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THE CURRENT STATE OF THE U.S. NAVY

HEARING

BEFORE THE

SUBCOMMITTEE ON READINESS

OF THE

COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES

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THE CURRENT STATE OF THE U.S. NAVY

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
SUBCOMMITTEE ON READINESS,
Washington, DC, Thursday, March 16, 2017.

The subcommittee met, pursuant to call, at 8:05 a.m., in room 2118, Rayburn House Office Building, Hon. Joe Wilson (chairman of the subcommittee) presiding.

OPENING STATEMENT OF HON. JOE WILSON, A REPRESENTATIVE FROM SOUTH CAROLINA, CHAIRMAN, SUBCOMMITTEE ON READINESS

Mr. WILSON. Ladies and gentlemen, I call this hearing of the Readiness Subcommittee of the House Armed Services Committee to order.

I am pleased to welcome everyone here today for an unclassified session on the current state of U.S. Navy readiness. It is particularly fitting, Admirals, for you to be here because the staff assistant, Margaret Dean, is one of your very prominent and really appreciated and competent members of the Navy Reserve. And so we are in good company.

And of course, I am here, as I have indicated, as a very grateful and proud Navy dad. My wife has trained my number-two son well to be an orthopedic surgeon in U.S. Navy, formally Naples, Italy, now Beaufort, South Carolina. So we are very grateful for our family's Navy participation.

Over the past several weeks, both our full committee and subcommittee have received briefings and hearings from leading national security experts on the current threat assessment and state of the world. All of the service vice chiefs testified on the current state of the military. We heard from the Department on the quarterly readiness report to Congress. We heard from the Government Accountability Office on their assessment of the military's readiness, recovery. And most recently, the United States Army outlined its current state of readiness.

Each briefing and hearing further confirms that our services are indeed in a readiness crisis. I believe the first responsibility of the Federal Government is to provide for the security of its citizens. Therefore, it is our responsibility as members of this subcommittee to continue to better understand the readiness situation of the United States Navy and then for us to chart a course which best assists the Department of the Navy in correcting these deficiencies and shortfalls.

We now ask the senior leaders of the U.S. Navy and Navy Reserves here with us today to provide and be candid in your best

military judgment advice on the current state of the U.S. Navy readiness and its efforts to rebuild where required.

This morning we are honored to have with us Vice Admiral Joseph P. Mulloy, Deputy Chief of Naval Operations for Integration of Capabilities and Resources; Vice Admiral Philip H. Cullom, the Deputy Chief of Naval Operations for Fleet Readiness and Logistics; additionally, Vice Admiral Luke McCollum, Chief of Navy Reserve, Navy Reserve Force. We look forward to hearing from each of our witnesses as they highlight the current state of the Navy.

And it is particularly fitting today that we have Admiral Mulloy and Admiral Cullom, both who are retiring in the next couple of months. I would like to thank each of you for your decades of service to our Nation, and I know I speak for Congresswoman Bordallo that we have extraordinary retirement opportunities in South Carolina and Guam.

[Laughter.]

And I would like now to turn to our ranking member, Madeleine Bordallo, for any remarks she may have.

[The prepared statement of Mr. Wilson can be found in the Appendix on page 35.]

STATEMENT OF HON. MADELEINE Z. BORDALLO, A DELEGATE FROM GUAM, RANKING MEMBER, SUBCOMMITTEE ON READINESS

Ms. BORDALLO. Thank you very much, Mr. Chairman. You definitely are putting Guam on the map. And thank you for convening this important hearing. The chairman is a very good friend of mine.

And this is the second in our series of subcommittee hearings examining the state of readiness of our military services. And I want to thank you Admiral Mulloy, Admiral Cullom, and Admiral McCollum for your service and your leadership and for being here today.

And I stated in previous hearings I value the opportunity to hear, just not the Active, but also the Reserve Components as we seek to get a full picture of our military readiness.

We find ourselves today in a familiar situation because of deferred investments resulting largely from sequestration and continuing resolutions, but also high operational tempos. Although it will take longer than a couple of years, I am encouraged that the Navy intends to commit itself with the FY [fiscal year] 2017 appropriations and presumably the FY 2018 budget to focus on fixing and then stabilizing readiness, especially back home.

Although longer deployments and high demand and lower capacity have stressed our Navy's readiness, we cannot build our way out of this problem, that is, its costly and unsustainable proportion. Future force structure growth must be balanced with substantial investments in both operational, but also facility readiness. And to that end, without robust shore infrastructure, which has been neglected in favor of fleet readiness, we will lose even more ships before that time.

I will also note that I am pleased that the FY 2017 defense appropriations bill, in addition to FY 2017 NDAA [National Defense Authorization Act] that passed in December, included \$9.5 million to enhance dry-docking capabilities in the Western Pacific. That

small amount of money will help the Navy to repair American while maintaining a forward presence in the region, and I look forward to working together effectively to ensure that these dollars are executed in a proper way.

And I also understand that readiness challenges have been compounded by a strained civilian workforce, specifically resulting from hiring freezes, furloughs, and a government shutdown. Although the Navy may be able to withstand the current hiring freeze in the short term, I am concerned about how long-term consequences may affect your ability to build back readiness.

So I do look forward to our discussion today and hearing specifically about not only how the Navy intends to recover readiness, but also what metrics and strategies are in place to ensure the long-term sustainability of these efforts.

And I want to thank you again, the three admirals here as witnesses, for your time and your service to our country.

And Mr. Chairman, I yield back.

Mr. WILSON. Thank you, Congresswoman Bordallo. We now will begin with opening statements.

Admiral Mulloy.

STATEMENT OF VADM JOSEPH P. MULLOY, USN, DEPUTY CHIEF OF NAVAL OPERATIONS FOR INTEGRATION OF CAPABILITIES AND RESOURCES

Admiral MULLOY. Chairman Wilson, Ranking Member Bordallo, and distinguished members of the subcommittee, we have submitted a joint written statement, but each one of us would prefer to also make a short opening statement.

Mr. WILSON. Admiral, microphone.

Admiral MULLOY. Oh, sorry.

Mr. WILSON. We can't wait to hear you.

Admiral MULLOY. Okay. Chairman Wilson, Ranking Member Bordallo, and distinguished members of the subcommittee, we have submitted one joint written statement, but each of us have a short opening oral statement; we would then like to get on to questions.

And, sir, we would also like to thank you for your gracious meetings yesterday and also commend your son, or all three are serving the country, but in particular as a submariner, diving medical officers, undersea medical officers, which your son's first qualifications were, are very warm to my heart for my entire career.

I am honored to be here today to testify on the current state of Navy readiness. As I am sure the subcommittee knows, readiness recovery is currently the primary objective of both the Navy and the Secretary of Defense and we appreciate all the attention Congress is bringing to this issue and the action you have taken so far this year.

To briefly explain readiness for the Navy, you have to look at how we employ our ships. Of the Navy's current battle force, typically about one-third are deployed. This equates to about a hundred ships at any one time. The remaining two-thirds are either, one, in a dedicated maintenance period or, two, in a contingent response status, which is often called surge capacity.

Most of the surge capacity would be ready to deploy on short notice to meet operational plans, but their condition determines their

readiness to respond. If you think of our forward deployed forces as our first team on the field, then our surge capacity can be thought of as our bench. And our readiness impacts the depth of the bench that we are ready to put on the field.

The current state of our deployed forces is strong. Our first team has been operationally ready to respond to any challenge. They all have full-spectrum training and the resources they need to fight and win at any fight that might arise, from conducting airstrikes against ISIS [Islamic State of Iraq and Syria] and terrorism, to keeping economic shipping lanes open across the globe, providing humanitarian aid after natural recoveries such as earthquakes and tsunamis. Your Navy remains the finest in the world.

The readiness debt, however, has accrued from years of three items: one is high operational tempo for naval forces, previous funding reductions since 2013, and persistent budget uncertainty, which primarily impacts that bench depth. This includes our ability to fix our ships that come back from deployment, get aircraft ready to fly for the next deployment, and train our people to stay proficient in highly technical warfighting skills such as flying strike fighter aircraft or operating nuclear-powered submarines.

It also includes maintaining our shore infrastructure, like piers, runways, and barracks, to ensure ships are not damaged while pier-side and aircraft are not damaged from foreign object ingestion on deteriorated runways. Loose debris can wreak havoc on an F-18 or other aircraft engines if they are sucked up. Thus, our primary focus for additional funding in 2017 is to improve our bench depth, which is the core of our Navy readiness, and our ready to surge. This includes ship readiness, aviation readiness, information and cyber warfare readiness, our people readiness, and key enablers to improving operational readiness.

Your action to pass the conference report for this year's Defense Appropriation Act has already helped us manage readiness under the current continuing resolution. Coupled with the 2017 National Defense Authorization Act and the President's request for additional appropriations, which I believe has just been released, the House passage of this conference report provided us with more confidence that Congress may pass an appropriation act by the end of April and prevent a yearlong continuing resolution.

Because of this, the Navy has delayed some CR [continuing resolution] mitigations in favor of more reversible mitigations, such as deferring ship operational spares and supply requisitions and reducing support for training ranges and schoolhouses. While these actions are less visible, they prudently help ensure the current CR mitigating actions does not create a larger, future readiness shortfall.

However, if held to a full-year continuing resolution in the end, then the impact will be much more severe because we are not able to gradually draw down before the end of the fiscal year.

To summarize, the current state in readiness is strong, our deployed forces are ready and responsive. However, if action is not taken now to improve warfighting readiness, then I remain concerned about the state of the future Navy.

I can see the subcommittee recognizes this inflection point, and I remain optimistic that together we will find a resolution in 2017

and for the future years. Every investment in readiness will have an impact on making your Navy stronger. We stand ready to work with you on the path to recovery and sustaining readiness over the long term.

I thank you for holding this hearing, and I look forward to answering your questions.

[The joint prepared statement of Admiral Mulloy, Admiral Cullom, and Admiral McCollum can be found in the Appendix on page 37.]

Mr. WILSON. Thank you very much.
And Admiral Cullom.

**STATEMENT OF VADM PHILIP H. CULLOM, USN, DEPUTY
CHIEF OF NAVAL OPERATIONS FOR FLEET READINESS AND
LOGISTICS**

Admiral CULLOM. Chairman Wilson, Ranking Member Bordallo, and distinguished members of the committee, thank you for the opportunity to testify on the state of Navy shore readiness. It is my honor and privilege to represent the thousands of Navy sailors and civilians who sustain operations at our 71 installations around the globe.

The Navy shore readiness is a critical component in overall mission readiness. Today, many of the Navy's platforms plan, train, and launch from the shore, and some even perform their entire mission from the shore. Despite this essential role, shore readiness has been and continues to be a bill-payer to sustain the operational fleet. This has been a conscious decision that, in the short term, made sense to meet immediate warfighting needs in the face of constrained budgets. However, consistent underfunding of shore readiness is unsustainable as a long-term strategy.

As Admiral Moran testified in front of the full committee last month, we have repeatedly taken money from cash accounts that are the lifeblood of building long-term readiness in our Navy. To date, this strategy has culminated in a significant facility sustainment, restoration, and modernization backlog. And as we continue to defer these needed investments, our shore facilities degrade at an accelerated rate.

The good news is that we know how and where the degradation manifests itself and we are able to focus with precision on facilities to ensure continuity of our primary operational missions. Unfortunately, our limited resourcing only allows us to address our most critical shipyard, nuclear, pier, and runway deficiencies and a limited portion of inadequate barracks for our junior sailors. Long-term underinvestment in facilities has had real consequences on our ability to man, train, and equip our forces.

