards. We're going to modernize them.

HIRONO:

So, I'm glad to hear that Pearl Harbor is one of your first shipyard focuses. So, I'd be very interested to know what, specifically, is happening with--at Pearl Harbor that will lead to its modernization. And, you know, Mr. Pendleton, the GOO--has the GO--GAO reviewed the Navy shipyard modernization plans? And if so, have you drawn any conclusions from that review?

PENDLETON:

Ma'am, we have a review underway looking at how that's going. We've--we have work that indicates the--the age and condition of the shipyards, and have looked at the impact on maintenance delays, but the optimization itself, we're still looking at that.

HIRONO:

So, when you say looking at it, when can we expect a report?

PENDLETON:

Let me check. What's the time?

UNKNOWN:

Summer.

PENDLETON:

Summer, ma'am.

HIRONO:

I'm sorry.

PENDLETON:

Summer of next year, so probably May, June--

HIRONO:

--Of next year--

PENDLETON:

--But, we'd be happy to brief earlier--

HIRONO:

--Meanwhile, the modernization plans are proceeding, they are being implemented per our secretary. So, thank you very much. Mr. Moran has mentioned that it would be pretty challenging to get to the 80 percent aircrafts--aircraft, excuse me, availability. So, are we being realistic in expecting, Mr. Secretary, an 80 percent readiness?

SPENCER:

It is a stretch goal, senator, but it is a stretch goal that we will take. If I could bring you out to one of our depots out west to show you what we're doing is a program for the F-18 Super Hornet. It is, we've hired a fellow who ran Southwest Airlines' maintenance. And in a matter of eight weeks--and I can turn it over to the vice here because he sits on the steering committee for this program--in eight weeks, we have increased throughout by 40 percent.

HIRONO:

So, there is a concern about Innovative accounting techniques to indicate to us that these 80 percent goals can you assure us provide us it's not?

SPENCER:

It's not going to be done by pencil whipping.

HIRONO:

Take you up on that visit. Now I did want to get to the corrosion issue because we recently had multiple deaths as a result and just this week the Marine Corps released their official results of the investigation into the crash of a Marine Corps KC-130 aircraft in Mississippi in 2017 and the investigation found that aircraft crashed because of corroded propeller blade came off during flight killing all 16 people aboard. So Secretary Spencer, can you give us your views on the importance of pursuing corrosion prevention and mitigation programs as you seek to take good care of the people and equipment under your control? And of course, part of what happened in a tragic incident was that--that there was inadequate training for the maintenance people. So can you tell us what you are doing to address the corrosion issues?

SPENCER:

I can, Senator, in two ways. One is how we go about doing our maintenance. The fact that corrosion was the actual fault in that accident, the real problem (INAUDIBLE) that we were not doing in the right way as outlined in the procedure. That has been corrected on both fronts. Now, when it comes to corrosion in general, we work in a maritime environment, highly corrosive. This is something that we're actually enhancing our efforts at because if you could see when we start peeling back the onion on our maintenance issues, corrosion ends up being one of the biggest manpower consumers. With the chemistry that's out there today, we have the ability to really address this along with process to stay ahead of it.

HIRONO:

And I think when I met--met with you I--I was very interested in making sure that--that when we purchase these--the ships, et cetera, aircraft that corrosion is part of one of the factors that we would consider in putting out the contract to begin with, that all of these people should be looking at ways that they can incorporate anti-corrosive products into the drafts.

SPENCER:

Most definitely, senator. I mean, if you were to see the efforts that are going on now with two of our prime suppliers, they are partners in this problem. They are not simply contractors. We are living it through them saying one, what can you bring to the table that's new since the last time we left this

contract, and two, what are best practices we are seeing out there amongst other areas and what can we do to improve the way that we battle this?

HIRONO:

Thank you. Thank you, Mr. Chair.

WICKER:

Senator Sullivan.

SULLIVAN:

Thank you, Mr. Chairman and--and I appreciate the witnesses joining this joint committee today. General Neller, I want to ask you it's been nearly 3 months since hurricane Florence made landfall at North Carolina. Have you have the opportunity to assess the order of magnitude to the impacts of Camp Lejeune and the challenges we see there?

NELLER:

Yes, sir. We have.

SULLIVAN:

And what are the numbers? Do you have numbers?

NELLER:

So Camp Lejeune is not as dramatic when you look at it with your own eyes as what happened on the panhandle in Florida. The storm was very slow-moving, there was a lot of wind but it's on the top of the base and it rained for two or three days. So a lot of the buildings that Camp Lejeune are very old, they suffered roof damage, exterior damage, and then when that happened the water got inside and so you end up with mold and other things. And so there was a effect on housing, which we're working with a private vendor for them to fix that and they are making some progress, not as fast as we would like, but they are making progress. On the facilities and structures for us, if you were to repair it, it would be one number but if you were to take the buildings that we would consider to be not worth the cost of just repair but they need to be rebuilt, the total bill comes to about \$3.6 billion.

SULLIVAN:

Let me ask another question for you, general. You mentioned some of the bad consequences if we went back into sequestration and you--you put forward a list that was pretty significant, I think should get everybody's attention in terms of negative consequences. One thing you didn't mention, which is an, obviously an issue that we raised here is, to be blunt, the increased probability that some of the really bad things that we've seen could increase in terms of their potential, and I'm talking about deaths in training and deaths in, you know, the activities of our military. Is that another risk that if we go into sequestration? That's the ultimate risk right? You know the Navy, I love the Blue Angels but my biggest concern is that we see more of these deaths and the American people, none of us should tolerate it. Is that a risk?

NELLER:

When you are not able to train as hard and as long and fly as--as many hours as you require to maintain a substantial training level that makes you qualified based on current standards, yes--yes, senator, that's a risk.

SULLIVAN:

Okay. That's really important you know. Mr. Pendleton you--you also mentioned I think we all recognize we have a readiness problem, readiness challenge. You just mentioned in your opening testimony it's going to take significant time to rebuild readiness. Let me ask just the basic question. What in, your view, you kind of have the outside view, the independent view, what put us into this hole in the first place? And remember it's not just readiness, this is a readiness challenge that's killing our Marines and sailors. What put us in the hole? Was at the fact that from 2010 to 2016 DoD budget was slashed by 25 percent? A lot of people don't know that, that's a fact. Is that it?

PENDLETON:

I--I don't think budget has helped and unpredictability of budget certainly didn't help. But it was also a demand and supply problem. I mean, the Army if you go back a few years, they--they were able to bring more folks home the--and retrain and get repetitions through the combat training centers. The--

SULLIVAN:

--So succinctly, what put us in the readiness hole from your perspective?

PENDLETON:

I think for the Navy and Air Force, what--what I'm getting into is that demanded it really slowed down and so they had to continue to find ways to meet the demand with a shrinking fleet and with budgets like they were they--they affected sustainment accounts which then had a ripple that we're--that we're trying to work off now.

