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ON

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AND

OVERSIGHT OF PREVIOUSLY AUTHORIZED PROGRAMS

BEFORE THE

COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES

ONE HUNDRED FIFTEENTH CONGRESS

FIRST SESSION

SUBCOMMITTEE ON READINESS

MEETING JOINTLY WITH

SUBCOMMITTEE ON SEAPOWER AND PROJECTION FORCES

OF THE

COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES

ON

THE CURRENT STATE OF U.S. TRANSPORTATION COMMAND

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THE CURRENT STATE OF U.S. TRANSPORTATION COMMAND

HOUSE OF REPRESENTATIVES, COMMITTEE ON ARMED SERVICES, SUBCOMMITTEE ON READINESS, MEETING JOINTLY WITH THE SUBCOMMITTEE ON SEAPOWER AND PROJECTION FORCES, *Washington, DC, Thursday, March 30, 2017.*

The subcommittees met, pursuant to call, at 9:02 a.m., in room 2118, Rayburn House Office Building, Hon. Joe Wilson (chairman of the Subcommittee on Readiness) presiding.

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

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

I am pleased to welcome members of the Seapower and Projection Forces and the Readiness Subcommittees to the hearing today for an unclassified session on the current state of U.S. Transportation Command [TRANSCOM].

I would especially like to thank Congressman Rob Wittman, chairman of the Seapower and Projection Subcommittee, and Congressman Joe Courtney, the ranking member of the Seapower and Projection Forces Subcommittee, joining us today in our effort to better understand the topic.

This hearing follows a series of hearings and briefings highlighting the individual readiness challenges of each military service, which further confirms that our services are indeed in a readiness crisis.

The cornerstone of the U.S. military is its service members. Underpinning their success is the ability of our soldiers, sailors, airmen, and Marines to go where they are needed and to have fully operational equipment ready to be used.

While I firmly believe the United States military remains the world's best, I am concerned about shortfalls in readiness and the trend lines that we see. U.S. Transportation Command enables our military to deliver an immediate and powerful force against U.S. adversaries anywhere in the globe through airlift, air refueling, and our strategic sealift.

As members of these subcommittees know, U.S. Transportation Command will always answer the Nation's call. But there are challenges that demand our attention today to ensure the readiness of our military. I reiterate my belief that the first responsibility of the Federal Government is to provide for the security of its citizens, to

accomplish for citizens what they cannot do for themselves. Therefore, it is our responsibility as members of these subcommittees to continue to better understand the readiness and force structure situation of the United States Transportation Command, to understand where we continue to take risk and understand where more attention is needed.

I would like to welcome our distinguished witness who we are honored to have with us today. General Darren W. McDew, U.S. Air Force, Commander of the United States Transportation Command. And I do like to point out that Congressman Wittman and I were both commenting just now, a distinguished graduate of the Virginia Military Institute of Lexington, Virginia.

I thank you for testifying today and look forward to your thoughts and insights as you highlight the current state of the U.S. Transportation Command.

I would like to now turn to the ranking member of the Seapower and Projection Forces Subcommittee, also ranking in as member of the Readiness Subcommittee, Congressman Joe Courtney, for any remarks you may have.

[The prepared statement of Mr. Wilson can be found in the Appendix on page 29.]

STATEMENT OF HON. JOE COURTNEY, A REPRESENTATIVE FROM CONNECTICUT, RANKING MEMBER, SUBCOMMITTEE ON SEAPOWER AND PROJECTION FORCES

Mr. COURTNEY. Thank you, Mr. Chairman. And thank you again to my colleague from Virginia, Mr. Wittman, for coordinating this joint hearing this morning. It is a good, efficient way to get, you know, the message out to as large a group of us as possible.

And I think this hearing offers an important opportunity for our two panels to receive a timely update on the readiness status of the U.S. Transportation Command, which plays a critical but too often overlooked role in our airlift and sealift capabilities. Getting the people, supplies, and equipment to the locations they are needed when they are needed is one of the foundational pieces of our Nation's ability to project power around the globe.

Under TRANSCOM, the mix of organic military assets and commercial partners makes a powerful combination that must be carefully managed and sustained. And while I believe that TRANSCOM remains ready today to fulfill its important mission, I am concerned about some of the longer term challenges it will face without action by Congress.

For example, while the emerging buildup of our Navy fleet has received significant attention in the recent months, the state of our sealift capabilities is just as important. Many of the sealift ships that reside in the fleet today are the result of congressional urging and funding due to insufficient prioritization and planning within the executive branch.

As the Navy potentially embarks on an increased shipbuilding initiative for combatants to support the new FSA [Force Structure Assessment], it is just as critical that our sealift requirements are not once again sidelined. America's Ready Reserve fleet and the vessels within the Maritime Security Program [MSP] are strategic and irreplaceable national assets. And like other strategic assets,

we must ensure that we do all we can to maintain, support, and replace the ships that comprise them.

I am deeply concerned, however, that we have not paid enough attention as a nation to the health and viability of our pool of vessels or the mariner pipeline needed to crew them. As we look at addressing some of the more urgent near-term needs facing our sealift capability, it is important as well to have a clear and long-term path towards fully recapitalizing our sealift fleet and the mariners needed to man them.