In this fiscally constrained environment, we have done our best to minimize adverse effects and target resourcing for maximum readiness impact. We are grateful to the Congress for your support of our military construction program, for the additional authority provided in the fiscal year 2017 National Defense Authorization Act and appropriations provided in the fiscal year 2017 Military Construction and Veterans Affairs Appropriations Act to address where some of these shortfalls manifest themselves.

Thank you. For without this additional funding, the Navy's military construction program would have been resourced at its lowest level since 1999.

Shore readiness is a key enabler to our Navy's warfighting readiness. The time is right to strengthen our foundation to fully support the toughness, reach, and responsiveness today's Navy needs.

On behalf of the sailors we represent, thank you for your continued support and for the opportunity to testify today. I look forward to your questions.

Mr. WILSON. Thank you very much, Admiral.
Admiral McCollum.

**STATEMENT OF VADM LUKE M. McCOLLUM, USN, CHIEF OF
NAVY RESERVE, COMMANDER, NAVY RESERVE FORCE**

Admiral McCOLLUM. Good morning, Mr. Chairman and Ranking Member Bordallo and distinguished members of the subcommittee, it is my distinct honor to testify this morning on the readiness of the Navy Reserve.

In short, an effective Reserve Component must have the appropriate authority and funding available to train, to mobilize, and deploy and, ultimately, be available for major combat operations. Because the Navy Reserve is tightly integrated with the Active Component, the readiness shortfalls the Active Component experiences are closely mirrored in the Reserve Component to include operations, training, support, equipment, and facilities.

The past 15 years of the Navy Reserve has been very busy. On any given day, on average, we have approximately 25 percent of the force performing operational support to the fleet and combatant commanders, and another 2,500 Reserve sailors, as of this morning, are mobilized to long-term Active Duty service across the entire spectrum of Navy mission sets.

The sailors are getting the job done, but it is taking longer and getting more difficult to generate readiness and certification for the use of these forces.

The funding that supports the Reserve unit warfighting readiness has been unpredictable and has been diminishing. In just the last 3 years alone, the operational support funding to the Navy Reserve has decreased 34 percent. With your help, we can address these challenges.

Our ability to surge and respond on short notice, where and when needed, either as an individual sailor or an entire unit, is a key element of the Navy Reserve support to the total force. For example, during this past January and in direct support of the Navy's forward-deployed ships and units, the Navy Reserve Fleet Logistic Support Wing flew nearly 2,500 hours and moved over 1.7 million pounds of cargo flying the C-130, the C-40, and the C-20.

On the water, the Navy Reserve Coastal Riverine Squadrons, which form the backbone of the Navy's maritime afloat security, conducted over 622 escort missions at strategic ports. While these missions have been highly effective, they have come at the expense of other fleet-essential missions. Investments in aging Reserve Component tactical aircraft equipment is critical in ensuring interoperability with the Active Component and, similar to the Active

Component, aviation depot-level maintenance has, as well, been backlogged.

Our military construction and facility sustainment and modernization funding has not been adequate to keep up with our aging infrastructure at our Navy Reserve centers. Modern and efficient facilities are necessary to keep our sailors safe, trained, and ready to mobilize and deploy forward. While the readiness challenges ahead of us are significant, I am proud of our sailors' dedication, professionalism, and the sacrifice as they toggle between their civilian jobs and their military careers.

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

Mr. WILSON. Thank you. Thank you, Admiral.

As we are here today, we will begin. And so my above-repute commander, Margaret Dean, is going to keep the time on each one of us so that each one has 5 minutes to proceed. And she is a stickler for being correct, so this is good.

As I am here this morning, too, looking at a portrait of the late Chairman Floyd Spence, I just really cherish, as his former campaign manager, a reason he was elected. And you can go ahead and begin. And a reason he was elected is because he was the commander of the Navy Reserve unit of Columbia, South Carolina. And wherever we went, some of the most capable, competent, and patriotic people that we would run into who just meant so much. The credibility of my predecessor was indeed enhanced and reinforced because of his association with the Navy Reserve. So I know the side consequence of your service and what a difference you have made.

And for each of you, last month in testimony before the full committee of the Armed Services Committee, the Vice Chief of Naval Operations, Admiral Bill Moran, stated, quote, "Within a month we are going to have to shut down air wings, we are going to have to defer maintenance on several availabilities for our surface ships and submarine maintenance facilities," end of quote.

For each of you, is the Navy shutting down air wings? Are you deferring maintenance? If not, what has been adjusted?

Admiral MULLOY. Congressman, thank you very much for the question. To put it in context, at that time there was not an appropriation act passed by the House and the President's amended budget, which now is called the Readiness Appropriation Act, had not been totally gelled.

So at this point in time, we have not taken those overt actions to shut down air wings. We have looked at deferring maintenance, but no availabilities have been canceled. You alluded to approximately 14 ships; those that can slide later in the year have been adjusted with the dates, working with the companies. That is still a Sword of Damocles overhanging our head right now.

But based upon the process and the motion we saw on the Hill, the services working with the Secretary of Defense, the Secretary of the Navy, have elected to say is we believe that there is action on the Hill to actually avert that massive item. Because what happens if air wings actually shut down, instead of taking a month to get back flying, it would take months, so the impacts will ripple to the end of 2017, but also into a significant part of 2018.

So as we watch what happens on the Hill between now and the end of April, I would say is those are on hold. We are deferring some spares for ships that haven't deployed yet. Every deployed ship has got everything they need. In fact, Admiral Whitesell, the battle group commander of the *George Bush* in the Middle East right now, was just interviewed and reported that he has never been more ready, he has every part he needs as he is about to steam into the Middle East.

So I think we have put these on hold, but if you come to the end of April, the mitigations will be what you saw, probably even larger.

Mr. WILSON. Well, again, thank you for the leadership. And indeed, it is incumbent on us to back you up, and I am confident we will be bipartisan. Any other comment?

Admiral CULLOM. Sir, I would only add that we know that the costs, once we do start taking those actions, will go up. They get worse with time. And so trying to be able to wait until we absolutely positively have to take those actions, I think, is in the best interest of all. But at some point, then those actions will have to be taken.

Admiral MCCOLLUM. Mr. Chairman, only other thing I would add is, as I mentioned earlier, because the Reserve Component is integrated and tightly aligned, the decisions that the Active Duty Component make, we behave accordingly in how we adjust our funding and our operations. So as Admiral Mulloy said, we are encouraged by the momentum that we see.

Mr. WILSON. Thank you. And I have been impressed about the Navy Reserve units. They are, with the MILCON [military construction] there in the district I represent, really positive developments, and then next door in Charleston at the Nuclear Power School, this is being addressed.

And for each of you, in the summer of 2016 issue of Surface Warfare magazine, Jeff Bauer from the U.S. Fleet Forces Command is quoted saying that the minimum standard for maintenance completion under the planned maintenance system, PMS, is 80 percent. Yet in the same article—and it should be 100 percent—it states that the preventive maintenance requirement derive when a, quote, “Real risk of failure has been determined and that the failure has consequences that are unacceptable,” end of quote.

When did the minimum standard become reduced to 80 percent? Could this result in unacceptable safety and operational capabilities of the Navy system?

Admiral MULLOY. Sir, I am going to have to take that question for the record because I have not seen that article. I don't know of a reduction of PMS.

Having served at all levels in the Navy, from being a division officer 37 years ago on a submarine, until my current status, avoiding PMS and deferring PMS is always hazardous, it will add to the future failure of items on board the ship. There may be short times where it is deferred due to operational commitments, or it may be you are waiting for some spare, but I have not seen anything in writing that says the Navy will reduce 80 percent, but I will owe you an answer back on that, sir.

[The information referred to can be found in the Appendix on page 49.]

Mr. WILSON. And, Admiral, we would be happy get the article to you and look forward to your response.

And in conformity with the 5-minute rule, I now defer to Congresswoman Bordallo of the territory of Guam.

Ms. BORDALLO. Thank you very much, Mr. Chairman.

Admiral Mulloy, I have a question for you. You place much emphasis on how the high operational tempo has stressed the current readiness levels for the Navy. What are some steps you are taking to ensure the Navy is meeting combatant commander requirements amidst a strained fiscal environment?

In other words, how are you ensuring the Navy is where it needs to be with the fleet and the sailors it has?

Admiral MULLOY. Yes, ma'am. We are doing that through a couple ways. The most important one is the Optimal Fleet Response Plan [OFRP] where we have actually now laid in opportunities for each ship that focus on maintenance first, prepares the battle group as an organized group, they get underway for sails, then group sails such that they are fully combat-ready when they arrive. And that is now being spread through every class of ship.

Most of them are on that 32-month cycle, some are on a different based upon the class. So that is first, where we put the ships in an organized plan.

The second is constantly refining, what is the training required for those areas where they go? I will tell you is, we cannot meet every demand of the combatant commanders based on the size of the Navy. We have a standing average, about 40 percent of their needs are met. The most critical ones are then sourced through the Joint Staff, working with the Secretary of Defense to meet Presidential needs around the country. That's the focus, what you have probably heard called the ribbon charts, that we lay out battle groups and amphibious readiness group deployments. And then we have below that are ballistic missile defense requirements and submarine requirements.

There are tremendous demands for security around the world that have only gone up over time. As I look back on the last 5 years, Russia resurgent, China has quadrupled their force in the last 17 years, the Russians have doubled their budget in the last 15, 16 years, and ISIS has appeared, and Iran has continued to be the actor there in the Middle East, and obviously, North Korea has set off more nuclear weapons than his two predecessors and more rockets.

So the stress on our force is there. We are optimizing what we can and we are deploying about one-third of our ships. We used to deploy about a fourth of them. We need the readiness dollars to come back to allow us to maintain it.

That is where I view us purchasing Hornets as, you know, we support that Congress greatly put in the bill a significant number of Hornets. That I don't view is growing force structure, that is actually a readiness issue. We are flying our Hornets 35 hours a month vice 25, and we have never stopped since 2011. There has been no, quote, "peace dividend" for the United States Navy. Our air force is flying in the Middle East off both amphibious ready

groups and primarily on carriers, we are wearing the planes out. So that is why I view buying more, but it takes a concerted effort across the board to make the Navy ready.

Ms. BORDALLO. Thank you, Admiral. And it is amazing, with all the challenges that we are facing, that we can still continue to keep things in order.

Admiral MULLOY. Yes, ma'am. It is based upon the dedication of the military and the civilians and the support from Congress that we are able to keep the wheels on this bus called the Navy.

Ms. BORDALLO. Thank you.

Admiral CULLOM, I have a question for you. Can you address how the Navy plans to support a proposed larger fleet? As we have heard earlier, the Navy is unable to repair and return fleets to service per the current OFRP.

So please detail to us, as quickly as you can, how the Navy is planning to invest in shore infrastructure and depot capabilities to ensure parts and facilities are ready for ship maintenance. Without this investment in infrastructure and depot capabilities, I truly am concerned that we could have a larger Navy that is less ready than our current fleet.

Admiral CULLOM. Yes, ma'am. To address how and where we are putting our funding and what we are trying to focus on and prioritize, we have prioritized life and safety-related issues, the repairs to critical components, because we know that if we don't repair those, then the cost of being able to fix those later is just going to grow increasingly. So it is very important that we address those.

Additionally, the mission-critical facilities, piers, runways, and things like that, are evermore important. And frankly, a lot of our operations are changing in nature in that we see the importance that our information systems have.

As I mentioned in my opening remarks, the fact that we are doing many more of our operations from the shore means that those are important. So we have prioritized our funding to address by looking at the facility condition index of the specific components, whether it is the windows, the doors, the HVAC [heating, ventilation, and air conditioning] systems and things like that, or the utility systems, to ensure that we fund those properly and have put the focus there.