SULLIVAN:

Okay. Let me ask, Mr. Secretary, you know, one of the things, and I--I touched on it briefly in my opening statement, there's been a lot of interest from this committee on what's happening in the Arctic. It's--and it's not just me as Alaska's senator, it's actually broad-based we've had a number of provisions in the NDAA, including the demand from the department of defense for a new Arctic strategy. As you the Russians are building up their capability massively, you know, huge exercises, new airfields, Newport, 40 icebreakers, building 13 more, some are nuclear powered many are weaponized. Secretary Mattis, in his visit to Alaska this summer and in a statement to this committee, said it's a strategic area we need to pay more attention to.

You--you and I have the opportunity to visit potential areas, Adak, Port Clarence, Nome and you recently said in a speech that we need a strategic Arctic port in Alaska. Can you focus on some of the issues that you see is challenges from the national security perspective, national defense strategy, and how the Arctic plays into that? And can I get your commitment, as required in statute, to work with this committee on a revised analysis of a strategic Arctic port?

SPENCER:

One, you--you do have my commitment, senator. Last October when I was newly minted, one of my first trips outside the country was to the Arctic convivium in Reykjavik and that was my educational curve or really what was going on in the Arctic. At that point our Russian friends were warming up five airstrips, 10,000 Spetsnaz troops up there for "search and rescue" according to the ambassador from Russia. The Chinese are up there. Everybody is up there. We--

SULLIVAN:  
--Everybody but us.

SPENCER:  
Well, senator, we are up there under the sea and in the air.

SULLIVAN:  
You can't do a FONOP under the water.

SPENCER:  
I--I agree to--to an extent but I'm getting to my point, which is we are looking at how we can get up there. This is portfolio management. If I had a blank check for everything, it will be a terrific to ice hardened ships, but with the demand that we have right now it is--it is unaffordable. Do we--do we have an avenue that could possibly work at seasonal times to go up there? I believe we do. We are looking up at right now. The Coast Guard is getting its heavy ice cutter, would have to have at in tail if in fact there was ice. We need to get up there I can commit to the fact that we're trying to figure out how we do service that.

You and I did go look on the coast up there for a potential strategic port. I think the Coast Guard in concert with the Navy, we should definitely flesh out what could possibly be done. When it comes to using Alaska in the Arctic area for training, the commandant and I have talked about this. Plans to go look at doing something, possibly on Adak for training. The vice and I have talked about possible PA debt up to Adak. There is definite training uses and there's definite ability to affect the National Defense Strategy with Arctic activity.

SULLIVAN:  
Thank you, Mr. Chairman.

WICKER:  
Thank--thank you very much, Senator Sullivan. Senator Kaine.

KAINE:  
Thank you, Mr. Chair. And Secretary Spencer, I will start with you. I've chatted with you about this. The requirement in the NDAA from 2015 that is now live about audited financial statements for all functions within the DoD, we view that as a tool not just for congressional oversight, not just for public oversight, but we also view it as a tool for military leadership to manage, to create I think you described it in your testimony kind of a culture of continuous improvement.

If we--if there's--if we're going to be reliable on budgetary, ample budgetary requests and budget certainly going forward it really helps us if we believe that the DoD is using tools like this to promote improvement, to let go of lesser performing priorities or lower performing programs and invest in other areas, as you describe bringing in somebody from southwest to deal with, you know, to help you figure out if there are new strategies on maintenance that sounds like a good one. How are you using tools like the audited financial statements and others to try to figure out how to better prioritize and squeeze more value out of the dollars we give you?

SPENCER:

Senator, the--the audit process at Navy from the day I arrived, we--the conversation was this is not an invasion into your area for a painful financial exam. This is a process that will give you a tool, you a manager, a tool to see how you are deploying the resources and the effect of the employment of those resources. So we did change the conversation and I'll tell you what, we gone through our first cycle, as you know, and I think as we advertise day one when I was up here for my confirmation hearings I don't think we will probably get a clean opinion for another five to six years but that's not the issue. It's the learning process along the way that is critical.

This cycle alone we have--we have vignettes that I can provide for you on the record later of events. And I'll just quote a few. We found out that in the Navy alone we had in excess of 700 distribution points for parts. You know, Amazon does this globally with 25 centers. Do we have something to learn there? We certainly do, the ability to turn around and find out where inventory is.

A fine example, we were missing some assets that were held by a--a contractor. In my heart of hearts I said we will probably find, these this is a paper issue. It was but when you work in the--in the commercial sector there was a thing that I grew up with called SAS 70, which were the standards that you would provide your services and goods to a client. That exists amongst all of our contractors but it appears that we forgot to ask for that or we were not aware of that. From this evolution we are going to turn around and say when you hold assets for us, when you do anything for us will you do them at the same generally accepted accounting standards of SAS 70? It's there. We're taking advantage of it.

KAINE:

Well, expect to get asked questions like this a lot at future hearings. We really want to see how those are being used, all of you. General Neller, I was struck by your cost on the repair of Lejeune that you put it around \$2.2. Is that right, \$2.2 billion?

NELLER:

Actually, at the high end, if we cost it out because we don't believe it's cost-effective, senator, to repair buildings that are 35 to 50 years old.

KAINE:

Right.

NELLER:

So, if you replace these 31 buildings--there's actually more, but these ones we--

KAINE:  
--Yeah--

NELLER:  
--We put at the priority, the bill's around \$3.6, \$3.7 billion.

KAINE:  
It would also be the case that would be foolish to repair a building that would then be vulnerable to the same kind of damage in the next hurricane that comes along.

NELLER:  
I would agree with that.

KAINE:  
Right, so we really ought to be probably be looking at the higher cost.

The Tyndall price tag's about \$5 billion, as I understand it. That's not the purpose of this hearing. But talk to me about this top 10 list. The--in the Navy/Marine side, there's a report due pursuant to the NDA this month about sort of the top 10 installations that you feel are--have--have vulnerabilities because of climate. When are we likely to see that report?

NELLER:  
Senator, that should be forthcoming soon. I will get back to you on the exact date. I mean, I've seen the list, and I don't know where the process is in actually finalizing it and signing it out to you.

But not surprisingly, it's going to be what you might expect in the Navy. It's going to be oceanfront areas, water rising issues. It's going to be areas exposed to what we've seen now as hundred year storms that come every two or three years. We're going to have to start addressing this so we do this correctly and spend the money correctly.

KAINE:  
We had a very well attended hearing in Hampton Roads now nearly 2 years ago, very bipartisan Congressional delegation talking about sea level rise and the affect on Norfolk and other bases, Langley and others in the area. And it was pretty sobering, and we started thinking about, if there's a future BRAC round or any kind of, you know, physical base rationalization, that's got to be a vulnerability that people would be concerned about.

But one of the DoD witnesses said you should worry about sea level rise but try running a base in an area where there is a persistent drought. It's not just sea level rise. It's--it is--there's all kinds of weather emergencies and challenges that all of the services are dealing with on the climate side. And we look forward to that report because it'll help us do our job better when we get to NDAA and appropriations.