In the near term, I believe we need to take action to ensure that the MSP has the resources and support it needs. Chairman Wittman and I have teamed up to lead a bipartisan letter of more than 50 other Members to the House appropriators urging them to fully fund the Maritime Security Program for fiscal year 2018. The Maritime Security Program provides an extremely cost-effective means of ensuring critical sealift capability during times of crisis and deserves strong support as we consider the budget in the months ahead.

I am also proud that the Seapower Subcommittee has led the way to assure that we continue to have the ability to train the next generation of mariners that will support our sealift needs. Last year, we authorized the construction of a national security multi-mission vessel that will replace the aging fleet of training ships allocated to our State maritime academies. Together, these institutions provide the majority of our Nation's trained mariners, and this program is key to ensuring that we protect and grow this vital pipeline.

Equally important to America's ability to deliver the fight is our strategic airlift capacity. This subcommittee has strongly supported the recapitalization of key assets, like the KC–46A tankers, while also backing cost-effective modernization efforts of other platforms like the C–130H fleet and the C–5Ms. While each service must balance competing efforts to restore readiness, as we have heard during the state of the Air Force hearing last week, continued modernization efforts in our C–130H fleet must be prioritized as a relatively inexpensive means of maintaining critical capacity.

And we heard a shout out for Virginia a few minutes ago. I just want to recognize that the C–130H airlift wing of the Connecticut Flying Yankees, I say that grudgingly as a Red Sox fan, are deployed right now overseas supporting the important mission in the Middle East. And, again, that was a lot of hard work, and I want to thank the Air Force and the Air Force Reserves for basically getting that flying mission back in action again.

And again, I want to thank the general for being here today, and again, salute his outstanding service to our Nation.

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

Mr. WILSON. Thank you, Congressman Courtney, and thank you for being dual-hatted today, serving as also the ranking member of the Readiness Subcommittee. Congresswoman Madeleine Bordallo, I know, would want to be here today, but she is back in Guam, the beautiful territory of Guam, to provide a presentation on—her annual presentation on service in Congress to the people of Guam, and we know of her great affection for the beautiful territory of Guam.

I now turn to the gentleman from Virginia and chairman of the Seapower and Projection Forces Subcommittee, Congressman Rob Wittman, for any opening remarks that he may have.

OPENING STATEMENT OF HON. ROBERT J. WITTMAN, A REPRESENTATIVE FROM VIRGINIA, CHAIRMAN, SUBCOMMITTEE ON SEAPOWER AND PROJECTION FORCES

Mr. WITTMAN. Well, thank you, Mr. Chairman.

And, General McDew, welcome. Thanks so much for all of your time and effort on this extraordinarily important issue. And in deference to that great school there in Lexington, "Go Keydets."

I also want to thank Chairman Wilson for offering to have this joint subcommittee hearing today. And I believe that there are a number of overlapping issues with the Readiness Subcommittee, and I look forward to working with the distinguished gentleman from South Carolina to make sure we move these issues forward in this year's NDAA [National Defense Authorization Act] markup process.

General McDew, as you know, we are a seafaring nation, and this was the vision of our Founding Fathers when they commissioned the U.S. Navy in 1775, and our seafaring nature is now the bedrock of our economy. Today, merchant ships carry around 90 percent of everything, with that total amount having more than tripled since 1970. Unfortunately, our national security—unfortunately for our national security, this seaborne trade is being increasingly outsourced to other nations, and our own merchant fleet is in rapid decline.

Between the years 2000 and 2014, our U.S. commercial fleet has shrunk from 282 vessels to 179 vessels, a reduction of almost 40 percent. This decline in our commercial fleet increasingly represents a national security challenge because the mariners that support our commercial sector will be used extensively by the U.S. Transportation Command during times of war or mobilization. The Maritime Administration has indicated that our commercial sector does not have sufficient mariners to sustain a prolonged mobilization of our Ready Reserve forces.

Our Nation cannot presume that a foreign-owned maritime sealift component will be available during times of conflict to deploy into contested waters. Our Nation needs U.S. mariners on U.S.-flagged ships.

As our strategic airlift capabilities, today we depend on a much smaller fleet to move cargo, personnel, and to medevac the wounded from more remote battlefields than during the Desert Storm era. Even with the larger Desert Storm force, a 1993 RAND study found that more than 60 percent of our troops and 23 percent of the cargo airlifted in or out of the theater went by the private sector.

In future major theater wars, the Civil Reserve airlift fleet may be asked to absorb even more of the demands for cargo and troop movements. I am concerned that outdated planning assumptions need to be reviewed. The new administration has made it clear that it wants to increase Army and Marine Corps force structure. However, at the same time, areas of the globe are becoming less permissive for civilian aviation operations to deliver these addi-

tional soldiers and Marines to their areas of operation. I believe TRANSCOM should thoughtfully consider how to best increase strategic airlift capacity in its ability to operate in contested environments around the globe.

I thank Chairman Wilson for working within the Seapower and Subcommittee Projection Forces Subcommittee on this important issue, and I yield back the balance of my time.