Now, as the fleet grows, we will certainly reassess where we are going to continue to put things, but it is right now about making sure that we are focusing on the shore that we have, the shore infrastructure, from the 34,000 buildings and 29,000 structures across those 71 installations and 700,000 acres of land—a little bit less than Rhode Island, but it is a lot of land.

Ms. BORDALLO. Thank you, Admiral. My time is up and I would like a second round.

Mr. WILSON. And thank you so much, Congresswoman Bordallo.

And we now proceed to Congressman Austin Scott, of Georgia.

Mr. SCOTT. Thank you, Mr. Chairman.

Admiral Mulloy, you mention the Optimized Fleet Response Plan. The Government Accountability Office [GAO] analysis is fairly critical of that plan for years 2011 to 2014.

Can you explain the differences in the Optimized Fleet Response Plan and the old maintenance schedule plan and how it will im-

prove maintenance long term and how we intend to address the issue of what the GAO would simply refer to as the shortcomings?

Admiral MULLOY. Sir, I have seen a classified GAO report on this and even there they admitted they had some data from 2015 that was not actually properly analyzed properly.

Mr. SCOTT. Okay.

Admiral MULLOY. And we can respond to that in writing because it was classified. I would tell you that the Optimized Fleet Response Plan didn't exist in that period of time. We were in FRP [Fleet Response Plan]. We created it because we used to be focused on the deployment cycle and then maintenance would be at the end.

By shifting the whole cycle around to being the maintenance is the primary component at the beginning, it ensures that the ships actually have the time, and it has actually resulted in, in some cases, where we now wait before we deploy a whole group, that the ships all have to be repaired. The most recent example is the *Bush*, where the battle group deployed a short period later than expected, but it was also every ship was done.

So I think there actually is a point where we find the OFRP brings a discipline to the fleet and to us to respond even to the Joint Staff and national command authorities is, you will deploy when you are warfighting ready, and warfighting ready depends upon your maintenance.

So three battle groups are in it. We have a total of 10, so there are 7 to go over the next 5 years. We actually see the metrics that it is forcing us in terms of manning to bring the ships to the right level of manning. It is bringing us to the right in terms of spares when they deploy and that we can actually get out there.

Last summer we actually had four aircraft carriers fully operational and deployed at one point in time because they happened to be coming and going from deployments.

So we know we can get the forces there, but we do have to clear this backlog of all the ship maintenance we have. And we view that we think that this plan has been the third cycle of fleet response programs over the years, that we now think we have tuned this to the proper level.

Mr. SCOTT. I have the privilege of representing Robins Air Force Base, which is obviously a large depot. I see the criticism of some of our facilities, and it is not lost on me that continuing resolutions, furloughs, hiring freezes, and other things, in the end, created a lot of the problems.

So I hope that you will continue to press for a budget or an appropriations act, I should say, instead of the continuing resolutions that we have had in the past.

And I look forward to having a more aggressive leadership in the DOD [Department of Defense]. I don't think we have to worry about the current Secretary of Defense letting Congress—

Admiral MULLOY. No, sir, Secretary Mattis has made it very clear that restoring readiness is a goal in 2017 and 2018, maintain before we buy any more force structure.

Mr. SCOTT. Yes.

Admiral MULLOY. And absolutely, the support of this committee, having the hearing today on readiness, bringing a focus on exactly

what you talked about, having regular appropriations, which you have already taken action on, and then addressing what Secretary Mattis will send over today with his advance appropriations, again, for 2017 to give us the amended budget to restore what we need.

And also, appreciate the support to be able to say that the hiring of civilians and recognizing in 2013 the shutdowns and furloughs were remarkably painful across the board.

Mr. SCOTT. Given the high demand for carrier presence, what efforts is the Navy taking to assist the shipyards in completing the maintenance availabilities of these teams on time?

Admiral MULLOY. First off was, on this hiring freeze, the Navy has issued 22,000 waivers to bring people back on and we have hired now 2,800 people within the Navy since January, so we are not completely on track with where we should be.

Across the board, efforts start from the CNO [Chief of Naval Operations] and Admiral Moore visiting naval shipyards in Norfolk. I went out to Pearl Harbor Naval Shipyard and looked at the level of what do we have to have in terms of trainers, materials, and equipment and to do there.

Part of that also comes back to—Admiral Cullom can talk more about the shore side—you also have to put some money and investment in the actual shore infrastructure of the cranes, the dry docks, and other equipment. We have made modest investments there because we are also tied to the 6 percent depot rule. So at least our depots have got some minimal amount, air and ship depots have. This continued focus will be more and training the people we have brought on.

We have hired over half of the shipyard employees, there are 32,000 going to 33,000 with the support of Congress. Half of those people have less than 5 years of work in a shipyard. We need to basically hold the line on doing the training and getting those people on board because we have aged out that workforce.

Mr. SCOTT. Gentlemen, thank you for your service.

Mr. WILSON. Thank you, Congressman Scott.

And we now proceed to Congressman Anthony Brown, of Maryland.

Mr. BROWN. Thank you very much, Mr. Chairman.

Maryland is the home to several military installations, and we are proud to host Naval Air Station Patuxent River. In the Fourth Congressional District we are home to Joint Base Andrews where we have a strong Navy presence. So I am certainly delighted that you are here today to talk to us about Navy readiness.

My question goes to life-cycle management and reliability analysis. So it is my understanding that the Navy and the Marine Corps are operating at about 63 percent of the O&M [operations & maintenance] budget that you would actually need to fully fund the operations. And obviously, that impacts readiness.

So my questions are, you know, to what extent do you embrace reliability analysis? Are you incorporating that? Are there challenges in incorporating that? What are you learning from reliability analysis? Does the budget constraints impact your ability to implement reliability analysis? And if you could just shed some light on that for me and the committee, that would be helpful.

Admiral CULLOM. Yes, sir. We are debating the piece as to who would address which part of it because encompassed in that, in terms of the life-cycle management, there is a piece of that that is clearly on the shore side of the house and a lot of that is also in the operational sustainment accounts that are the operational fleet part of it.

Collectively, together, they are absolutely essential for being able to see us through the life cycle of a given ship, plane, submarine, or even tactical vehicle and some of those things are even repairs of the runways, repairs of dry docks to make sure that we can sustain those ships. So there is a very clear shore component of it.

That is why we have focused on the shore side very heavily on the things that are operationally related to the sustainment of the Navy that we have today, even as we are building a Navy of the future.

Operationally, there is another piece of this, too, on the contractual side of sustainability. And maybe Admiral Mulloy can mention about that.

Admiral MULLOY. Sir, we absolutely look in reliability maintenance. My whole career has been spent looking at evaluation of what is a condition of a ship, a product. You are in the shipyard, I have had the new construction engineer of a boat, I was the overhaul as junior officer, I have operated. Also, working with people down in NAVAIR [Naval Air Systems Command]. Everything is based upon what we hope is life-cycle maintenance. You don't always understand everything until you actually get it to sea or fly it, and then you get feedback.

For a period of time, the Navy in downsizing in the late 1990s took away what is called, you know, the SURFMEPP [Surface Maintenance Engineering Planning Program], surface examination group for surface ships. And we kind of suspended that view. We did not stop PERA-CV [Planning and Engineering for Repairs and Alterations—Carriers] for the carriers or SUBMEPP [Submarine Maintenance, Engineering, Planning and Procurement] for the submarines. But the surface ships were like, okay, we can manage this.

We realized that was a mistake, we needed to bring back that life-cycle management on the surface ships to be able to have that long-term view of the health of the boats.

We had life-cycle plans, but they weren't as religiously brought together. So we restarted SURFMEPP, brought back the surface maintenance engineering groups. And that has been a real focus to bring the surface ship readiness back up to a level.

We are always looking for future diagnostic tools or other plans. But everything we do is focused on long-term maintenance. But as you point out, the shortage of O&M can drive us to questions of, can we afford it now? You defer it later and when you defer something you pay more for that later. If you can't fix your roof this year, you fix it next year. That is, you know, symbolically on a ship or on a building, in many cases you pay the price later.

Mr. BROWN. Thank you.

Admiral CULLOM. Sir, I would add one more thing. That in addition to just the normal repairs that we have to do, there is also the piece to be able to keep the ships for 40 years, you have to do mid-

life upgrades to them. And for aircraft, you have to SLEP [Service Life Extension Program] those to be able to ensure that you will get 10,000 flight hours out of an F-18.

So those are an essential part of that life-cycle cost as well. And we do look at those very closely as an integrated package of how we get those things to get the full utility for the American taxpayer.

Mr. BROWN. Thank you, Mr. Chairman.

Mr. WILSON. Thank you, Congressman Brown.

We now proceed to Congresswoman Vicky Hartzler, of Missouri.

Mrs. HARTZLER. Thank you, Mr. Chairman.

And appreciate your comments, Admiral, about the F-18, the need to recapitalize that. That is just a very important aircraft and it has certainly been doing its job in the fight against ISIS and wearing out as it is doing it, so appreciate that.

Vice Admiral McCollum, I wanted to ask you about the Reserves a little bit because you have had a very heavy operational use tempo over the past 16 years. And so, do you see this as a new normal for the Navy Reserve? Or do you see the Navy Reserve returning to their traditional strategic role in the future?

Admiral MCCOLLUM. Congresswoman, thank you for that question. When we reflect on the Navy Reserve and understand how it was designed, it was designed for a strategic capability, strategic depth. But since 9/11 and in the use, it has become operational by necessity.

And as we look at the capability that the Navy Reserve provides to the Active Component to surge specific skill sets, to surge specific unit capability, under the current demand signal we know the world is a busy place. And as we look at the expansion of our operations and maintaining our operations of support, we do see a steady demand signal in place.

Now, as we chart the path forward and work our strategy with the broader Navy capability, you know, we will land in the right place, but the current construct and demand signals certainly suggest a sustained demand signal for operational support that the Navy Reserve provides to the Active Component.

Mrs. HARTZLER. How would you assess the morale of the reservists and their resilience with this high tempo?

Admiral MCCOLLUM. Congresswoman, you can probably understand, when we leave the Pentagon and go out and visit our troops operational, our troops in training, that is certainly a highlight, and we are very inspired. And it is primarily because of the resilience, the enthusiasm, and dedication that we see with the Reserve sailors.

And these sailors are the ones that are managing two pieces of their life, one is with their civilian employer, the other one was their commitment to serve in the Navy. It is very inspiring to see that.

The ability to generate wins to make that lifestyle easier and more efficient continues to support the high morale. Their hearts are so dedicated and so willing to serve. It is, that is as I mentioned, the inspiring piece of this.

When we have issues with predictability, that is where we meet our challenges because what is important to a Reserve sailor is pre-

dictability and access to their requirement in the military, but being able to be predictable so they can schedule their obligations.

And the way that our funding works in CRs and things like that, it makes it less predictable. But net/net I would say it is very inspirational, morale is very high.

Mrs. HARTZLER. That is great, that is great. Well, I appreciate what they do, it is a lot to juggle.

Admiral Cullom, I want ask you about shipyards. What actions is the Navy taking to address challenges in public and private shipyards that can affect the Navy's ability to complete ship maintenance on schedule?

Admiral CULLOM. Ma'am, we have done a great deal to focus on, and with the Congress' help and the legislation that requires us to look at how much we invest in those shipyards, and shipyards and FRCs [Fleet Readiness Centers] collectively together, you can't really do one without also working the other. Because when we deploy a carrier, it deploys as a carrier strike group, so it is aviation maintenance as much as it also is the shipyard maintenance.