Thank you, Mr. Chair.

WICKER:

Thank you, Senator Kaine. And we certainly ought to be able to deal with issues like that apart from any BRAC round we might have.

Senator Rounds?

ROUNDS:

Thank you, Mr. Chairman. Gentlemen, thank you all for your service to our country.

Mr. Pendleton, some of the numbers right now with regard to aircraft and their current mission capable--not fully mission capable, but mission capable numbers are still pretty disturbing. The numbers that I'm reading in them--and I'm looking at comparisons between the different types of aircraft and the different branches of government. And that the numbers--clearly, there is a difference between the--the requirements for each one of these aircraft in terms of the missions that they're supposed to be capable of, but I'd like your thoughts on a couple of things.

Number one, the Navy's F/A-18E and F, the Super Hornets, which are the newest of the Hornets, they have a mission capable rate of 49.1 percent right now according to the most recent stats that we've got. Compare that with the Marine Corps', who have a mission capable on their older ones, their legacy Hornets, of 60 percent, clearly a higher percentage rate. And I'd like your thoughts as to why Marines have a higher mission capability than what the--same depot or different depot. And then if you compare that with an--with the Air Force, their F-16C aircraft, not their newest F-16s, have a 70 percent mission capable rate. Why is it? What's the difference and discrepancy? Is it a matter that the intensity of the operations for the Navy is that much greater? Is it a matter of best practices? What, in your opinion, is causing the differences between--the mission capable differences?

PENDLETON:

You know, I'm going to have to get back to you with a better answer. But, I mean, the--it has to do with the--the experience level at the depots, the throughput at the depots. And we just haven't done the comparison you're talking about, so--and I don't feel comfortable opining about it. But we'll look at it, 'cause we've--we've visited all of those places in recent years. Some of the folks to my right might be able to talk to you about that, but I just--I don't feel comfortable making those comparisons.

ROUNDS:

Admiral Moran, would you care to comment on it?

MORAN:

Senator, thank you for the question. I think we got to make sure that we're comparing apples and apples. Numerators and denominators matter here. So, our current statistics on the Super Hornet are mission--the mission capability rate for Super Hornets, in operational squadrons that would have to go to the fight if called to, is at 66 percent and rising.

ROUNDS:

So, the numbers I've got right now with regard to 49 percent are older numbers?

MORAN:

They're much older numbers. And that could be--that 49 percent is much more reflective of the total active inventory, to include airplanes that are in the depot today which are not in reporting. So, there's a lot of math here. I don't want to confuse it.

But we are on this path, this stretch goal, to the secretary's point, of 80 percent. Last year when I testified we were in the mid-40s and--

ROUNDS:

--Then let me ask this--

MORAN:

--We're getting there.

ROUNDS:

--And I really don't mean to cut you off in the middle, but I think you've answered my first question.

What about the F-35s? Right now the C model, which you're--you're implementing at this point, the 35C indicates, according to the data that we've got, about a 17 percent mission capable rate. Is that an accurate number today?

MORAN:

Well, sir, what I would share with you there is that we--this is a law very small numbers. We only have one operational F-35--well, we don't even have an operational F-35C squadron yet. We have the FRS, which is our training squadron. And so, the law of small numbers means that a couple go down on a given day, depending on when you report it, could drive the percentages really low or really high. So, I think we need more runtime on the F-35C, whereas the Air Force and the Marine Corps have had more runtime on the F-35s that have a better indication I think of what you can expect.

ROUNDS:

Okay.

I want to move to over to submarines were just a minute and, Mr. Pendleton, the--the attack submarines. A year ago we use it as an example of the reason why we need to improve the capabilities of our drydocks. The USS Boise became an example. It had been out at--at dock, not mission capable, not even able to dive for a period of up to three years. I presume that that attack submarine is now in drydock?

PENDLETON:

I believe so. I better check to be sure if it still is. No, it's--it's out.

ROUNDS:

Secretary Spencer?

SPENCER:  
It's not there yet, no.

PENDLETON:  
It's not.

ROUNDS:  
It's not there yet?

SPENCER:  
Yeah.

UNKNOWN:  
January.

ROUNDS:  
So, we're now talking--

SPENCER:  
--It's January, sir.

PENDLETON:  
January, I knew it was around--

ROUNDS:  
--So--.

SPENCER:  
--Contracted--

ROUNDS:  
--This has been four years then out of service for an attack submarine?

SPENCER:  
That is correct.

ROUNDS:

Do we have any other attack submarines that are currently at dock, not able to dive, that are awaiting drydock services?

MORAN:

Yes, sir, we do. We have two--two more that are not certified to dive today. Both of those go into drydocks in--after the new year, one in February and I think the next one in May or June. And this is all part of spreading this across the public and private sector and addressing the submarine shortages.

ROUNDS:

My time is up, but I--

WICKER:

--Well, no. Why did that happen, Admiral?

MORAN:

What did what happen, sir?

WICKER:

The four-year period, the lengthy time?

MORAN:

Well, it's--it's--it's the age-old problem of what we talked about the last two years in this hearing, where you had--where we had aging SSVNs, which take priority in the public yards to fix because of the national priority on strategic deterrence. The next in the order of priority are our carriers which, as we've all testified here the last couple of years, have been ridden very hard, high op tempo, extended periods because of discovery work and additional maintenance that we weren't anticipating.

And then the last in standing in line to get into those--those availabilities in the public yards were our SSNs. And so, we have begun to put them in private yards to help unload or level load and get the submarines that need to be in drydock in drydock sooner. Boise was--you know, we talked about this last year, Senator, that we want no more Boises. And we're--the numbers are coming down significantly. The standing in line has come down significantly. We still have a ways to go. We're not out of the woods yet, but I think as capacity opens up in the private yards and we do a better job in the public yards of getting our carriers out on time--

ROUNDS:

--But--

MORAN:

--We'll be there.

ROUNDS:

--Mr. Chairman, if I may, just one thought.

WICKER:

Please.

ROUNDS:

A year ago, did we have three submarines that were waiting to get into drydock, or did we have less than that?

MORAN:

I'll have to get back to you on exactly--

ROUNDS:

--Okay, look, it appears to me that we--even with the resources that we've allocated so far we're going the wrong direction, it would appear, with regard to the fleet that we've got. And my only point is is that if--if it's a matter of resources and if you're not here in a public testimony to tell us what the impacts of not having the additional resources necessary to keep these critical pieces in the defense of our country operational, how in the world can we ever go to what we know we need in a 355-ship Navy and support them if--if we're not going to be able to share with the American public how critical it is to maintain the defense posture that we've currently got?

And so, what I would expect as a member of the committee is to at least be able to allow you the opportunity to share what happens if we ever do get back into a reduced defense budget or to a--heaven forbid, another sequestration, and what the impact is to these young men and women that are expecting that they're at least going to get the tools to do their job. And then to find out that we've got three attack submarines that have not even been able to get into drydock seems to me to be something that ought to be shared with the American public, and they ought to understand how serious this problem really is.