[The prepared statement of Mr. Wittman can be found in the Appendix on page 31.]

Mr. WILSON. Thank you, Congressman Rob Wittman of Virginia.

We now begin with the opening statement from General McDew. We look forward to your testimony today.

STATEMENT OF GEN DARREN W. McDEW, USAF, COMMANDER, UNITED STATES TRANSPORTATION COMMAND

General MCDEW. Good morning, Chairman Wilson and Wittman, Ranking Member Courtney, and distinguished members of both subcommittees. It is an honor and I am nearly giddy this morning to have the privilege to be here with you today representing the fine men and women of the United States Transportation Command. I thank you for your continued support of our dedicated professionals who are all working together to provide our Nation with a broad range of strategic capabilities and options.

I also want to emphasize the vital role that you mentioned that our commercial industry, who I call our fourth component, plays in our success. As I appear before you today, I can say confidently that your United States Transportation Command stands ready to deliver our Nation's objectives anywhere and anytime. We do this in two ways.

We can provide an immediate force tonight through the use of our airlift and air refueling fleets, and we can provide that decisive force, when needed, through the use of our strategic sealift and surface assets. You see evidence of this every single time you read or watch the news.

When North Korea increased its provocation of our Pacific allies, America responded with assistance. USTRANSCOM delivered that assistance in the form of missile defense systems, personnel, and support equipment flying 3,000 miles within a matter of hours. When you read about America's brigade combat teams rolling through Europe, it was USTRANSCOM's ability to provide a decisive force to reassure our European allies. When America needed B–2 Stealth bombers to fly 11,000 miles from Missouri to Libya and back to deliver over 100 precision weapons, our air refuelers got them there.

From national disasters to epidemics to acts of war, the men and women of USTRANSCOM are standing ready to deliver this Nation's aid, assistance, and hope to a world in need. These missions must execute seamlessly and without fail. All the while these great professionals quietly manage a myriad of daily tasks around the globe, which most Americans will never hear or read about.

It takes, I believe, great diligence, skill, and innovation to provide that kind of readiness for America, and since 1987, nearly 30 years now, the men and women of USTRANSCOM have never let this Nation down. I am proud to serve next to them, and I say with

confidence that our organization is ready to respond when our Nation calls. Now, I have great confidence, but my confidence comes, however, is not without concern.

The environment we operate in today is increasingly complex, and we expect future adversaries will be more versatile and more dynamic, forcing us to adapt, change, and evolve. Furthermore, as Chairman of the Joint Chiefs General Joe Dunford laid out in his vision for our future, we are viewing potential adversaries through a transregional, multidomain, and multifunctional lens. Properly understanding the potential threats from China, Russia, Iran, and North Korea, as well as worldwide global violent extremists, in the global context, is of utmost concern, and it is a concern for our national security.

In each of these scenarios, I believe, logistics plays a critical but often overlooked role. Today, USTRANSCOM is critically examining how we execute our logistics mission in the contested environments of the future, a space we haven't had to operate in, at least logistically, for a very, very long time. We are exercising in wargaming scenarios, forcing planners to account for transportation's vital role and potential loss.

Earlier this year, USTRANSCOM held its first ever contested environment war game, imagining a scenario where we didn't, hard to believe, dominate the skies or own every line of communication. This war game uncovered a surprising amount of lessons learned, which we have already started absorbing into our tactics, techniques, and procedures accordingly.

I am also concerned about our national strategic sealift capability. A delay in recapitalizing our military sealift fleet creates risk in our ability to deploy forces across the globe. These concerns are compounded further by merchant mariner shortages and the reduction of U.S.-flagged vessels. Today, our resources make us capable of meeting today's logistics needs. However, if we don't take action soon, many of our Military Sealift Command [MSC] vessels will begin to age out by 2026. A significant portion of the DOD's [Department of Defense's] wartime cargo capability moves on these ships.

My final concern is one that runs throughout our operations and no doubt concerns us all. The cyber threat. We aren't the only government agency to face these threats, but USTRANSCOM has a unique problem set. Unlike other combatant commands, commercial industry plays a vital role in how we accomplish our mission. The DOD's information network is relatively secure, but how do we guarantee the security of military data on commercial systems?

In short, we operate in an ambiguous seam between DOD and DHS [Department of Homeland Security]. Our mission includes both dot-mil and dot-com domains. We are accelerating several initiatives and also our thinking to help try to close that gap between DOD and DHS.

Also, before I conclude, I would like to extend my gratitude to Ms. Vickie Plunkett, a member of the Readiness Subcommittee professional staff, for her dedication and her work with USTRANSCOM. To our Nation's benefit, she has always asked the tough questions, and she knew how to match Congress' intent to the ca-

pabilities TRANSCOM delivers. We thank her for all she has done for the Nation and wish her the very best in retirement.

Thank you again, Chairman Wilson and Wittman and Ranking Member Courtney and members of the subcommittees, for inviting me,interesting, inviting me to speak to you today. I respectfully request my written testimony be submitted for the record, and I look forward to your questions. Thank you.

[The prepared statement of General McDew can be found in the Appendix on page 33.]