We have worked very hard to try to improve the throughput of those shipyards to ensure that they have what they need in terms of utility upgrades. We have focused very keenly on looking at the specific facility condition of various components. And that is really the piers, the wharves, the dry docks in particular, because those are all—cranes, those are all things that can become limiting components to being able to get the work done within the shipyards.

And to the best of our ability, we have devoted the resources to those and we are going to continue to look at the ways we can look at the shipyards of the future and putting them in a position to be able to support the work that we anticipate.

There is a lot of creative thought out there by folks that do that for a living on the engineering duty side of the house, and we are excited about.

Mrs. HARTZLER. Great. Thank you.

Mr. WILSON. Thank you, Congresswoman Hartzler.

We now proceed to Congressman Joe Courtney, of Connecticut.

Mr. COURTNEY. Thank you, Mr. Chairman, and thank you to all the witnesses.

As we are sitting here, actually the news is starting to unfold about what Admiral Mulloy referenced, that, again the supplemental request is now unfolding. And it appears that about 80 percent of the supplemental is going to be in the base budget, which automatically takes it above the BCA [Budget Control Act] caps which, you know, that adds to the degree of difficulty in terms of what the Senate is going to have to contend with and, you know, the clock is ticking, as we all know.

So, I guess, you know, I think for clarity's sake, if one of two scenarios happens, one is that they do pass the funding level, but not lift the BCA caps and, thus, that funding gets sequestered or, (b), they just, you know, kind of punt and go to a CR.

I mean, what does that mean in terms of the air wings and the availabilities that, again, kind of hinged on the fact that we would have a positive outcome at the end of April?

Admiral MULLOY. Sir, as to how the OMB [Office of Management and Budget] is financing it, that is a separate discussion. As to the

risk we now take, yes, my opening comment was prefaced upon motion ahead—

Mr. COURTNEY. Right.

Admiral MULLOY [continuing]. And then the specifics are there, as you brought out. We certainly have seen, you know, potentially up to five different scenarios of a yearlong CR. It is larger in OCO [Overseas Contingency Operations] so it doesn't count against the caps, it is a mix in between. We only get the readiness dollars, not the procurement side of it. There are a bunch of scenarios.

I will tell you, if we don't get the readiness dollars, the stipulations the Vice Chief of Naval Operations told you of five air wings or more shutting, combination shutdown and tactical hard deck on 14 ship availabilities, will be the minimum. And we have not developed those specifics, but we will relay those to Congress in a classified document later that says, hey, these are those impacts. It will be that or more and will very likely be more depending upon the date that that kicks in.

But that is not action we are taking right now, we really want to see how this plays out over here. But it would have a dramatic impact. And much of it would actually be in the 2018 time. When you get to fiscal year 2018, that would be the ships and squadrons not working up or maintaining now would be they would not deploy in 2018.

You would start seeing the same carrier gaps, you would start seeing other impacts around the world. But largely, it would be in 2018, not as much in 2017, because you keep the deployed forces as ready, as was discussed, sir. But the specifics, we would have to see the timing and money.

Mr. COURTNEY. And, again, thank you for that answer. I really think, you know, sometimes, you know, the narrative or the talk down here gets sort of lost in sort of, you know, very abstract language about CRs and sequester.

I mean, what I think really clarifies is really talking about, you know, sort of real-life impacts, so hopefully we will get some more of those specifics as, again, the choices start to become clearer for both chambers.

So, you know, just want to go back to a question Mrs. Hartzler raised about the public and private shipyards. Again, when Admiral Moran was here, again, he was clear that, yes, there has been backups caused by, you know, the inconsistent funding that Congress has unfortunately produced over the last few years, but that there has also been other sort of problems in the shipyards in terms of getting the work done, partly because the deployments have worsened the condition of ships and subs that are coming in for repairs.

But clearly, I mean, even with, you know, healthy funding, there is still going to be a backlog at the public yards. I mean, you know, it is what it is. And I guess the question is, are you looking at, again, using private yards as an option to sort of, again, get this backlog addressed?

Admiral MULLOY. Yes, sir. Since 2012, six submarine availabilities have been put in the private yards. I think three or four at Electric Boat and a couple at HII [Huntington Ingalls Industries]. We are now—currently the USS *Columbus* is out for bid for this

year. And there are two more that will come over in the 2018 budget that we are now examining as we explore 2018 that would now once again help the workload.

Because the naval shipyard workload, number one, is SSBNs [ballistic missile submarines], getting those refueled and back out is a national priority. Number two is aircraft carriers, so the SSNs [attack submarines] end up being the ones who have been behind since we have had 53-month overhaul on the *Connecticut*, 48 months on another SSN that was too long in there. So we are and we will reexamine in the future.

But right now, like I said, there is one, *Columbus*, in this year and at least two more the next budget. And it will make a total of nine since 2012, potentially, would have been outside because we need to get the boats done and we recognize the quality of work at HII and Electric Boat as well.

Mr. COURTNEY. And again, I think that will be a good bridge in terms of, you know, the other challenge the Navy has, which is the Force Structure Assessment, which again, I think smoothing out the workforce will get us in a better position to take on that added work.

So with that, Mr. Chairman, I yield back.

Mr. WILSON. Thank you very much, Congressman Courtney.

We now proceed to Congressman Mike Gallagher, of Wisconsin.

Mr. GALLAGHER. Thank you, Mr. Chairman. Gentlemen, thank you for your time today.

To what extent are you incorporating cyber readiness into your assessments? And take me through the methodology through which you do so.

Admiral MULLOY. Sir, cyber plays a direct part in two areas, one is the defensive network operations and then offensive cyber. That is directly involved, and a lot more specifics would have to be in a classified discussion, but unclassified discussion would be is that it is no longer a secondary thought when we build this budget.

Admiral Jan Tighe, the Director of Naval Intelligence and also the DCNO [Deputy Chief of Naval Operations] for Communications, Capabilities and Networks, and she and I talk frequently, is that she is now a warfighting role along with Admiral Manazir and others with the DCNOs with the CNO, so that we look at it as, do I want to use what is called soft kill versus hard kill analysis? Do I have to have a weapon on a weapon? Should I take it out with a cyber?

So that concept of soft kill or what we call left-of-launch is in all of our focus. It just ends up being much of that area remains highly classified where we are. But there is significant focus on it.

Hence, we are looking at how the continuing resolutions affect the workforce, affect the contracts we are able to make. What can I do within the Naval Warfare Development Group? There is a whole development group just for cyber items that we use, that are highly classified also. So these items are affected by the same O&M shortfalls.

On the other side is, CRs can affect us because we need money to eliminate software that is old. We still have Windows 10. We have other distributions out there. We have what we call Windows 10 eradication program that is critically dependent upon operation

and maintenance and procurement dollars that are in our budget. They may look buried, but that is a critical infrastructure for our defense that we worry about. So that is areas that we want in this budget. And there are cyber-related items woven throughout it, sir.

Admiral CULLOM. And, sir, I would also add that cyber truly is its own domain, as Admiral Mulloy is kind of suggesting, and much of those cyber capabilities actually involve the shore infrastructure. And increasingly, we look at that and the utilities that are associated with it. The entire backbone for cyber is not at sea, but ashore.

So collectively, that has to support a domain of warfare that is essential to the integrated part of what the Navy does.

Admiral MCCOLLUM. And, Congressman, I might add the cyber capability that Admiral Cullom stated, this is one of the areas that the Navy Reserve is able to contribute, considering the experience that a lot of our sailors have in their civilian experience. So that is an area where we are tightly integrated.

Mr. GALLAGHER. That is an interesting point. I was just up in Rhode Island and Connecticut. And we saw some of the amazing things that the Reserve is doing in terms of, well, and also Active, in terms of distance learning. So cyber certainly opens up opportunities. I mean, what are we doing or what are you doing in the Navy to sort of capitalize on that, and how has that impacted Reserve training and operations, if that makes sense?

Admiral MCCOLLUM. Well, certainly in the unclassified domain, there are certain training methodologies and capabilities that the Navy Reserve can undertake. We can take advantage of both hardware and software in our training. A reservist having access to their training is a key enabler.

I did bring this morning a device which reads our ID [identification] card, and this can plug into a sailor's personal iPhone or Android or whatever their smartphone device is, insert their ID card and still provide two-factor authentication to identify a secure place where they can do their training.

Obviously, if it becomes in a more classified context, that will draw them closer to the facility where they would work or where they would train, but it has really opened up the ability for the reservists to gain access to programs and tailored training to make them more ready in that support.

Mr. GALLAGHER. Sure. Well, as a millennial, I would say the less of Windows 10 we do and the more of things like that, the better off we will be in terms of recruiting people. Thank you.

I yield, Chairman. Thank you.

Mr. WILSON. Thank you, Congressman Gallagher.

We now proceed to Congressman Don McEachin of the Commonwealth of Virginia.

Mr. MCEACHIN. Thank you, Mr. Chairman. And, gentlemen, thank you all for your service.

We tend to talk to you about, when we speak in terms of readiness, repairing our ships and repairing our planes and that sort of thing, all of which are incredibly important. But I would like for you all to comment a little bit about morale, and in particular about dwell time and whether or not you all consider that as part

of your analysis of readiness. And if so, what can we do to improve dwell time among our sailors?

Admiral MULLOY. Sir, thank you for the question. And clearly, morale and the ability of our sailors to be part of the fight are the most important item. The strength of the service is the sailor. And where we look at that in terms of what can be done is, in the request for additional appropriations is additional money for PCS [permanent change of station], moving people, because getting families to move as a group in the time that is appropriate for them, for their ships, helps the ship and helps the family have long-term planning.

Based upon shortfalls this year, which are going to be asked for here is, we can get ourselves backed up in many months. I will tell you that all the time I see is many cases, that is some of the biggest stress on a family is the move. When can I move, when will I get authority? We are down to about 1- or 2-month lead time, vice normally like to be 6 months. That is a single-biggest item that would be funding in this appropriation coming up, and then, once again, getting that actually out so that we are not in a CR.

Beyond that, we look across the board in terms of the pay, allowances and items, but when you come to dwell, the single-biggest area in dwell is actually getting on the OFRP for the Reserves and for the Active.

Mr. MCEACHIN. I am going to interrupt you, Admiral. Tell me what those initials stand for?

Admiral MULLOY. Oh, I am sorry, Optimized Fleet Response Plan.

Mr. MCEACHIN. Thank you.

Admiral MULLOY. As earlier we were discussing, sir, was getting the ships on a known maintenance cycle, then their operational cycle is all tied to that, that they then know what their future path is. I am going to be in a shipyard for 4 months, when I come out I will then do my battle group workup, and when I get done with that I will deploy on this date and 7 months later I will be back.

That provides a tremendous amount of focus for the sailors' mental well-being. They know their qualifications and their families are comfortable, they are taken care of, and the whole family infrastructure then revolves around that.

That same concept applies to the Reserves, too, as they know when they are mobilizing, they know when they are coming back. So, clearly, morale is a significant focus, it just ends up being is, the interstitials are the operation and maintenance dollars for the fleet and for the aircraft as well as the personnel manpower dollars are critical to that.

I think Admiral Cullom may have more in terms of our shore side about that, too.

Admiral CULLOM. Yes sir. I would like to add to what Admiral Mulloy mentioned. What he is talking about with the fleet response plan, what that really gives us—and when I look at morale, what affects morale the most for our sailors, it is predictability, it is certainty and it is quality of life and quality of service. If we can give them those things, they will go to the ends of the earth for us.