SPENCER:

Couldn't agree with you more, senator. But as a fine example so everyone truly does understand the ups and downs of this, the monies that you gave us to optimize the shipyards, that's a two-year project at the least to get that up and running to the new flow rate.

There was a study that was done up at Portsmouth, and you all know maintenance is all about hands touching and turning and fixing things, it's hands-on time. They tracked one of the maintenance people for his hands-on time. He drove a golf cart around the area for four miles one day just in an average search of parts. We have to bring the parts down to the ship. It's--this is what I'm talking about, the science of industrial flow that needs to be put into these old shipyards. We're doing it. We're--the monies that you have given us will get after that. It's two years to effect that. But to kill it now with any sort of sequestration would be a crime.

ROUNDS:

Thank you.

MORAN:

Senator, if I could, just--if I go back to the earlier comment about what the element of time does to this problem, we just got back the--the shipyard workers in the public yards to the level we wanted after sequestration five years ago. It--this is a unique, highly skilled workforce in our nuclear yards. And--and if they don't feel like they're supported, if we're not giving them adequate resources to do their job and have the manning levels where they need to be, they walk. They can go other places because they're highly skilled, and then it takes a long time to recover that. So, to your point, if we go backwards on this, it's going to take us three, four, five years to recover just the workforce and skill sets we need to do nuclear maintenance.

ROUNDS:

Thank you. Thank you, Mr. Chairman.

WICKER:

I--I don't think we're going to go back to sequestration, but we're going to have to take affirmative votes not to. I think Senator Rounds' question, though, is even with the--the adequate budgets that that we've provided the last two years and, going forward, if we're able to do the same thing, as now it seems that the administration is--is all in favor of--of generous funding for the military, even with that I think the question is what else is necessary. I don't think you're being critical, Senator Rounds. I think we're asking a question of how we can improve this situation.

ROUNDS:

Mr. Chairman, thank you. And if I came across as being critical, I don't intend to be. What--what I'm trying to get at is that we've got to be able to share with an American public that sees an increasing defense budget, and they've got to understand how far behind we were and about what our adversaries are doing with their own and where we're falling behind. And it's not just a matter of readiness.

It's a matter of modernization because, as you say, directed weapons is not something in the future. Others are working on it now. And we've start talking about what's going on in space and our ability to be able to control the information coming through, and in hypersonic weapons which are there now and how far behind we will be if we don't maintain this and it puts our security at risk. And we have a difficult time trying to get that information out to the public because most of the information we receive is in a classified section. So, this opportunity for you to share how serious this is has--has got to be shared with the American public. That I guess is where my frustration comes from.

WICKER:

Thank you Senator Rounds. It appears that we've taken all of your time and I just regret that. Why don't we go ahead and recognize Senator King?

KING:

I'd be glad to yield my time to Senator Rounds any time. Secretary Spencer, I--I think you've touched upon this but it strikes me that in both--in aircraft and ship maintenance we--we do have a lot to learn from the private sector and I hope that is a really active effort. I know you mentioned when I was absent, I apologize, I had another hearing, Southwest Airlines and--and--and it seems to me obviously there are differences. It's not apples to apples but I think there's a lot to learn in terms of workflow, systems, just in

time parts availability, and I hope that is a--a major part of your effort to--to upgrade because we can't afford to buy ships that we are using.

SPENCER:

Senator I--I--I cannot underscore your--your statement stronger and one thing that I do want you all to know is that as we reach out, whether it's Southwest, whether it's Delta, whether it's Carnival Lines to similar models that we are facing, corporate America is bending over backwards to help us. The hours that they spend with us, the resources that they provide us with people, it really is stunning. And we are, we are learning a tremendous amount. I could give you vignettes down the line on--on simple parts that use to take 55 days for us to process where someone looked and said hey here's our doing it in the civilian world and cut it down to two days and that one part would be a downing part for an aircraft. So that's the kind of impact that we are seeing with--with what we're learning.

KING:

Well there's a--there's an interesting chart in the GAO analysis of the naval data that talks about parts obsolescence or diminishing manufacturing source of parts that's a checkmark next to every aircraft--every Navy aircraft in those areas as well as delays that depot maintenance. So I think this is a really big deal and it's--it's very important in terms of budgetary priorities. Again it--it--it makes it so much more efficient if the planes and ships that we have are--are fully ready to be utilized. One of the concerns I have, and you mentioned Portsmouth, is personnel and workforce. Portsmouth now, tremendous, y'all are doing great work. Thirty percent of their workforce has been there less than five years. That's a--that's a change in recent years. I hope the Navy is thinking about workforce development because that's not going to happen on its own.

SPENCER:

It's a different front of mind, senator, and--and you and I have talked about this, but when I talk about collaboration and partnership with our commercial counterparts also with our states to help whatever they can do to promote any sort of educational assistance or--or early education venues to feed the yards which are amazing careers. A lot of people don't realize the contribution that one makes to a great product but also the compensation received.

KING:

I can attest to that at--at Portsmouth because they let me use a virtual welding machine where I could actually think I was welding but I wasn't screwing up a ship hull, so it was a very positive experience.

SPENCER:

Next time we'll use you.

KING:

That's right. Talking about industrial base and acquisition, the frigate, which we're talking about, there are 5 yards competing, there are going to be 20 ships. As I understand it, the intention now is to award all 20 ships to the winner, it's a winner take all among the five. In terms of industrial base and also just spreading the work, getting the--getting the work done faster, talk to me about the possibility of splitting that award between at least two yards if not three.

SPENCER:

You bring up an interesting concept. There's two things going on here that need to be weighed out. One, yes, we do have to be attentive to our industrial base and the ability to keep hands busy and trained. Two, one thing we also have to look at, though, is the balancing of the flow of new ships into the fleet because what we want to avoid is a spike because that spike will come down and bite us again when they all go through regular maintenance cycles and every one comes due within two or three years or four years. It gets very crowded. It's not off the table because we've not awarded anything yet, but we will--we will look at how best we can balance with how we get resourced and, if we have the resources to bring expedition granted, we will do that.

KING:

I appreciate that. Final question. The Navy and the Marine Corps recently with through their first audit and no one expected it to be a clean audit the first time through. Two questions. What have you learned from this audit and, secondly, when can we expect a clean audit?

SPENCER:

I'll go first question first. We are still learning. It was a tremendous cycle, as I told Senator Kaine. We change the conversation in the Department of the Navy, the Navy, Marine Corps team that this iteration of--of a thing called an audit is not an invasion for financial reasons. This is a tool that you will use as a manager so you know how your organization is operating, so you know how the resources you are applying are providing you a return. That message has been received.

If you look at our list of deficiencies, there are many but this was the first time in the barrel for the Navy. It was eye opening. 700 distribution centers. Well, you know what, we can probably get after that, real estate that was "missing". A lot of it was procedure. I mean the building was there but was it in the right book in the right business system? No. This is all of the learning that we are doing so we have tools to manage.