Mr. WILSON. General, thank you very much. And we have just been notified that we may be having votes around 10:00, and so, fortunately, we have Margaret Dean here who is going to maintain a strict 5-minute rule beginning with me, and so it shall begin.

And I am really grateful, again, that you are here and the challenges that you have indicated that become even more gruesome as you approach 2026. But additionally, in line with that, every week we read about potential adversaries challenging our freedom of navigation by air or sea in areas such as the South China Sea, Straits of Hormuz, and the Baltic Sea.

Is TRANSCOM prepared to deliver combat capability in these potentially contested areas?

General MCDEW. Chairman, this is a new challenge for us. For 70 years, we have had domain dominance. We haven't been challenged in any domain for as long as I can remember in my military service and long before that, so it is definitely something we are now coming to grips with.

Our contested environment war game that we had recently that had 64 different agencies, part of it every COCOM [combatant command], everybody in the logistics community, some commercial partners and others, has brought us to the realization that we can't always assure that everything we send in a direction will make it. We can't always be sure that we will have the clear lines of communication that we need.

We haven't, to this point, planned for any losses in logistics. It is 100 percent success, and 100 percent of the things get there at 100 percent of the time. I don't think that is a valuable proposition going forward to think that way, so we are changing the way we think, and we are putting it into every exercise to try to get at it differently.

Mr. WILSON. Thank you very much for being so proactive. And you mentioned, of course, cyber as a threat. With the threats increasing, are they impacting readiness? Are there any threats or challenges in this domain that are unique to TRANSCOM and may not be currently addressed by DOD or the interagency? If so, what is being done to ensure operational security in the cyber realm?

General MCDEW. Chairman, we spent—about a year ago, we started down a path of discovery on cyber. We were not ready to have this kind of dialogue a year ago when I sat in front of you. I was understanding that the threat was approaching, but I didn't understand the depth of the problem. We have had three cyber roundtables over the last 18 months, and in those cyber roundtables we have had academia, we have had business leaders, we have had hackers join us to take us from cyber awareness to cyber

knowledge. And now we understand how nervous we should be in this domain.

The seam that exists between DOD and DHS is a real seam for us. Because we have 90 percent of my activity on a daily basis runs through the commercial networks, we are becoming more and more vulnerable because those commercial assets are part of national security. Our industrial base is part of national security in my realm, and I don't believe that we protect the rest of the Federal Government the same way we protect inside of DOD. So that is our challenge, and we are trying to bridge that gap and make that understanding more relevant.

Mr. WILSON. Well, again, thank you for being so proactive, and the changes over the past year certainly are positive.

Our government continues to operate under a continuing resolution. The military services are taking risks to prevent capability gaps. How will a full year of continuing resolution impact U.S. Transportation Command's readiness? Are there cascading impacts to the service members or their families? Are we breaking faith with the service members and their families?

General MCDEW. Chairman, a continuing resolution is not good for anybody, really. Directly impacting U.S. Transportation Command, they are not as prevalent as they are in the services, but that is a direct indirect on USTRANSCOM.

So as the services individually take risks in their portfolio because of their lack of ability to plan or to program for different things, and they take risks in what they can continue to operate, it disproportionately impacts the logistics and transportation communities. If a Marine decision is made to take a risk in logistics, if an Air Force makes the decision to take risk in logistics and so on, all of those are compounded by the time they come to my joint command at U.S. Transportation Command. And what I have seen over—through sequestration and years of continuing resolutions, is that is starting to now hurt in ways in the services and now in my enterprise.

Luckily, I have the transportation working capital fund that allows me to continue to operate, but the resourcing, the ability to get after how many C–5s we have available and flying, how many C–17s are in the Active Duty force, all of those are impactful now.

Mr. WILSON. Thank you very much.

We now proceed to Congressman Courtney.

Mr. COURTNEY. Thank you, General. I am just going to ask really one area and give some of the members a chance to jump in because I know we are going to have votes coming up pretty fast.

So again, one of the—your command really is an interesting one because you kind of have your feet in a lot of different other agencies that fall outside of DOD. And, you know, one of the issues that we have tried to work on Seapower over the last couple of years is really this workforce issue in terms of just making sure that we have merchant mariners ready to perform the mission that you quarterback. And obviously, one of the big needs is having training vessels at the maritime academies.

And again, that is not directly under your portfolio, but I just wonder if you could sort of—we put some authorizing money to jump-start design and construction of some new vessels, and if you

have any thoughts or perspective, we would—you know, that would be helpful in terms of trying to create a record as we go into next year's NDAA.

General MCDEW. As you know, the merchant mariner force is the bedrock to how we move the force in our country. It makes the difference between us being the most powerful military in the world and us not being the most powerful military in the world. There are nations around the world that wish they had the power projection ability we have.

The mariner force we have today is insufficient to go to war for an extended period of time. We have got to continue to grow and nurture that seed corn that comes from the State military academies. I have met with many of them. I am about to do another commissioning or graduation speech and another one pretty soon. Some great Americans serving their nation in a powerful way, and we have got to give them better training tools, and we need to change it fast.

Mr. WILSON. Thank you.