And what we are working on very hard with that fleet response plan is that predictability and certainty so that they can be able

to have a pretty stable environment for their workup cycles and for their deployments, so that they have stability with their families at home.

The quality of service piece, that kind of falls back onto the shore side of the house, that is housing, it is those PCS moves, the permanent change of station, moving from halfway around the world in some cases. I just had a family come in the other day of a gentleman that used to work for me many years ago, and his five children and his wife will be moving to Japan. He is a great officer, but they are trying to figure out and time when they move to Japan.

Those things are very important to the morale of our families, as much as the morale of the sailors themselves. And we all know, if your family is not happy then you are probably not happy as a service member.

The other piece is child development centers and things like that, absolutely critical for those that are either single parents or those that need to have that because you have two working parents. So those are all part of that quality of service piece that is also essential.

Thank you, sir.

Admiral MCCOLLUM. And, Congressman, I would just add, in our Reserve centers, when a Navy Reserve sailor comes back from their deployment and goes into what we call dwell, for the Reserve sailor, the importance of having a facility, a Reserve center or training site that is well-maintained and secure provides support for that quality of service that Admiral Cullom was referring to.

Mr. MCEACHIN. Thank you, Mr. Chairman. And thank you, gentlemen. I yield back.

Mr. WILSON. Thank you, Congressman McEachin.

We now proceed to Congressman Trent Kelly, of Mississippi.

Mr. KELLY. Thank you, Mr. Chairman. And thank the witnesses for being here.

Just a brief point, real quick. I actually talked to some people this morning and we were talking about readiness and how important a family and the family structure is to that readiness. And so in a readiness standpoint, the hiring freeze on places like the commissary and the PX [post exchange] and I think daycare is exempted, but many of those jobs are filled by service members' spouses or children and those are secondary or third measures of income that are important.

And a sound financial mind and a sound security mind for those families makes it easier for those sailors to deploy. Would you agree with that assessment, any of you gentlemen?

Admiral MULLOY. Yes, sir, I would, and I know that Secretary Stackley, Acting Secretary of the Navy, has been leaning forward on trying to get what are those impacts. And, as I have said, we have had 22,000 waivers approved and his staff is geared up to within 5 days of any budget-submitting officer, any admiral in command out in the fleet coming back, they will then process those waivers and they are moving into what we call the Class B and C.

So it is really a matter of finding out who needs to hire when and get those back up. But absolutely Mr. Stackley—and I will tell you is that the support structure of families drive directly to readi-

ness and morale and, therefore, he is also looking at how many different waivers we can approve as he is looking within the guidelines given.

Mr. KELLY. And that is quite frequent because when a soldier or a sailor—I am a soldier—but when a sailor PCSs from one station to the other, that family moves, which means they are a new hire and maybe a different job, because they are more customer-service related and not necessarily skilled labor where they transfer from one place to the next. Would that be correct, Admiral?

Admiral MULLOY. Yes, sir, absolutely. And it is a significant part of a lot of the family moves is where can they go, what is the timing of that and then how can they get the other spouse either immediate employment and working with us? As you point out, a significant number work within the base structure, within the military depot structure and as well as jobs in town. And we have programs on all the bases that focus on that. And any hiring freeze across the board anywhere affects professional men and women that are the spouses.

Mr. KELLY. And just so you gentlemen know, you admirals, it amazes me that we are arguing over the negative effects of the BCA. It is detrimental, it is extremely risky, it is possibly dangerous to not repeal the BCA.

Congress has one primary duty, in my opinion, and that is to provide for the defense of this nation. And there is no way that the BCA in any way helps this nation provide for the defense. That being said, personally, the Navy has not yet recovered from the readiness impacts caused by sequestration and more than a decade of continuous combat operations. My deputy chief of staff is the wife of a marine. He was getting ready to deploy from Norfolk and their ship broke down so often that it interfered with both the training and the deployment dates. And I think actually it got called back one time.

Please discuss the risks posed by the magnitude of the surface fleet's deferred maintenance on its ability to achieve the CNO's goals of operational availability.

Admiral MULLOY. Sir, thank you for the question. I don't know the specific ship involved, and we can research that one, but I will tell you, your first point about the Budget Control Act and its impact, I have been in Navy finance jobs for almost 8 years now in this time in DC and I will tell you the single most painful year was 2013. But since then, every year, I will still stand back and tell you, as a chief financial officer in the Navy we are down in the Navy \$30 billion, which is a mix of procurement and operations and maintenance across the board—\$30 billion over 5 years short based upon that law.

Only the action of Congress to give us bipartisan budget acts restored some of that money. Otherwise, I would be down almost \$50 to \$60 billion. Making that balance across the Navy to keep the Navy readiness and still support deployed operations is tremendous.

As I have said, we saw some of the degradations in the surface ship maintenance even as far back starting with INSURV reports, you know, Board of Inspection and Survey. In the 2008 and 2009 period, we saw that the amphibious first and other surface ships were

starting to degrade, were not aging gracefully, let us say, because they were the oldest ships, many of the oldest ships we had.

So we needed a combination of restoring the planning and thought behind that. And then once we get on that recovery, unfortunately, since 2013 we have been dealing with getting back to the people that we planned to hire in the shipyards and then having furloughs.

So getting ourselves and our fiscal house within the country in order is important to maintain that. I would say is we are aggressively following, and I would say the condition of every class of ship is up on all the INSURV boards, and we have had tremendous support from Congress to put money, hundreds of millions of dollars every year through reprogrammings into ship operations.

But largely, a big chunk of it is ship maintenance. Almost \$700 million a year have gone to ship maintenance, even at a time of shortfalls. So we will keep that up as we go. And that is one reason why Secretary Mattis has said current readiness is the most important thing over growing the size of the force.

Mr. KELLY. Thank you, Mr. Chairman, and I yield back.

Mr. WILSON. Thank you, Congressman Kelly.

We now proceed to Congresswoman Tulsi Gabbard, of Hawaii.

Ms. GABBARD. Thank you, Mr. Chairman. Good morning, gentlemen, thank you for your service.

Vice Admiral Mulloy, you talked a little bit about some of the major infrastructure needs at our shipyards and your recent visit to Pearl Harbor. I just met with some of the managers yesterday from the shipyard who also reiterated that the ailing state of infrastructure at the shipyards and the impact on readiness.

They spoke specifically about Dry Dock 3 there at Pearl Harbor and basically if action is not taken immediately and prioritized, then the dry dock will no longer be able to be used, period, in the coming few years.

I wonder if you could talk a little bit more about how you are prioritizing the shipyard infrastructure needs, especially with the budget that we are about to see, and how long you think it will take in order to get our shipyards back into the right place?

Admiral MULLOY. Ma'am, I will have to give you back an answer for the total time, a detailed response on the maintenance plans. When I was at Pearl Harbor, I saw the condition of the well of the dry dock and we talked about that as a priority.

[The information referred to was not available at the time of printing.]

Admiral MULLOY. Each of the yards, under the depot law, about 6 percent of all the maintenance money must go back in repairs, and we have looked at what is the best order of events to flow through, and we are working our way through the yards.

Part of it comes back to being as working through the requirements of each base is different. The shipyard at Pearl has some other historical factors they have to take into account. I actually walked through a building, they basically want to build a building in a building, so it looks like it was in 1941, but it will be a modern shop inside.

That doesn't add that much, but it still comes back to being you have to get through the environmental wickets on that one. So

there are a number of projects to where Pearl Harbor wants to follow what Portsmouth Naval Shipyard did, which was actually move the shops out around and have a flow through the yard, such that when things come off the boat, they go up, they are getting repaired, they are sequenced properly, and they flow back down. And that flow and sequence really depends upon the express intelligence of the leadership and the workforce of what is the best one.

Pearl Harbor has laid out a number of ideas that we will be looking at in the next few years to move their basically shop around the yard and take advantage of some of those buildings. The dry dock is clearly one that there is a combination of fixing where the caisson goes for the well deck, and then they are actually looking at a combination of perhaps extending that dry dock as well. Both those are in the Navy review process right now and competing well.

I can't tell you where they are at right now, but I saw both those, and saw the diagrams when I walked around with the shipyard commander and the workforce. I also saw a number of the young interns that were just, or not interns, apprentices hired, and talked to 14 of them as well. And their focus to the group that was asking about civilian careers, they have been hired. Of the 14, only two were fresh out of high school, the others had multiple jobs they have had before, but they are trying to find. And one man said I need a career that I can properly, you know, get paid, I will work hard and take care of my family.

So the real focus was on excellence and their desire to work hard, and they had been on that side, have now been hired. We need to keep that going.

Ms. GABBARD. Yes, thank you very much. And whether for you or either of your colleagues, if you can comment how the Federal hiring freeze has impacted shipyards generally and their ability to continue to deliver with the workload.

Admiral MULLOY. What has been a slowdown has been the shipyard workers themselves on the wharf were immediately waiver given. The follow-on has been now working through the interstitials of, okay, I need human resource people to hire the next new person, I need to have certain planners done, I need to have what you call the backroom operations of the shipyard, which are extensive.

And those really came to the fore, some of the members may remember, during the sequester period and then the follow-on furlough. Congress and the President gave a waiver to production activities. But very quickly, if you don't have the security guard or the crane operator, you can have all the mechanics you want, but you don't get productive work done.

So they are kind of almost a living organization, having spent multiple times in my life in a shipyard, it is a living organization and so now we are working our way through the next level. But we identified what I would call the second and third levels of shipyard performance and those now waivers are coming in for that. But we are probably about 200 people behind what we were in our hiring plan to grow to the 33,000 authorized by Congress.

Ms. GABBARD. There was one other issue that was brought up yesterday with regards to this topic, which is, even though the waiver was given for, I believe, the priority A, for the supervisors

who have retired or who have left the force, even for internal transfers, the waiver does not apply, so they are having a problem with a shortage of supervisors even though they are able to hire, continue hiring, the supervisor positions are not even able to be filled internally.

Admiral MULLOY. Yes, ma'am, I had not heard that, I appreciate your comment, I will go back and take that right back.

Ms. GABBARD. Appreciate it. Look forward to working with you on that.

Admiral MULLOY. We need the resources today because I am very interested with a particular love and having actually worked at Portsmouth Naval Shipyard as an ensign, and my in-laws did and my wife did as well. I completely understand that, and I will take that right back.

Ms. GABBARD. I appreciate it. Thank you.

Mr. WILSON. And thank you very much, Congresswoman Gabbard.

We now proceed to Congresswoman Martha McSally, of Arizona.

Ms. MCSALLY. Thank you, Mr. Chairman. Thank you, gentlemen for your testimony. I was Air Force so I will try and speak in your language here in my questioning.

We had a briefing from the GAO last month saying that less than 30 percent of the ships made it through their maintenance schedules on time. So that sounds to me like you might need a new time schedule for those going into maintenance if more than 70 percent, once they get in there, you are finding deeper problems and they are taking longer to go through their maintenance schedule.

A concern in general, I echo concerns and frustrations about sequestration and the impact that it has had on you.

As we are talking to different services, you know, the Air Force has come forward with a plan that is going to take until 2028 to turn some of their readiness around. And I think their assumptions are actually a little too optimistic.

Other than the OFRP, are you developing a detailed plan to address your way to get out of this readiness crisis, those are my words, that you are in? And when can we expect to see that plan?

And the plan needs to be based on good assumptions. Assumptions, again, that 70 percent of your ships are coming out late for scheduled maintenance, you know, there needs to be some new assumptions there. So is there a plan being developed to get you out of this hole? And is it based on realistic assumptions? And when do you think—I mean, we have heard you say after the FYDP [Future Years Defense Program], well, that could be, like, 2080. Like, what is the window, and when will we see a detailed plan?