KING:

And are you--do you feel that we're headed toward a time when there can be a clean audit?

SPENCER:

Yes. I'd love to say in the future. I--I don't see a clean--

KING:

--In our--in our lifetime?

SPENCER:

I would say five to six years, to be very frank with you.

KING:

General Neller, I just want to greet you--

WICKER:

--What is your life expectancy?

(LAUGHTER)

SPENCER:

That might be my life expectancy, senator.

KING:

General Neller, I just want to compliment you on your service. You drew the long straw this morning and the secretary seems to begin the brunt of the questions but thank you (INAUDIBLE).

NELLER:

We are very appreciative that he is giving him all the questions. Senator, just one thing on the audit, just for the record, you know, we've been on--the Marine Corps has been under audit for several years and, as secretary said, I've taken a the brief from the audit team myself the last three years and it's been enlightening and, you know, I mean, they tell us a lot of it is procedural, a lot of it's, you know, accounting things and procedures, a lot of it is that there's a number of systems across not just within the Department of the Navy and other services. We--like a big issue is we have a lot of ammunition that we share with the Army and the systems that we have that account for that, they don't talk to each other.

So the auditor gives you a list of findings or conclusions or things and then your job is to go back and try to close them out. So I assure you that the secretary of the Navy and the secretary of Defense keep score on that sheet and so we have a team of people and then the audit for this next year has already started. Again it's a continuous process. So we will get there in our lifetimes, I'm confident. But there's going to be some things that are going to have to take place probably systemically and with data. But as far as there is no shortage of effort and understanding and appreciation that we are going to get there efficiently.

KING:

Thank you. Thank you, Mr. Chairman.

WICKER:

Senator Ernst is next and Senator Shaheen, regardless of who else walks into the room, you will be recognized after Senator Ernst. Senator Ernst.

ERNST:

Thank you, Mr. Chair. Secretary Spencer, we are going to continue on with your questioning, so thank you for being available today and it was a great game on Saturday. So thank you.

(LAUGHTER)

As the--

SPENCER:

--Kind of.

ERNST:

Yeah, sorry. No, I'm not.

(LAUGHTER)

As the--as the chairman of the Emerging Threats and Capabilities Subcommittee, I do especially enjoy working with our special operations community and really want to make sure that SOF have the support and capabilities necessary to perform their many no fail missions. One issue that I've learned about is the importance of assuring that SOF have necessary access to float a head staging bases. Especially with our renewed focus on great power competition, Naval resources will be extremely strained while we continue to build up the fleet.

The demands in the Pacific and in Europe especially will mean that the Navy and SOCOM will be required to find intuitive ways to supply capabilities to our SOF warriors. How do you believe that we can ensure that SOF war fighters have adequate, dedicated, persistent support in order to fulfill their missions?

SPENCER:

Senator, leave it to the SOF world and I use them as a--as a poster child, they have already done some, as you know, innovative ways to find platforms to work on--on a maritime basis. That being said, you address a topic though that is a gap that we know we have and that we are working on and we will come to you with some--some requests here going forward and that is our pre-position forward ships and our reserve ships. You know, you've read the report some of the shape that they are in. This is a simple case in many cases of portfolio management and resources available. If--if--if in a perfect world I have the ability to go out and buy used ships on the market with their little constraint, we could close this gap quite rapidly.

ERNST:

Well and with--with policy we talk about the policy limitations that are out there, you just addressed one of those, with those limitations on the use of leased vehicles, how do you balance sea basing support between our counterterrorism and our VEO omissions and potential state on state conflict where we cannot use those leased vehicles?

SPENCER:

Yes. My easiest answer is if I could get some more restraint lifted, I would have the ability to manage that risk gapping.

ERNST:

Is that area we can address within this committee?

SPENCER:

I believe it is.

ERNST:

Okay, thank you for that. And are there platforms within the current industrial base that you do believe would be optimal for our SOF mission?

SPENCER:

Yes, there are.

ERNST:

And in an open format can you discuss any of those?

SPENCER:

We have the ability right now with some of the things that we are looking at within the Navy that would be applicable to missions but more importantly we do have an industrial base out there that has the ability to produce specifically what might be needed for that mission set.

ERNST:

Okay. Thank you. And recently, just a slightly different topic, one that's that very important though, recently I did have the honor of speaking at the commissioning of the USS Sioux City over at Annapolis. I appreciated that and among many other aspects, I was impressed by the crew of the ship and their ability to explain to me the importance of that naval platform. And I--I believe and as I was a commander, of course, in the Iowa Army National Guard, I believe that it's--it's our sailors, it's our people that make up the backbone of our services and, as in the Navy, they will be manning those stations and making critical life or death decisions in times of conflict and that absolutely is something that we can't have built in a shipyard.

So General Neller, it's the same with you. What I would like for you gentlemen to do just in the very brief remaining time that I have left is to address about the challenges that we have in recruiting and retention, both within the Navy and, Admiral Moran, if you could address that in the Navy and in the Marine Corps. How do we do better?

NELLER:

Well senator, first on your previous question there are a lot of things going on with the use of SOF or the SOF operating off of naval platforms throughout the world. In fact we traded, we do it as a matter of course, it happens all the time. It just is something that you don't read or see in the newspapers and the media and I can talk to you off-line. And there are actually things we do to accommodate each other so I think the Navy, the naval force, and SOF, they--they do a lot of things.

On recruiting, we made our numbers, we made our quality spread, we work really hard, we invest a lot in our recruiters. We have command screen for officers that lead our recruiting stations so if you are a Marine Major and you are at the top of the heap, your reward is you get to command a recruiting station. And then, if you are successful, then you are probably be acknowledged later on in the promotion process for command of another organization from your MOS. So it doesn't--it takes work, we are recruiting seniors for next year. We came into the year with over 50 percent of the recruits that we wanted to ship this year already contracted.

NELLER:

The most difficult time becomes after the first of--kind of January through May because you shipped all of these seniors. They go, they graduate last May, June and then they ship this Summer. So you are direct shipping market. So we are confident we can make it. It's getting harder. We use to make it before the third week of the month was out, now some places you're making at the last day of the month. So it just takes really, really hard work. I think this committee and the nation should be aware or concerned about the fact not just the propensity of young men and women who want to serve in the military but the percentage that are qualified to be able to for us to even talk to them and that number is right around or slightly below 30 percent. But we are making it all the officer side we got more people that want to be a Marine officer then we have spots.

ERNST:

Admiral.