We now proceed to Chairman Rob Wittman.

Mr. WITTMAN. Thank you, Mr. Chairman.

General McDew, thanks again. Thanks so much for your service.

I wanted to talk about the—well, for you to give us your perspective on the—first of all, the importance of the Ready Reserve fleet. Secondly, today, is there the capacity there for a full mobilization, if necessary? And this other realm is, if we lose a couple of hundred additional merchant mariners, is Ready Reserve fleet even in a position to be able to begin an initial activation for moving supplies and personnel to an engagement? So can—give us your perspective on that.

General MCDEW. Thanks, Chairman. The Ready Reserve fleet, about 61 strong ships, is aging rapidly. We have ships as old as 54 years in the fleet, and the average age is somewhere around 39 years in this fleet. Not optimal. We are working very strongly with the United States Navy on a recap [recapitalization] program that is going to have to be multifaceted.

But to get to the core of your question, are we ready right now? We have found some readiness cracks over the last few months on being able to activate these ships and get them underway. We believe we have the numbers of ships to be able to start the initial deployment and maybe the second round of deployment, but maybe beyond that, we are starting to be hurt by how available these ships will be and the capacity of the mariners.

I think the first impact we will have is the mariners—we will fall short of the mariners. So 11,280 by MARAD [U.S. Maritime Administration] is what we need, but that has some assumptions that all of those mariners will be available right when we need them. I am not sure that is an assumption we can hold to.

There are larger numbers of mariners out there, but the standards we put on them, we would like our mariners to have at least 18 months of relatively current training before we put them onboard to go to war, so there is other things we have got to look at. The NDAA this past year put together a working group to get after the mariner question in more depth. U.S. Transportation Command

will work with the Coast Guard and MARAD to get after those numbers and more.

Mr. WITTMAN. I want to look at a little bit now about our airlift capacity. As you know, you have been looking at what the increased demand signal will be for increasing the number of soldiers and Marines, and the airlift capacity that goes along with that in having to move those individuals to theaters, if necessary. We know that the Civil Reserve Air Fleet [CRAF] has a certain amount of capacity. We also know that within the current lift capacity within the Air Force, it is—it has been static at best.

We know the C–17 line now is closed. We do know, though, that we have 27 C–5s in storage at the Aerospace Maintenance Regeneration Group out in Tucson. The question then becomes is looking at CRAF and looking at the current capacity with airlift within the Air Force and TRANSCOM assets, should TRANSCOM consider increasing the strategic lift capacity by returning the C–5 aircraft to service through the C–5M model conversion program as we are upgrading or bringing those aircraft back in? Should that be something that we look at to make sure that going forward we have that capacity?

General MCDEW. Chairman, thanks for that question and the opportunity to talk a little bit about airplane stuff, which I don't get a chance to talk to about much anymore. Our capacity on the lift side is being challenged. As we drew back forces from overseas locations, I mean, when I was a youngster, there were 300,000 soldiers in Europe. Now, there is about 60,000 soldiers in Europe. As I talked to General Scaparrotti, his concern is how we can get the forces to him in time. That primarily, without great indications and warnings, will be airlift and air refueling, so that is a concern.

I would first like to start with where the Air Force is taking risk in its portfolio today. So a couple of years ago, the Air Force decided to put two squadrons of C–17s in back of inventory, purely a fiscal decision, not because the airplanes weren't performing or the squadrons weren't performing, and took down two flagged on Active Duty, put them in backup inventory. We also put eight C–5s in backup inventory. What that has done is put us closer on the risk scale of what we can move when.

The plan is for the Air Force to be able to afford to bring those airplanes back from backup inventory into primary inventory and put them in the Guard and Reserve.

I love the Guard and Reserve. I am a big advocate for the Guard and Reserve, but what we now have is a problem of balance. We now have so much assets in the Guard and Reserve because, initially, we thought it was going to be cheaper and that risk was more affordable there, but then it becomes a timing issue. Those guardsmen and reservists aren't at their duty locations every single day ready to respond immediately.

When they come up on duty 30 days in, I have great faith and confidence in their ability, but what can we do to hasten those airplanes being brought back into primary inventory, because we need those assets to get to moderate level of risk.

Mr. WITTMAN. Thank you, Mr. Chairman. I yield back.

Mr. WILSON. And thank you, Chairman.

And we now proceed to Congressman John Garamendi of California.

Mr. GARAMENDI. Thank you, Mr. Wilson.

I guess I was surprised when I found my colleague and chair of our—the Navy talking about the Air Force. So here I am, I am going to talk about the Navy. So let's go at that.

The mariner issue, there has been some discussion—my apologies for having to step out. There was another general who—Mr. Oliver—General Oliver who wanted to talk about some of the issues that are your turf also.

Where to go here. In your written testimony, General, you talked about the problem of the Ready Reserve, the MSP, and the fact that we don't have—we will not have many mariners in another 10 years or even 5 years. And I understand, in my absence, Mr. Courtney brought up the issue of training and the training ships, all of which are important, but the fundamental problem is there won't be any place for these mariners to work. And I believe some of the earlier discussion centered on the fact that our commercial maritime fleets all but disappeared, and so we may train people, but where are they going to work.