Admiral MULLOY. Ma'am, there are two parts. I would say we are currently in a 60-day readiness review with the Secretary of Defense and part of that will actually be related to the PB, the President's budget 2018, that will be coming over probably in the May, June timeframe, it will lay out a lot more of the specifics that include our, do we need to hire more people at the shipyards? Do we need to adjust various items and, once again, along these readiness items? And then, where do we stand on aircraft?

So that will be within the 2018 budget we will have the specifics of what we can do with the financing, the resources that we will have in 2018 and what arrives.

I would comment on the GAO report is that, unfortunately, ships take a while when they go in. It would take us about 8 years to get through the whole fleet, so we know some ships are late, there are some plans available, but every ship also ages differently.

So, you know, I have not seen the number 70, I know a significant number. Although I would say, in this past year, a larger number of ships in the 2017, so far in 2017 as we ended 2018, the number was closer to more than 50 percent were actually now coming on time because we have taken the support of Congress, rolled the money back into some of the planning purposes, that the 2017 and 2018 projections are no longer based upon, I would say, an assumption back in 2013 when those maintenance plans were developed.

They are now better prepared. And let's say it was an average of 100,000 man-days for a ship to be done and we now took it, took 130,000, and we are now planning for in 2017, 2018, 130,000 man-days. So I think we are better able to estimate the conditions of the ships, but it will take us 8 years to get through the cycle of seeing every ship that we have done. That is why with the Navy with our one-third always deployed and a third ready to surge, you just can't get all the ships in.

And we don't have the dry docks and the capacity to take every ship apart. It is a little bit different when we send airplanes off to depots. They can be gapped, whereas a fleet is that is who that asset is.

Ms. MCSALLY. Great, thanks. Just to clarify, though, aside from the OFRP and your inputs to the budget about dealing with the short-term readiness issues within the FYDP, are you developing a separate plan specifically to turn the readiness situation around, and how many years is it going to take and what the assumptions are?

Admiral MULLOY. Ma'am, there is not another separate plan. We would be able to come over and talk about our real basis is OFRP. But then each area within NAVSEA [Naval Sea Systems Command] and NAVAIR have their long-term goals to get airplanes on the line or get the ships out.

But the Navy readiness plan is based upon OFRP in all of our classes and getting those out there. There will not be a separate plan.

Ms. MCSALLY. Okay.

Admiral MULLOY. We are eyeing on the readiness of the fleet to be just beyond this FYDP if we get the money expected in this next 5-year plan. Those dollars, except for ordnance, which is going to take a while, which is a collective Army, Navy, Air Force item of building ordnance, we expect to have shortly outside the FYDP, if the funds are there, to be able to restore to full readiness for the number of ships we have to have to be responsive, not just to meet the deployment plans.

Ms. MCSALLY. Okay, thanks. I want to, I only have a little bit of time left, but talk about aviation readiness. You know, I was a pilot myself. I am concerned about the push-pull factors. We are

seeing it in all the services. Airlines are hiring, our Active Duty pilots are not flying that much. I have seen media reports saying you had up to 30 percent turning down department heads. These are some of the leading indicators that you are going to start having a problem, Class A mishaps. Can you just speak about your concerns or our way ahead related to the pilot readiness?

Admiral MULLOY. Yes, ma'am. As our vice chief talked here in a hearing with the entire committee a month and a half ago, we have not seen quite the same number as the Air Force. But clearly, there are leading indicators out there.

As he pointed out, pilots also join, and I am a submariner, so I can't tell you that, but I assume it was the same with you is, you are in this to fly to fly. We need to have the hours back and have the restoration of flying hours in the airplane so that pilots can. A commanding officer squadron who should have 12 airplanes typically does not get 12 airplanes until he goes to, as we call, Fallon, to start his pre-deployment training.

We need to be able to bring that to the left to get the planes and get them the flying hours. That is why the readiness dollars are the most important. And we are very, very aware and looking at those indicators and very concerned. And the vice chief is an aviator and he personally is, day in and day out, working with the aviation enterprise on that one.

Ms. MCSALLY. Great, thanks. I am over my time. Thank you, Mr. Chairman.

Mr. WILSON. And thank you, Congresswoman McSally.

And as an indication of how much we appreciate you being here today and your service, we will have a second round.

And I share the concerns of Congressman Kelly and Congresswoman McSally about the Budget Control Act, sequestration of 2013. How has the Navy adjusted to these irresponsible reductions? And can you provide, again, specific examples, such as number of ships, personnel?

And each of you are invited to comment.

Admiral MULLOY. Sir, I will start as an overarching one, being the arc between Department of the Navy budget officer, now the N-8. We laid in that \$30 billion, which each year was a different number, which provides, as everyone has talked about, unpredictability, is, you don't know the number until Congress—well, the sequester happened and we lost \$13 billion.

Each of the 4 years since has been a number rolls out from Congress for Department of Defense and there is a ripple down to the Navy. I will tell you, in the current 2017 budget, a year and 4 months ago, in December of 2015, we had approximately 3 weeks to cut out \$6.5 billion out of the Department of the Navy, \$4.5 billion out of the Navy, of which \$2 billion was out of readiness.

So there is an example of, in the matter of 3 weeks, adjusting to a number that is now provided by Congress is that is your 2017, going in and then we will adjust it when we look on the Hill about what happens.

We appreciate there is some stability. We actually had a number of items getting sequestered, but cutting \$6.5 billion out of the Department of Navy in a matter of weeks causes some very hard

choices. That is one example compared to, you know, 2017 was basically slightly down.

So where do we go on that one? And the Navy has been—we give a gold star to our shore guys. We have stressed shore because of the areas is shore has the longest term buildup to buy it back again, but it can also sustain compared to aircraft, submarines, which are the most sensitive to life and safety, surface ships, and then you build into shore.

So when you have a 50-year life cycle on infrastructure, that is where you are going. So they were brought to the minimum possible. We looked at, in terms of aviation, maintaining what we had, but we also brought aircraft procurement down, we brought weapons procurement down. We slowed research and development. That would be like an 8 or 9 percent cut to the Navy, research and development would be cut by 8 or 9 percent, other procurement Navy.

So you phase in and you put the critical lines in, like the SSBN replacement program. The strategic missile program, that did not get any cuts in research and development or other procurement and planning. So you protect certain areas that you have to protect, but the bottom line is you are in a difficult issue where everyone has to step up and each group in the Navy would come up with I have to come up with some shortfall or we basically apply shortfalls to them and then work through those interstitials.

So then in the end was, since shipbuilding was an area that we are already going down, we were approaching 271 back then, we weren't going to go any lower, so that is the one area in the budget that we said was the Navy has been through that cycle in the 1990s, and in the 2000s, we also gave up ships and came down to four a year. What that got us is 41 submarines in my future.

If you gave me a trillion dollars right now, I cannot restore the submarine force to the size it should be. If we don't take action over the next 6 years, we will have a larger and deeper bathtub in large surface combatants than the submarine force had, because shipbuilding takes a while to build, so we did preserve it.

Now, as we are looking now at this point at this juncture, Secretary Mattis has said readiness is the most important item; we are not growing more ships, but we are probably not going to cut any more either because that is a long-term investment.

I would like to turn over to my two compatriots to talk about their areas. But as a global scale, that is how we balance, sir.

Admiral CULLOM. Sir, I would add that, as we did that in FY 2013, we went through the sequestration, it showed up in a number of different areas. And I was monitoring this as we went through it, and, frankly, warned about some of these things back a couple years ago.

But, for instance, aircraft, and the FRCs, the backlog of aircraft that grew during that period of time was pretty significant, and the work in process that we had, we brought things, we inducted engines and airframes into the FRCs, and then we had to let them sit because of the furlough.

We eventually have been chewing through those things. And as Admiral Mulloy mentioned, everyone paid at the bank, and the shore certainly paid because we could afford to take that risk at that time there with less potential near-term impact on it.

But additionally, even for the ships, the availabilities, and we talked about availabilities for ships and how those were impacted and the readiness of those ships that we have been using very hard, they didn't get everything done. When we brought those availabilities back, they didn't get a lot of things done that they should have gotten done. Well, that means that that next time they go in for that overhaul, that dry docking 8 years later, that is when the rest of that work has to be done.

So that is part of the divots and the deficits that, to really get to reset, that we have had to go through.

And then there is also a training deficit because we didn't fly. Well, the pilots didn't get their flight hours, and so that is a divot in their experience that we are trying to make up for as much as we can. And we owe it to them to do that if they are going to go out there on the pointy end of the spear.

Admiral MCCOLLUM. And, Mr. Chairman, as Admiral Mulloy said about hard choices, and certainly the Reserve Component there have been some hard choices in terms of Reserve Component being a bill-payer in order to support the higher priorities and initiatives. I talked to most fleet commanders in the last 30 days and every one of them has asked the Reserve Component to do more or to sustain current operations.

And currently, we are only meeting about 31 percent of the demand signal of those fleet commanders, so that has sort of been a rolled-up net effect on the operational Reserve support.

Mr. WILSON. And thank you.

And, in fact, Admiral McCollum, I want to congratulate Task Force Marshall, which is training at Fort Jackson, and these are reservists who volunteer for ground duty around the world in combat zones, and it is a real reflection on the professionalism of the Navy Reserve.

And my time is up, so I have got to proceed, of course, to Congresswoman Bordallo.

Ms. BORDALLO. Thank you very much, Mr. Chairman.

Admiral McCollum, I have a question that has to do with the Reserves. How is Active/Reserve integration facilitated to ensure that, as an operational Reserve, you are able to call upon your sailors to meet requirements where gaps exist?

Now, I was concerned because I was reading your testimony, you mentioned that this Reserve force is often relegated to training and operating with obsolete equipment and they cannot succeed under current conditions. You also further stated they are often underserved by the lack of resources available to them.

So my question to you is, where are we today under those circumstances and how is the morale?

Admiral MCCOLLUM. Congresswoman, thank you for that question. As we look at the demand signal that the Active Duty places upon us, we decide, do we have the capability, depending on what the specific demand is, to send trained and certified sailors to that specific location or to that unit? We are an integrated force, as I mentioned.

Then we look at, what does it take for an individual to be trained and certified? Sometimes it is the predictability of when they go and it is on a glide slope that makes it very visible. And we ramp

up the training that goes to that sailor to be on a consistent level of readiness that, when they arrive, they are at their max readiness.

Other times, there is the surge, the request to respond on short notice. That is where we feel pressure because to be able to do that we have to maintain our sailors at a level of readiness, whether it is qualifications in weapons, whether it is coxswains on small boats who are trained to do that, they have to have proficiency to be able to do that. And that level of readiness requires funding to generate that capability to be able to respond when needed.

And you put these two components together, then we make choices to say we are not at a state to respond, and then the Active Component makes the decision to figure out how we can find more funds to generate that response.

Ms. BORDALLO. And, Admiral, under those conditions, how is the morale then?

Admiral MCCOLLUM. Despite those conditions, ma'am—

Ms. BORDALLO. It is good?

Admiral MCCOLLUM. I would say it is outstanding.

Ms. BORDALLO. Good.

Admiral MCCOLLUM. And like I mentioned earlier, the sailors are an inspiration. Sometimes it is near eye-watering to see them fight through the adversity of the strain of trying to achieve the level of readiness. But the morale is very high.

Ms. BORDALLO. That is good to hear. And hopefully the future is going to be much better.

Admiral Mulloy, or no, it is for Admiral Cullom, I have a question. I understand that the Navy's OFRP does not take the maintenance cycles of supply ships into consideration. Now, how do you coordinate and synchronize the repair needs of these ships in order to ensure that the Navy can call upon them at a moment's notice?