MORAN:

Senator thank you. I just build off of what General Neller just commented on. The Navy is a very similar place. We are able to make mission this year on a much more demanding market and our goals were at 40,000 plus and typically year for us is about 33,000 so we made goal by May. So our recruiters are doing a great job. We've shifted our approach and how we do recruiting to go where the market is which is more the social media lane than it is all the more traditional advertising campaigns we've done in the past. Recruiting forces doing a fabulous job. We are starting to see some stresses though similar to what the, not just talked about in terms of when we are meeting those goals at the end of the month as opposed to second, third week in the month. So these stressors are clear. Anytime you have an unemployment rate below 4.1 percent historically trouble looms on the horizon for both recruiting and retention. It's at about 3.8 percent I think now so we are all expecting this market to get more difficult than easier. That said, then we've had in a decade. So there are some good things going on hard to put her fingers on exactly what is generating those results in an economy and competing for that talent but you know hopefully we can continue to do this because our recruiting goal for next this year is also high. Thanks for the question.

SPENCER:

Not a huge item but it's worth bringing up or conversation of your there is an excess of 1100 schools and school districts that deny access to the uniform members to recruit on their campuses and their all throughout the country preponderance up in the northeast and northwest but whatever help anyone could do in helping us get the message out would be greatly appreciated.

ERNST:

Thank you secretary your absolutely welcome in Iowa.

WICKER:

You're speaking of colleges and universities

ERNST:

For recruiting. Thank you for pointing that out.

WICKER:

Well in your--thank you Senator Ernst for that line of questioning and let me just thank the general and the admiral for good answers and for a really good work product in challenging times. I'm impressed and I think the country is impressed. Senator Shaheen.

SHAHEEN:

Thank you, Mr. Chairman, and thank you, all, for being here. Senator Hirono, I believe that Secretary Spencer may have misspoke when he said that Pearl Harbor was the number one priority. Senator King and I understood that it was Portsmouth that was the number one priority.

HIRONO:

Would you clarify for us?

SPENCER:

One of our first priorities.

WICKER:

I think he was talking about his priority for a field hearing.

SHAHEEN:

Thank you. I just wanted to make sure everybody was awake this morning. Mr. Pendleton, you talked about the delays in maintenance. Secretary Spencer, you talked about the plan to address depot maintenance. We all recognize the--the challenges with getting the McCain back into operation. Are there lessons that we've learned from what's happened, aside from the challenges around depot maintenance and a plan? Are there other lessons that we've learned about how to better get the fleet back out when there are damages? I--I mean, I think about the Portsmouth shipyard where, during World War II, they produced 70 ships. They launched four subs in one day. So, there are other things that are going on other than just the facilities that address how quickly we're responding to the challenge. So, can you talk about some of those lessons that have been learned?

PENDLETON:

Around the damage, we haven't--we didn't really look at the McCain maintenance. I--I think one of the things going forward that's going to be very important is not to let deferred maintenance mount up. What--what's happening is, as they bring the ships and subs in and they begin to look at the tanks and other things, they find damage or corrosion or other things that requires additional work. So, I think getting caught up on the deferred maintenance is one of the key lessons learned, will be one of the keys to success going forward.

SHAHEEN:

Okay. Anything else, Mr. Spencer?

SPENCER:

Yep, senator. One of the things you--you ask, a--its--it's a far-reaching question that deserves a moment here because one of the things that we're trying to do, and I'll back up to the F-18 scenario that we're working on right now. We are calling that the naval sustainment system that we're building because it doesn't just apply to aviation. It applies to surface, underwater, weapons' platforms, maintenance is all about flow, getting parts, people all in line in time for procedures. One of the things that we want to start doing is, we have the data to start doing predictive analytics. So, before a ship even comes in, we know where there is great probability that there's going to be work done, have it pre-staged, have the work orders ready. It's going to take some time, but you asked for the lessons learned. This is exactly it. Allowing those teams that are actually working on the ships alone to start thinking, how can I do this better? How, as a team, can we actually make our movements shorter, quicker, more effective? So, it's a collective action of a bunch of activities that we're doing--that we--a lot of them we're picking up from--from the commercial world outside the wire, but a lot are coming from organic ideas coming from within the own organization.

SHAHEEN:

Great. Back at the end of November, we had the National Defense Strategy Commission come and appear before the committee. And they identified six trends in national security that we needed to be aware of. One of those was conflict in the gray zone, one was cyber as well, but one of the things that the co--commission recommended was that DoD develop, and I'm quoting here, "analytic tools that measure readiness across the range of challenges from low intensity gray zone conflicts to protracted high-intensity fights with major power rivals". It seems to me that we have been able to better measure some of the ways to address the high-intensity fights with major power rivals because we can look at how many ships we have and how many people we have ready. But when we're talking about gray zone conflicts and the potential for that kind of conflict, how do we measure how ready we are, and what are we doing to address that? You know, we had a briefing yesterday which I won't go into because it was classified, but--but it really--it presented the problem, but it didn't really talk about how we're addressing the problem. And it seems to me that it's not clear to me how we're addressing that problem.

SPENCER:

The commandant has some more granular information but, to-to--to frame the context of this, from my point of view wearing the title X hat, is this is exactly one more portfolio that we actually have to manage. When everyone talks about us competing with China, and we continually hear that they're investing this amount of money and they're building this amount of ships, one, they don't have the installed base that we have. Two, they do not have the mission requirements set for global security. So, it is--these are what we, I won't say struggle with, this is what we perform to. It's--it's--to get an appreciation for, it's one more of the portfolios. But, commandant.

NELLER:

Senator, I--I'm--I'll speak for the Marine Corps but, I can say with some confidence, that all of the services have developed capabilities that allow them to function and--within this area, whether it be cyber, electronic warfare, whether it be information operations, whether it be military information or things like that. So, for our example, organizationally, we've changed a group which used to be a headquarters support group into what we call the MEF Information Group. We've grown hundreds and hundreds of people that now have MOS in cyber that support CYBERCOM as part of their component. Each of the service have a component there. So, that readiness is measured.

In preparation for this hearing, I looked over the readiness of those teams. So, you have cyber protection teams that do defense and you have cyber teams that do offensive things. And obviously, I'm not going to talk about what that is, and some of them work for other organizations. But, to your point, I think it's a clear recognition with all the services and with the joint--the joint world and with OSD, that we are--we are growing, and are--continue to develop this capability. And it's not going to get smaller. So, we're going to need this capability because this is the fight that goes on every day. This is the fight that's taking place as we sit here in this hearing. And this is the fight that's probably going to be the precursor to a fight which could potentially, God forbid, lead us to a kinetic fight further on down the road.

If you ask me what my biggest readiness concern is, or my operational concern is, is the ability for us to have resilient, reliable command and control to move our forces around the world and protect the network that allows us to do that. And, at the same time, I want to be able to take that away from whoever might be our adversary. So, whoever can protect theirs and keep it up or bring it back faster and who can ever deny the--the adversary, their ability to command and control, or pass information, or share information, or do analytics, you have a decided advantage and that's where I think we're all headed.

SHAHEEN:

I really appreciate that and, Mr. Chairman, I--I--it would be--certainly be helpful to me, I don't know how others feel, to have a better understanding of more about what's being done in that area. Can I ask just one more question to follow up on Senator King's question about audit?