And so what I want to really get into here is detailed on how—what your plans are to deal with the Ready Reserve fleet and then the MSP fleet. The MSP, I believe, there was a discussion earlier about the necessity of the subsidy. I think we are in agreement on that. Whether there is money for it or not, that is another question.

But nonetheless, that is not where I want to go. I want to go to the ships. I want to hear your discussion about what to do with the ships for the Ready Reserve. I noticed that they are aged. So, please, if you will get into that in some detail with us.

General MCDEW. Congressman, the Ready Reserve fleet is a vital part of our portfolio to be able to project—a vital part of our portfolio to be able to project the Army particularly to war. Those 60 ships are the ones we have available initially to get moving.

You are correct. We are having an issue with the maritime community writ large, the lack of cargo. But if you get back to the Ready Reserve fleet, we are working with the United States Navy to recapitalize that fleet that is averaging now 39 years of age. Some of them are as old as 54 years. We are starting to see cracks in their availability. When we activate those ships for readiness, they are not always getting underway.

Now, right now, today, I have got five of those ships globally engaged working fine. But we need more than just the five, and I am sure we have more availability than just five, but we are finding that we don't have 100 percent availability of those ships.

The recap of those ships will take a multifaceted solution. Rebuilding new ships is where we all want to go. That won't happen very, very quickly. I would guarantee that the CNO [Chief of Naval Operations] of the Navy probably doesn't want to put my sealift ships at the top of his list when he is going to recap the Navy. I understand. So but that is part of the portfolio.

The other part is to see if we can service life extend some of our younger ships out a few more years to bridge the gap. And I believe we ought to consider what we can do with some of the ships we are using every day in the Maritime Security Program, those U.S.-

flagged ships with U.S. mariners that we are using every single day, can we buy some of those used ships and put them in the Ready Reserve fleet to augment that force? Some of those ships are available at 10 to 15 years of service, and we can use those for a number of years as a bridge.

Mr. GARAMENDI. In doing so, we come up against what I think is a fundamental issue, and that is, are they American built? And this is something we are going to have to wrestle with as a team here. And I think most of us are advocates of buy America, build America, and we may find that some of those ships that you want to buy may not be American made. We need to work our way through that.

I am going to take my last 40 seconds here to really lobby my colleagues here on the dais.

We can expand the American maritime fleet, the commercial maritime fleet by requiring that the export of oil and gas be on American-built ships. And we can start at 10, 15 percent and then ramp it up. That would give us an opportunity for mariners to be trained and ready for the Ready Reserve or the MSP.

We can also build ships by requiring that those ships be American built. There is legislation to do this. This is part of what the subcommittee in the Transportation, Coast Guard, and Maritime Committee is working on, so I am going to lobby my members here on that.

But we really need detailed plans, General, from you on how you are going to transition this. It fits directly with the work that we are doing over in the Transportation Committee. And it is possible, it is going to take some money, and frankly, it is going to take some of that 54 additional ships that the Navy wants to be the—to be this piece of it.

With that, I best yield back because I am 37 seconds over.

Mr. WILSON. Thank you, Congressman.

We now proceed to Congressman Austin Scott of Georgia.

Mr. SCOTT. Thank you, Mr. Chairman.

General, great to see you. I want to reiterate the importance of our merchant marines and the Merchant Marine Academy; whatever challenges we have there, we need to overcome those challenges and move forward. Those young men and women there are a tremendous asset to the United States, and I know that you couldn't function without them.

I want to go back to what my friend Rob Wittman brought up on the C–5s. I represent Robins Air Force Base, obviously, one of the three Air Force depots. We do depot level maintenance on the C–5 Galaxy, the C–17 Globemaster for the strategic airlift, the C–130 Hercules for tactical airlift. You stated that we are seeing stress on the strategic airlift fleets, in your testimony.

Would you please expound on these stresses and what the concerns are? And can you outline for me the plan for large airlift platforms like the C–5, if we intend to bring them back? And then one final question. I am extremely concerned as we look at Europe, because we don't have—I mean, the rail system is not there to move forward. The gauges are different on rail. Do we have the ability to land those C–5s in the areas that we would need to land them for any type of conflict in Europe?

General McDew. If I step back for just a second, Congressman, on your question, it is a matter of capacity. So our strategic airlift capacity is what it is. It depends on what we will ask the community to do and to what level of risk we are willing to assume.

I can always tell you that I could use double the numbers of C–17s and C–5s that we have, but that may not be practical. One, we can't make any more C–17s, and it may not be practical to bring all those airplanes back and modify them. But we may not need all of them if we manage the risk on the ones that we do have.

I would say that the number of airplanes we have in the backup inventory and our plans to wait to bring them back on active inventory for a couple of more years as the Air Force can afford them is one that puts us in greater risk than I believe we should take. And when we bring them back on active inventory, I believe they should go back to an Active Duty unit and bring those airplanes back so that they are readily available more quickly.

As I talk to General Scaparrotti about Europe and the problem set that he faces, he will tell you that response quickly is going to be important. The rail gauge issue in Europe is a big one. Most of our command spends time all around the globe every single day in looking at our master plan for access and points that we can use, ports, rail, and airfield, all around the globe.