Admiral CULLOM. Yes, ma'am, thank you for the question. A part of the fleet response plan that we are working through is incorporating our auxiliary ships, all of the ships that are in the CLF [Combat Logistics Force] force into that process, so that they will deploy with the units, that they will train with the units that they will actually deploy with. And the maintenance will be a part of that.

Now, the maintenance requirements for those ships is a bit different than it is for the USS [United States Ship] ships by virtue of sometimes the operations that those ships do, they are out at sea for over 200 days a year in many case.

And also the nature of some of the newer ships that we are bringing into that auxiliary force, the EPFs [Expeditionary Fast Transports] for instance, those new joint, high-speed vessels, as we used to call them, because their maintenance cycle is a bit different because of the nature of the hull and the fact that they have to go in for a dry-docking period every year.

So fundamentally, there is a little bit of a difference with regard to that, but we are incorporating those things in and that is a part that the fleet commanders are actively looking at with the Military Sealift Command.

Ms. BORDALLO. Thank you. Mr. Chairman, I have just one statement to make, not a question.

And that is for Admiral Mulloy. I stated in my opening statement about the FY 2017 NDAA passed in December included \$9.5 million to enhance the dry-docking capabilities in the Western Pacific.

So again, it is a small amount of money that will help the Navy to repair America while maintaining a forward presence in the Pacific region. So I am hoping that the three of you will keep us in mind and help us out in this situation. I think it is very important.

Admiral MULLOY. Yes, ma'am. As we discussed in your office, if it is in the authorization act, as we look at the appropriations, if we are not in a yearlong CR, we will honestly take a very hard look at the direction of Congress as we always do, ma'am.

Ms. BORDALLO. Thank you very much. And I yield back, Mr. Chairman.

Mr. WILSON. Thank you, Congresswoman Bordallo.

And indeed, as we conclude, this is a special time to thank Admiral Cullom, Admiral Mulloy for your service. You will be able to look back, you were part of victory in the Cold War, peace through strength. Tens of millions of people in dozens of countries today are free that were not when you began your service.

And we have had an opportunity to see the Baltic republics of Estonia, Latvia, Lithuania, to Slovakia, to Bulgaria, to countries that Congresswoman Bordallo and I visited, and Uzbekistan and Kyrgyzstan, the "stans," all of these now have opportunities for persons to have fulfilling lives, that simply did not exist and even an opportunity for reform in Russia itself, for the people there to ultimately establish a free market democracy. So congratulations on your service.

And then, Admiral McCollum, we were grateful to have your wife Leanna here, so she has certainly added to your service.

And again, military families, what an exciting time hopefully that, as Congresswoman Bordallo pointed out, can be made positive for our Navy personnel.

With that, I want to conclude. And I want to thank Ms. Dean, Commander Dean, for her service.

We are adjourned.

[Whereupon, at 9:32 a.m., the subcommittee was adjourned.]

A P P E N D I X

MARCH 16, 2017

PREPARED STATEMENTS SUBMITTED FOR THE RECORD

MARCH 16, 2017

**Statement of the Honorable Joe Wilson
Chairman, Readiness Subcommittee
“The Current State of the U.S. Navy”
March 16, 2017**

Ladies and gentlemen, I call this hearing of the Readiness Subcommittee of the House Armed Services Committee to order.

I am pleased to welcome everyone here today for an unclassified session on the current state of U.S. Navy readiness.

Over the past several weeks both our full committee and this subcommittee have received briefings and hearings from leading national security experts on the current threat assessment and “State of the World”, all of the service Vice Chiefs testified on the current “State of the Military”, we heard from the Department on the Quarterly Readiness Report to Congress, we heard from the Government Accountability Office on their assessment of the military’s readiness recovery and most recently, the United States Army outlined its current state of readiness. Each briefing and hearing further confirms that our services are indeed in a readiness crisis.

I fully believe that the first responsibility of the federal government is to provide for the security of its citizens; therefore, it is our responsibility as members of this subcommittee to continue to better understand the readiness situation the United States Navy, and then for us to chart a course which best assists the Department of the Navy in correcting these deficiencies and shortfalls.

We now ask the senior leaders of the U.S. Navy and Navy Reserves, here with us today, to provide be candid and in your best military judgement advice on the current state of U.S. Navy readiness and its efforts to rebuild where required.

This afternoon we are honored to have with us:

Vice Admiral Joseph P. Mulloy, Deputy Chief of Naval Operations for Integration of Capabilities and Resources

Vice Admiral Philip H. Cullom, Deputy Chief of Naval Operations for Fleet Readiness and Logistics

and

Vice Admiral Luke M. McCollum, Chief of Naval Reserve, Navy Reserve Force

We look forward to hearing from our witnesses as they highlight the current state of the Navy.

Admiral Mulloy and Admiral Cullom, I understand that you are both retiring in the next few months. I would like to thank you for your decades of service to our nation.

I would now like to turn to our Ranking Member, Madeleine Bordallo, for any remarks she may have.

NOT FOR PUBLICATION UNTIL RELEASED BY
THE HOUSE ARMED SERVICES COMMITTEE
SUBCOMMITTEE ON READINESS

STATEMENT OF
VICE ADMIRAL JOSEPH P. MULLOY
DEPUTY CHIEF OF NAVAL OPERATIONS FOR
INTEGRATION OF CAPABILITIES AND RESOURCES

AND

VICE ADMIRAL PHILIP H. CULLOM
DEPUTY CHIEF OF NAVAL OPERATIONS FOR
FLEET READINESS AND LOGISTICS

AND

VICE ADMIRAL LUKE M. MCCOLLUM
CHIEF OF NAVY RESERVE
COMMANDER, NAVY RESERVE FORCE

BEFORE THE
SUBCOMMITTEE ON READINESS OF THE
HOUSE ARMED SERVICES COMMITTEE

ON

U.S. NAVY READINESS

MARCH 16, 2017

NOT FOR PUBLICATION UNTIL RELEASED BY
THE HOUSE ARMED SERVICES COMMITTEE
SUBCOMMITTEE ON READINESS

Mr. Chairman, Ranking Member Bordallo, and distinguished members of the subcommittee, we appreciate the opportunity to testify on the current state of Navy readiness and the challenges we face today and in the future.

Before we discuss Navy's readiness challenges and our plans to address them, it is important to understand our present situation. Globally present and modern, our Navy provides timely, agile, and effective options to national leaders as they seek to advance American security and prosperity. Today, however, the ongoing demand for naval forces continues to grow, which will require the Navy to continue to make tough choices. In the classic trade space for any service (readiness, modernization and force structure), readiness has become the bill payer in an increasingly complex and fast-paced security environment. To address these realities, the Navy has identified investments to restore the readiness of the fleet today to shore up what we have. At the same time, we cannot restore the fleet to full health without also updating our platforms and weapons to better address current and future threats, and evaluating the right size of the Navy so that it can sustain the tempo of operations that has become the norm. The Navy is actively working on plans for the future fleet with Secretary Mattis and his team, and we look forward to discussing those plans with you when they are approved.

To characterize where we are today, we would say it's a tale of two navies. The Navy's deployed units are operationally ready to respond to any challenge. They understand their role in our nation's security and the security of our allies, and they have the training and resources they need to win any fight that might arise. Unfortunately, the status of units and installations back home in the United States paint a different picture. As our Sailors and Navy civilians, who are just as committed as their uniformed colleagues, prepare to ensure our next ships and aircraft squadrons deploy with all that they need, the strain is significant and growing. For a variety of reasons, our shipyards and aviation depots are struggling to get our ships and airplanes through maintenance periods on time. In turn, these delays directly impact the time Sailors have to train and hone their skills prior to deployment. These challenges are further exacerbated by low stocks of critical parts and fleet-wide shortfalls in ordnance, and an aging shore infrastructure. So while our first team on deployment is ready, our bench – the depth of our forces at home – is thin. It has become clear to us that the Navy's overall readiness has reached its lowest level in many years.

There are three main drivers of our readiness problems: 1) persistent, high operational demand for naval forces; 2) funding reductions; and 3) consistent uncertainty about when those reduced budgets will be approved.

The operational demand for our Navy continues to be high, while the fleet has gotten smaller. Between 2001 and 2015, the Navy was able to keep an average of 100 ships at sea each day, despite a 14 percent decrease in the size of the battle force. The Navy is smaller today than it has been in the last 99 years. Maintaining these deployment levels as ships have been retired has taken a significant toll on our Sailors and their families, as well as on our equipment.

The second factor degrading Navy readiness is the result of several years of constrained funding levels for our major readiness accounts, largely due to fiscal pressures imposed by the Budget Control Act of 2011. Although the Bipartisan Budget Act of 2015 provided temporary relief, in FY 2017 the Department's budget was \$5 billion lower than in FY 2016. This major reduction drove very hard choices, including the difficult decision to reduce readiness accounts by over \$2 billion this year.

The third primary driver of reduced readiness is the inefficiency imposed by the uncertainty around when budgets will actually be approved. The inability to adjust funding levels as planned, or to commit to longer-term contracts, creates additional work and drives up costs. This results in even less capability for any given dollar we invest, and represents yet another tax on our readiness. We are paying more money and spending more time to maintain a less capable Navy.

The Navy has testified before about the maintenance and training backlogs that result from high operational tempo, and how addressing those backlogs has been further set back by budget cuts and fiscal uncertainty. Our attempts to restore stability and predictability to our deployment cycles have been challenged both by constrained funding levels and by operational demands that remain unabated.

Although we remain committed to return to a seven month deployment cycle as the norm, the need to support the fight against ISIS in 2016 led us to extend the deployments of the *Harry S Truman* and *Theodore Roosevelt* Carrier Strike Groups to eight and eight and a half months, respectively. Similar extensions apply to the Amphibious Ready Groups which support Marine Expeditionary Units. This collective pace of operations has increased wear and tear on ships, aircraft and crews and, adding to the downward readiness spiral, has decreased the time available for maintenance and modernization. Deferred maintenance

has led to equipment failures, and to larger-than-projected work packages for our shipyards and aviation depots. This has forced us to remove ships and aircraft from service for extended periods, which in turn increases the tempo for the rest of the fleet, which causes the fleets to utilize their ships and airframes at higher-than-projected rates, which increases the maintenance work, which adds to the backlogs, and so on.

Reversing this vicious cycle and restoring the short-term readiness of the fleet will require sufficient and predictable funding. This funding would allow our pilots to fly the training hours they need to remain proficient, our surface and submarine Sailors to go to sea and conduct the training they need to remain proficient, and ensure that we can conduct the required maintenance on our ships. It would also enable the Navy to restore stocks of necessary parts, getting more ships to sea and better preparing them to stay deployed as required.

Our readiness challenges go deeper than ship and aircraft maintenance, directly affecting our ability to care for the Navy Team. Our people are what make the U.S. Navy the best in the world, but our actions do not recognize the importance of that factor. To meet the constraints of the Bipartisan Budget Act of 2015, the Navy's FY 2017 budget request was forced to reduce funding for Permanent Change of Station (PCS) moves. These reductions have been compounded by the Continuing Resolution, which imposed even further reductions on that account. Without sufficient PCS funding, the Navy will be unable to move Sailors to replace ship and squadron crewmembers leaving service, increasing the strain on those who remain. This is an area in which timing also matters greatly. Even if the money comes eventually, if it is too late, necessary moves will be delayed until the beginning of the new fiscal year. That means our Sailors with children will be forced to decide between relocating their children in the middle of a school year or separating their families. And because we don't know if and when additional PCS funding may come, we cannot give our Sailors and their families much time to prepare, often leaving them with weeks, rather than months, to prepare for and conduct a move, often from one coast, or even one country, to another.