WICKER:

Absolutely.

SHAHEEN:

There have been some reports about fraud within the department, around the audit. Has there been any evidence of fraud that occurred or that was shown to be the case as the result of the audit?

SPENCER:

As far as Department of Navy goes, senator, I have not heard that word fraud used during the audit. Unaware in that regard. That--that would have come front and center.

SHAHEEN:

Okay, good. Thank you. Thank you, Mr. Chairman.

WICKER:

Thank you, Senator Sh--Shaheen. Senator Blumenthal.

BLUMENTHAL:

Thank you. Thank you very much, Mr. Chairman. Commandant, this hearing marks the last official appearance here and work by my military fellow, Alex Monte (SP), who happens to be a Marine Corps officer, and he has done extraordinary work over the last year. I was tempted to ask you to issue an order that he continue in my office, but that work has been such a hardship, I am sure, given his boss that I think he deserves relief from this duty, sir. But I just wanted to say, on the record, how grateful and

pleased I have been with his performance. I would say he is the--the best of our military fellows, except a few others have been Marines. So, I don't want to single him out, but he certainly is one of the best, and we will miss him. And I am grateful to you, personally, for permitting your Marines to serve us in that capacity. And I won't ask you for a response to that.

I do have a question about submarine maintenance. And I know you've been asked about submarines by Senators Hirono and Kaine, and a question on the maintenance issue by Senator Rounds. And it's not the most glamorous of the topics that we discussed today but, in my view, undersea warfare capability is in my view one of the linchpins of our national defense and part of building more a powerful Navy and ensuring readiness is not just building more ships, we like to do that in Groton (SP) Electric Boat. But making the ones that we have now work properly and keeping them at sea.

As you are aware the GAO released a report last month, actions needed to address costly maintenance delays facing the attack submarine fleet. The Naval Sea Systems Command agreed with a majority of the report's findings and has already taken some specific actions I am very much aware to address the GAO's findings; specifically the Navy contracted four submarine availabilities to the private yards one to Electric Boat, three to Newport News and plans to construct an additional two attack submarines in the spring of 2019.

And I'm also aware the Navy is working with private shipyards to provide a longer-term plan for maintenance. I want to stress Electric Boat has approximately 5 million hours of available labor to provide submarine maintenance from FY '19 to FY 2024. I wrote the Navy a letter last week asking for a detailed submarine workload allocation plan to consider awarding submarine maintenance contracts to Electric Boat. Based on maintenance requirements the Navy should consider transferring more than the two additional attack submarines to address readiness in my view challenges that are simply growing and we need to address them to make sure that we have that workforce available ahead of the Columbia-class production.

So Mr. Pendleton, let me ask you based on the GAO report and your assessment, how is the current submarine maintenance backlog affecting readiness? What is your plan for providing more work to the private yards and what is the timeline?

PENDLETON:

So we did the study and we updated some of the numbers and the maintenance delays have been trending upward since we even finished the study last month. So that's headed in the wrong direction. We are hoping that that's reaching as bad as it's going to get.

What we recommended was the Navy take a look to see if there was--if there were opportunities in the private yards and they are doing that. So we'll be following up with them to see how that goes over time and--and following the submarine readiness in general, sir.

BLUMENTHAL:

Would you recommend that additional work be sent to the private yards?

PENDLETON:

That's really not my place. I mean what we wanted the Navy to do was to look to see if you could make a business case for it, because the public yards as Admiral Moran mentioned it's a lower priority and there were backups. And we understood that there were--was potentially capability there available and we

wanted the Navy to take a look at the costs and the benefits of doing that and that's what we understand that they are doing.

BLUMENTHAL:

If I may ask another question, Mr. Chairman? Thank you. Admiral Moran and Secretary Spencer, I wonder if you would respond as well please.

SPENCER:

Senator, we are obviously exercising the public yard option. I've learned in my life that managing expectations is probably the best way to go.

I will tell you and it will be self-admitted by the shipyard builders that there is not a 100 percent correlation between building skills and maintenance skills. They don't overlap 100 percent. We are learning that right now. They are farther up the curve and starting from zero for sure but repair is a different exercise than build. So we are on a learning curve and all we are hoping for, not that hope is a strategy, is that as partners working together, we can get a price point that is agreeable.

BLUMENTHAL:

Well, hope is not a strategy, you are absolutely right. And repair is not the same as building a new boat but the skills are very, very transferable and comparable and I want to urge that with all due respect perhaps you could respond to my letter.

I look forward to hearing in more detail either in person or by letter about what the plans are because I think it is very important that we address these maintenance needs and it goes beyond Electric Boat. It's the capability of our private yards to do this work, to maintain the defense industrial base to give our workers the continued challenges and work that they need and deserve.

SPENCER:

Totally agree and when I talk about the learning curve, we have Virginia payload and we have Columbia and I cannot afford--I have to balance that also. When we talk about using those man-hours, we will do whatever we can. We need everyone to lean towards the stone to make sure we can get the right value and efficiency proposition but you will hear from us.

We have a five-year plan for submarines that has been finished. I think we going to sign it out to you on the 28th December. But more than happy, your letter will be addressed. It is on my desk right now to be addressed. But we are--loud and clear we hear you. We need to fix the maintenance flow for these vessels.

BLUMENTHAL:

Thank you, Mr. Secretary.

WICKER:

Senator Blumenthal, I think you're going to get a response to your letter. I'll take a second round and Secretary Spencer I'm going to direct these questions to you. If someone wants to jump in as a member of the team please do so.

But I--I spoke in my opening statement about requirements that we placed in the NDAA on surface warfare and readiness. So let's go down the list. Section 911 directs the Secretary of the Navy to conduct a comprehensive review of operational and administrative chains of command and functions at the Department of the Navy. This is due month after next, February 2019, will this deadline be met?

SPENCER:  
Yes, it will.

WICKER:  
And are there any changes or insights that you'd like to share the committee?

SPENCER:  
I think I would like to have the report presented to you in full.

WICKER:  
All right. You've answered the question. Section 915 expands the principal duties of the assistant secretary of the Navy for research, development and acquisition to include sustainment including maintenance. The intent was to put a single Senate-confirmed official in charge of sustainment including maintenance of weapons systems. This took effect in August, how is this change being implemented?

SPENCER:  
It has been implemented, senator.

WICKER:  
How is it going?

SPENCER:  
It is actually going very well. It's something that we probably should have done a while ago to be very frank with you because we spend an inordinate amount of time focusing on how we buy things and the sustainment equation didn't get the same appropriate amount of attention. Now it is.

WICKER:  
Well, we got advice from folks out there around the globe that know what they are doing so that's--that's good to hear.

Section 322 requires Bureau of Inspection and survey inspections beginning January 1, 2020, to be conducted with minimal notice and results reported in an annual unclassified report. I assume that this deadline will be met since it's a year away.

SPENCER:  
This we will meet March of '19.