So I believe we have some places in Europe we can go. Are there as many as we used to have? Probably not. Are we as practiced at rolling through some places in Europe as we once were? Not, again. But we are going after trying to exercise in a different way. General Scaparrotti is leading that effort for Europe, but we are also working the other combatant commands for similar issues around the globe.

As we have drawn back forces into the United States, how will we project power, how will we project aid, how we can project our assistance to these nations that rely on us.

Mr. Scott. General, if you decided today, if we as a country decided today that we were going to bring back a squad of those C–17s, how long would it take to have that squad, the command and control of the squad, as well as the units ready to fly?

General McDew. I am going to speak slightly out of my lane because I am—although I am wearing a nice-looking blue uniform right now, I am not in the Air Force this moment, and so I would have to defer a little bit to my air component. But I believe right now we have not fully drawn down those aviators in those Active Duty units that were just stood down about a year ago.

They are slightly overmanned today, but we are going to slowly bring those down if we don't do something relatively quickly because that is what the budget will do. It will bring down to 100 percent manning. If we react today, which I don't think we can, we can maybe salvage those crewmembers and not take them down with a plan to bring them right back up with the airplanes.

Mr. Scott. So if we act today, it would not take that long to bring the units back?

General McDew. I don't believe so, and I don't want to speak too much out of turn because, like I said—but I believe, right now, those units, in Charleston in particular, are still overmanned with C–17 crew members, and we could probably bring those airplanes

back out of backup inventory into primary inventory and use those crewmembers to still man those airplanes.

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

Mr. Chairman, my time is expired. My concern is, if we do this in BCT [brigade combat team] numbers, if you take down a BCT, it takes a couple of months to take one down, it takes 3 years to bring it back. And that is my concern with the actions we are taking.

With that, I yield the remainder of my time.

Mr. WILSON. Thank you, Congressman.

General MCDEW. I am not sure that the Air Force has the capacity to rapidly generate that many pilots right now anyway if we let them all go away.

Mr. WILSON. Thank you, Congressman.

And we now proceed to Congresswoman Colleen Hanabusa of Hawaii.

Ms. HANABUSA. Thank you, Mr. Chair.

And thank you, General, and thank you for acknowledging Vickie, who made my first transition here very easy.

General, I want to talk—I am kind of following up from Congressman Garamendi, because one of the things that I am interested in is the military sealift portion of it. I am—I was interested in your testimony from pages 9 to 10 when you talked about the MSP program, and then you also spoke about the Jones Act. And you do say, in your testimony, that by subsidizing a robust domestic maritime industry, including U.S. industrial shipyard infrastructure for building, repairing, and overhauling U.S. vessels, and we are of course talking about, in terms of the Jones Act, that is the only requirement that we build America, and in addition, they also have to have the mariners staff.

So on the MSP program, you have about 60 U.S.-flagged. Is that about correct?

General MCDEW. That is right.

Ms. HANABUSA. And we, meaning Congress, has authorized, and the military subsidizes it, the program, to the tune of about $186 million. We, of course, do not subsidize any Jones Act carriers. First, tell me, are we—is there a requirement that while they receive the subsidy, that they be manned, quote/unquote, manned, not to be sexist, but manned with our mariners only?

General MCDEW. Yes.

Ms. HANABUSA. So they have our mariners, but they are not built in the—in the U.S.

General MCDEW. Those ships are not required to be built in the U.S., but they have to be U.S.-flagged——

Ms. HANABUSA. Right.

General MCDEW [continuing]. And U.S. mariners on board the ships when they carry our goods.

Ms. HANABUSA. So when we are looking at a situation like, for example, we all can recognize that our shipbuilding industry depends too heavily on the military, and what we really would like to see is a robust commercial aspects of it. I am sure my colleagues from San Diego and Norfolk would agree with me that what we don't have is that component with the MSP program. However, we do subsidize them, correct?

General MCDEW. I like to use the word "stipend."

Ms. HANABUSA. Okay. So what is the stipend that they receive?

General MCDEW. They receive a stipend, basically, to stay with us. Congresswoman, as you may know, back in the 1950s, there were 1,500 ships sailing under U.S. flag in international trade.

Ms. HANABUSA. That is a little before my time, but okay, I will take your word for it.

General MCDEW. I am old. 1,500 ships, but today, there are only 78 in U.S. international trade. We are still a maritime nation, from what I understand, but that is—that is the decline you are talking about.

Ms. HANABUSA. So how does the stipend work? So I mean, what do they get the stipend for?

General MCDEW. They basically get the stipend to being available to move our goods and services when we need them and to be ready to go to war when we need them.

Ms. HANABUSA. But they do not have to be actively engaged in any military activity at the point that they receive the stipend, though.

General MCDEW. No.

Ms. HANABUSA. So they can be moving commercial goods and receive the stipend.

General MCDEW. Yes.

Ms. HANABUSA. So we—and do you know, on an average, what the stipend is that we provide to the MSP program? And is it like per vessel, per route? How do you do it?

General MCDEW. It is per vessel.