Meanwhile, our shore infrastructure has become severely degraded and is getting worse because it has been a repeated bill payer for other readiness accounts in an effort to maintain afloat readiness. Consequently, we continue to carry a substantial backlog of facilities maintenance and replacement, approaching \$8 billion and growing by \$600 million each year. Navy's current sustainment, restoration and modernization funding is only

enough to address the most critical deficiencies for the naval shipyards, nuclear enterprise, piers and runways, and to renovate a small portion of inadequate barracks for our junior Sailors. Long-term funding constraints have adversely impacted our ability to maintain and modernize these facilities, which directly impacts our ability to support the force. For example, in order to conduct emergency airfield repairs, the Navy has had to curtail flight training operations, and we continue to use outdated facilities for munitions storage. Similarly, the military construction program has suffered from significant underinvestment in order to support the operational fleet.

Navy Reserve

The Navy Reserve is an integrated force multiplier to the active component. Navy Reserve Sailors are in high demand to deliver enhanced capability, fill manning gaps, and deploy down range in support of Global Force management (GFM) deployment requirements. In any given week, nearly 25 percent of the Navy Reserve is delivering operational support to the Navy and Joint Force across the globe. Due to this tight integration with the active force, Navy Reserve's readiness shortfalls very closely mirror that of the active component Navy.

While the Navy Reserve continues to answer the demand to fill Combatant Commander requirements by deploying Reservists forward, maintaining high levels of personnel readiness on the home front has become increasingly difficult. Since the enactment of the Budget Control Act of 2011, Navy Reserve's operational support budgets have decreased 34 percent as a result of tough budgetary choices to meet mandated budget caps. Consequently, while our individual mobilization readiness levels remain high, meeting our nation's strategic requirement, our operational training and readiness cannot be maintained at the level desired by the active component fleet units which we support. Our Reservists continue to volunteer to serve at an extraordinary rate, yet they are often underserved by the lack of resources available for them to receive the training that they require in order to achieve a readiness level beyond strategic reserve requirements. In turn, this affects our ability to deliver a highly trained, experienced, ready Sailor or support unit to the Combatant Commander. Since 2001, the Navy Reserve has acted as a significant portion of the Navy's operational "bench" and "depth" that continues to be strained as the demand for naval forces grows. Strategic readiness does not equate to operational readiness in the Navy's complex mission areas.

Navy Reserve equipment is experiencing the same readiness challenges being faced by the active component. Our integrated force structure depends on Navy Reserve's ability to quickly and seamlessly assimilate with our active component counterparts to execute the mission. In order to accomplish this objective, Navy Reserve depends on the availability of modern, compatible equipment. As the Navy continues to prioritize investments in advanced aircraft, weapons systems and equipment, the Total Force must ensure that Reserve procurement is likewise adequately resourced in those accounts as well. This will ensure that our forces maintain high levels of safety, interoperability, and readiness. A reserve force that trains and operates obsolete equipment cannot succeed under the current conditions.

Summary

Years of sustained deployments and constrained and uncertain funding have resulted in a readiness debt that will take years to pay down. If the slow pace of readiness recovery continues, unnecessary equipment damage, poorly trained operators at sea, and a force improperly trained and equipped to sustain itself will result. Absent sufficient funding for readiness, modernization and force structure, the Navy and Navy Reserve cannot return to full health, where it can continue to meet its mission on a sustainable basis. And even if additional resources are made available, if they continue to be provided under uncertainty, they will be used for readiness, but their employment will only be optimized for the limited time available, not across the full spectrum of fleet and shore needs. As we strive to improve efficiency in our own internal business practices, those efforts are being actively undermined by the absence of regular budgets. Despite these readiness challenges, your Navy remains the finest Navy in the world. We are committed to maintaining that position. That commitment will require constant vigilance and a dedication to readiness recovery, in full partnership with the Congress. On behalf of our Sailors and civilians, thank you for your continued support.

Vice Admiral Joseph P. Mulloy
United States Navy
Deputy Chief of Naval Operations,
Integration of Capabilities and Resources

Born in New York City, Vice Admiral Joseph Mulloy grew up moving about America as the son of a naval officer. He graduated with distinction from the U.S. Naval Academy in 1979 with a Bachelor of Science degree in Marine Engineering. He also attended Harvard Graduate School of Business, graduating in 1987 with a Master of Business Administration.

His operational submarine assignments were aboard USS Trepang (SSN 674), PCU Miami (SSN 755) as engineer officer, USS Puffer (SSN 652) as executive officer. He served as commanding officer of USS San Juan (SSN 751) and commander Submarine Squadron 15 in Apra Harbor, Guam. In addition to the normal SSN deployments, Mulloy has twice deployed to the Arctic and has surfaced at the North Pole.

Mulloy's significant shore assignments include tours as Plans and Briefing officer and the Special Operations assistant to the Special Operations Division of the Office of Naval Intelligence (ONI-009G), Financial officer at the Pentagon in Operations Division, Office of Budget and Reports (NAVCOMPT), deputy commander of Submarine Squadron 4, executive assistant to the director, Submarine Warfare Division for the Deputy Chief of Naval Operations (DCNO N7/N8), Division chief of the Program, Budget and Analysis Division (PBAD) for Chairman of Joint Chiefs (JCS J8). Mulloy's first flag assignment was as deputy chief of staff for Plans, Policies and Requirements, U.S. Pacific Fleet (N5N8), followed by a short tour as director, Programming Division, OPNAV (N80). Mulloy's most recent assignment was as the deputy assistant secretary of the Navy for Budget (FMB) / Director, Fiscal Management Division, OPNAV (N82) from October 2009 to December 2013.

Mulloy is currently assigned as Deputy Chief of Naval Operations, Integration of Capabilities and Resources (OPNAV N8) in Washington, D.C.

Mulloy's personal decorations include the Navy Distinguished Service Medal, Defense Superior Service Medal (two awards), Legion of Merit (three awards), Meritorious Service Medal (four awards), the Navy and Marine Corps Commendation Medal (three awards), and the Navy and Marine Corps Achievement Medal (two awards).

Vice Admiral Philip Hart Cullom
Deputy Chief of Naval Operations for Fleet Readiness and Logistics

A native of Flossmoor, Illinois, Vice Adm. Philip Cullom graduated with distinction from the U.S. Naval Academy with a bachelor's degree in Physics. He also holds a master's degree in business administration with distinction from Harvard Business School.

At sea, he has served at sea aboard USS Truxtun (CGN 35), USS Jesse L. Brown (FF 1089), USS Dwight D. Eisenhower (CVN 69), and USS Mobile Bay (CG 53), participating in numerous exercises and counter-narcotics patrols as well as Operations Desert Storm and Southern Watch. During the Kosovo Crisis, he commanded USS Mitscher (DDG 57), deploying to the Mediterranean, Adriatic, and North Sea. As commander, Amphibious Squadron 3, he served as sea combat commander for the first Expeditionary Strike Group (ESG 1) in support of Operations Iraqi Freedom and Enduring Freedom and, subsequently, as chief of staff to Commander, 2nd Fleet/Striking Fleet Atlantic. Most recently, from June 2007 to August 2008, he commanded the Eisenhower and George Washington Strike Groups, as commander, Carrier Strike Group 8.

Ashore, he has served in technical, staff, policy, and strategy positions as shift engineer and staff training officer of the A1W nuclear prototype at the Idaho National Engineering Laboratory; special assistant to the CNO's Executive Panel (OP-00K); and, branch head for Strategy and Policy (N513). Joint assignments have included defense resource manager within the J-8 Directorate of the Joint Staff; white house fellow to the Director of the Office of Management and Budget; and, director for Defense Policy/Arms Control on the National Security Council staff. He also held a personnel assignment, serving as the head of Officer Programs and Placement (PERS 424/41N) for all surface nuclear trained officers from late 2001 until 2003. Flag assignments ashore included Navy staff positions as director of Deep Blue; the Strategy and Policy (N5SP) Division; Fleet Readiness Division (N43); and, most recently, director, Energy and Environmental Readiness Division (N45) on the Navy Staff. In March 2012, he assumed his current duties as deputy chief of Naval Operations for Fleet Readiness and Logistics.

Cullom's personal awards include the Defense Superior Service Medal (two awards), Legion of Merit (six awards), Defense Meritorious Service Medal, Navy Meritorious Service Medal (two awards), Navy and Marine Corps Commendation Medal (three awards), Joint Service Achievement Medal, and Navy and Marine Corps Achievement Medal.

Vice Admiral Luke M. McCollum
Chief of Navy Reserve
Commander, Navy Reserve Force

Vice Adm. Luke McCollum is a native of Stephenville, Texas, and is the son of a WWII veteran. He is a 1983 graduate of the U.S. Naval Academy and is a designated surface warfare officer. McCollum holds a Master of Science in Computer Systems Management from the University of Maryland, University College and is also a graduate of Capstone, the Armed Forces Staff College Advanced Joint Professional Military Education curriculum and the Royal Australian Naval Staff College in Sydney.

At sea, McCollum served on USS Blue Ridge (LCC 19), USS Kinkaid (DD 965) and USS Valley Forge (CG 50), with deployments to the Western Pacific, Indian Ocean, Arabian Gulf and operations off South America. Ashore, he served in the Pentagon as naval aide to the 23rd chief of naval operations (CNO).

In 1993 McCollum accepted a commission in the Navy Reserve where he has since served in support of Navy and joint forces worldwide. He has commanded reserve units with U.S. Fleet Forces Command, Military Sealift Command and Naval Coastal Warfare. From 2008 to 2009, he commanded Maritime Expeditionary Squadron (MSRON) 1 and Combined Task Group 56.5 in support of Operation Iraqi Freedom. He also served as the Navy Emergency Preparedness liaison officer (NEPLO) for the state of Arkansas.

As a flag officer, McCollum has served as reserve deputy commander, Naval Surface Force, U.S. Pacific Fleet; vice commander, Naval Forces, Central Command, Manama, Bahrain; Reserve deputy director, Maritime Headquarters, U.S. Fleet Forces Command; and deputy commander, Navy Expeditionary Combat Command.

McCollum became the 14th chief of Navy Reserve in September 2016. As commander, Navy Reserve Force, he leads approximately 60,000 Reserve Component personnel who support the Navy, Marine Corps and joint force.

He is the recipient of various personal decorations and campaign medals and has had the distinct honor of serving with shipmates and on teams who were awarded the Joint Meritorious Unit Award, the Navy Unit Commendation, the Meritorious Unit Award and the Navy "E" Ribbon.

Updated: 28 October 2016

**WITNESS RESPONSES TO QUESTIONS ASKED DURING
THE HEARING**

MARCH 16, 2017

RESPONSE TO QUESTION SUBMITTED BY MR. WILSON

Admiral MULLOY, Admiral CULLOM, and Admiral MCCOLLUM. The Navy minimum standard for on-time accomplishment of organizational level planned maintenance, performed by the individual ship or shore command's organic personnel, has been 80 percent since program inception circa 1963. On-time accomplishment is one of many attributes used to assess the effectiveness of Navy commands' planned maintenance programs. The standard was set at 80 percent in recognition of ship's operations occasionally precluding planned maintenance accomplishment within its given periodicity, making 100 percent on-time accomplishment nearly impossible. The stated goal of Navy's planned maintenance system is to complete all planned maintenance on time as operational conditions permit to maintain the fleet at the highest possible level of operational readiness and safety. [See page 9.]