WICKER:

There you go. Section 323 limits the duration of vessels home ported in locations other than the United States or Guam to no more than 10 consecutive years. With some few exceptions this provision took effect in August. What actions are being taken to comply?

SPENCER:

This will be completely implemented by Fiscal Year 2021 due to the cycle nature of it.

WICKER:

Alright.

SPENCER:

We are underway.

WICKER:

Thank you, sir. Section 526 require certain watch standards, watch standers on Navy surface ships to maintain a career record of watch any hours and specific operational evolutions for key watch stations. This takes effect in February. Will that deadline be met?

SPENCER:

January of '19, senator.

WICKER:

All right. It's hard to keep up with you guys.

Section 524 requires a comprehensive assessment of the Navy standard work week and update of Navy policies and procedures to identify the manpower necessary to execute import--in port workload. This is due in February. Will the deadline be met and are there any early insights that can be shared today?

SPENCER:

The deadline will be met. I have not read the final report yet so I'd like to wait until it's fully vetted.

WICKER:

We look forward to those insights. Secretary Spencer and Admiral Moran may want to chime in here, section 527 requires a review of the adequacy of individual training for certain watch stations. This is due in February. Will that deadline be met and are there early insights?

SPENCER:

That deadline will be met and we will share with you what we learn. No insights right now, sir.

WICKER:

Okay. Section 525 requires congressional notification if manning levels drop below certain percentages for ships. This took effect in August. We have not received any notifications being submitted pursuant to this section. So is the Navy compliant there?

SPENCER:

We--we. The first report is in staffing now.

WICKER:

Okay. And what's it going to show? Give us a sneak preview. Admiral?

MORAN:

It's going to show that we have a relatively small percent of those ships that are outside their maintenance intermediate basic phase of the OFRP that are below those thresholds, very marginally below, but it's a small percentage. I think you'll be pleased with the report that is on its way to the secretary.

WICKER:

Alright. Section--only two more.

Section 334 requires a review of options to increase civilian watch standing qualifications for surface warfare personnel. This is due in March. Will the deadline be met?

SPENCER:

That deadline will be met.

WICKER:

And section 335 requires a review of Navy surface ship inspections and visits to identify unnecessary requirements. This is due in August. Will that deadline be met?

SPENCER:

That will be met in January of '19. The initial reviews are complete.

WICKER:

And actually I think Mr. Pendleton I hope you are expecting two questions in this regard. Are you prepared to talk about section 514?

PENDLETON:

Is that the one about surface warfare?

WICKER:

It requires a Government Accountability Office study of surface warfare career paths? This is due in March.

PENDLETON:

Yes, we have it underway. We will see you in March.

WICKER:

Okay. Can you give us observations or comments on the updates provided by the Secretary as well as your understanding of the implement of GAO's related recommendations?

PENDLETON:

I'm not sure I quite understand what you're looking for there. We haven't done a lot of work on the surface warfare officer mandate yet. We are getting started and in the back of my prepared statement we detail the 45 related recommendations we've made over the last three years and the status of them. And so we keep track of that very closely.

One thing I would like to mention Mr. Chairman is the question came up earlier about gray-zone own conflict and domain readiness and I feel like I should remind everyone--

WICKER:

With regard to Senator Shaheen's--

PENDLETON:

Yes, Senator Shaheen's question. We were required in last year's NDAA to look at readiness through a domain lens air, ground, sea, space and cyber. We've also done that work so in the spring we hope to have some assessment of how the department is doing in assessing readiness across all those domains as well.

WICKER:

Thank you very much and I tell you what we're going to Mr. Pendleton, I'm going to look over your prepared statement and see if I need to follow up on any questions for the record. Does anyone else wish to ask questions? Senator Hirono?

HIRONO:

Very briefly. Mr. Secretary you have been impressively prepared to respond to the chairman's questions. Thank you very much.

With regard to our shipyards could you provide to this committee a list of what specifically is being done at the four public shipyards to implement the shipyard infrastructure modern optimization plan?

SPENCER:

I will follow up with you on that, yes.

HIRONO:

Thank you. One more thing, I had mentioned in my opening remarks that I was interested in preventing collisions at sea, the sort of disasters that occurred and one of the changes that the Navy has discussed was insuring that ship or squadron commanders can highlight their concerns when higher headquarters may try to deploy ships that are not trained and ready.

My question to either you Mr. Secretary or Admiral Moran, in particular can you point to any example of a ship not deploying after being assigned to deploy when training or readiness were not up to the standards per the ship or squadron commander's concerns?

MORAN:

Senator, we have and I can send you written follow-up with a list of those examples. They come both ways, both from senior officers in the chain of command who observe a ship not being ready to other go to an exercise, deploy, get underway and where ships themselves have come forward through their chain of command saying they need additional time to train and be certified for the--

HIRONO:

I think that was an important change and I hope that Mr. Moran agrees with that because we can't continue to have all of these waivers for the readiness of these ships before they deploy.

PENDLETON:

We--I went out to Japan as I mentioned in my opening statement and what we saw was a much different looking certification charge. For the ships that were underway less than 3 percent of the certifications were expired and they were managing those very, very closely.

The Navy's done this by pouring resources into what's called the flow training group and that means that folks are going out and working with the ship crews to make sure that they are trained and certified before they deploy. So that has been a significant change at least in Japan.

HIRONO:

Thank you very much. I commend the Navy for doing this kind of changes. Thank you, Mr. Chairman.

WICKER:

Senator Kaine.

KAINE:

Thank you. Secretary Spencer, I think one of the things I think we are all aware of is that the backlog of installation and infrastructure maintenance is a sizable one and it's probably going to be unrealistic to think that the Marines and the Navy can milcon (SP) their way out of this so we will have to tackle it.

But one particular are I was interested in is this, within the Navy there has been for a number of years a resilient energy program office repo and repo's goal, I guess mission has been to leverage third-party investment to improve installation readiness. My understanding is third-parties will make investments on naval bases to either improve the resiliency of the energy infrastructure or on occasions investments to do conservation and efficiency investments and then the third-party shares if there's a reduction in energy

costs, the third-party shares in that. These are common arrangements I did some when I was mayor of Richmond 20 years.

My understanding is that repo projects have slowed to almost a halt and I wonder is that the case why is that the case and do you commit to you know finding paths forward to make these kind of investments that can save the Navy money that could be used to address some of the other installation issues?

SPENCER:

Most definitely. Senator, I will follow up with you because the whole battle cry from my office is if we can leverage private public relationships in any way whether it be real estate development, whether it be energy resiliency, we are to explore them.

KAINE:

I'll submit that as a written question for the record your response. Looking forward to your response. Thank you, Mr. Chair.

WICKER:

Any other questions? I want to thank our witnesses for their testimony today. It occurs to me that we are extraordinarily well-represented by the members of the panel today and I want to thank you. The record will remain open for one week for other questions members may have. If there is nothing else this hearing is adjourned.

List of Panel Members and Witnesses

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