Ms. HANABUSA. Okay.

General MCDEW. It is currently $3.2 million per ship—$3.5 [million] per ship.

Ms. HANABUSA. Is that in a year?

General MCDEW. Per year.

Ms. HANABUSA. Per year.

General MCDEW. It is authorized up to $5 million, and in the out-years of the plan, it goes to $5.2 [million], I believe.

Ms. HANABUSA. So they could never move any military goods or services, whatever we may call upon them, and they will still receive that stipend per year?

General MCDEW. Theoretically, that could happen. Realistically, I can't imagine it happening. I use those ships daily.

Ms. HANABUSA. But it may not be the same ship. There are 60-some-odd number of them, correct?

General MCDEW. That is right.

Ms. HANABUSA. So you could be using one or two or whatever the number may be.

General MCDEW. I can get you the exact numbers, but we have a robust use of those 60 ships.

Ms. HANABUSA. I would appreciate that. But isn't also a major component of it that they do not in any way compete with our domestic, quote, Jones Act ships? Isn't that a requirement under the law that established the MSP program?

General MCDEW. I would have to double-check that one. I—the Jones Act allows us to have additional ships in U.S. trade with U.S. flag. It also provides additional mariners. So the Jones Act, for

me, is part of the overall readiness of our maritime industry and our ability to go to war, because it provides——

Ms. HANABUSA. I agree with that, General, but the Jones Act has that additional requirement that keeps our industrial base there, which your MSP program does not. So what I would like to know, if you would, is to provide me all that information. And I would also like to understand, with the chair's permission, how is it that we are subsidizing non-U.S.-built ships and our U.S.-built ships are the ones with all these additional constraints on, and it doesn't help my colleagues with the great shipbuilding yards in their neighborhood.

Thank you, Mr. Chair, and I yield back.

Mr. WILSON. Thank you, Congresswoman.

We now proceed to Congressman Bradley Byrne of Alabama.

Mr. BYRNE. Good morning, General. We are pleased to have you here. Before I get started on my questions, I want to let you know my Uncle Jack was a merchant marine officer during World War II. Tragically, he and all hands went down on his ship while they were performing a very important task for the American military. So I am always conscious of the fact that these mariners are not only performing an important task, they too are in harm's way, and I appreciate that.

I want to talk to you about the expeditionary fast transport vessel, the EPF. I was in Singapore last month and saw two of them at dock preparing to be loaded. I would like to know how you and TRANSCOM are using those ships. They seem to be pretty good ships, seem to be utilized a lot. I would just like to know in general how you are using them.

General MCDEW. Thanks, Congressman. First, for the mariners. During World War II, I believe they were one of the largest groups of losses that we had in any single grouping in World War II. I think some 9,000-plus mariners were—civilian mariners were lost during the war. They are valiant servants of this Nation, and we can't do what we do in U.S. Transportation Command without those mariners.

On the vessels that you just mentioned, they are underneath the United States Navy. I don't have direct access to those ships, those vessels. Our Military Sealift Command and through the U.S. Navy channels is how those will get used, but they are not part of the TRANSCOM portfolio.

Mr. BYRNE. And let me ask you once again to go over the continuing resolution. I was listening very carefully to what you said because, you know, we are imminently going to have to make a decision about that. If you would, go down a little bit further in your testimony and tell us very precisely, as succinctly as you can, if we adopted a continuing resolution in April, what would it do to you?

General MCDEW. And again, Congressman, the—directly, because of the transportation working capital fund, which is a revolving fund that allows me to continue operating without—basically, allows me to continue operating yearlong, because I have to be ahead of the fighting force. If you—we decided to deploy the fighting force, I can't wait for the money to move because I have got to move ahead of time.

So directly, not that much of a direct impact on U.S. Transportation Command. Indirectly, if the CR causes the Air Force to stop flying, which I just read this morning, if the Air Force has to stop flying 6 weeks—the last 6 weeks of the quarter, that will impact my ability to maintain ready pilots and crews to man those ships—man the airplanes. And conversely, if the other services have to take risks in order—because they don't have the money they thought they were going to have to have—because the CR really is a budget cut. You are planning on the money from last year, so it is in—somewhat of a cut. So if you don't have that money available and you have to stop operating, then it starts to impact my ability to do my job.

Mr. BYRNE. Well, I know you said it is indirect, but it sure feels like it is direct, because you are not able to carry out the function that you are supposed to be carrying out as a result of it.

General MCDEW. I only say it is indirect because I can't know how the services are going to take the risks when the CR comes on them. I can make assumptions that they might reduce this or reduce that, but until they actually get faced with it and make the actual decision, then it becomes my problem.

Mr. BYRNE. Do you plan as if you are going to have those planes at your disposal? Or do you plan—or do you have contingency plans if they are not there?

General MCDEW. My contingency plans are always being worked. That is the nature of the business we are in. We always have to plan, so that is why we have the civil side of our work. If—you know, if I don't have the military side, I can, through the Civil Reserve Air Fleet, potentially get after some additional civilian aircraft to do that if we are in a permissive environment. If it is nonpermissive, then our next step would be the Guard and Reserve. There is a lot of options we can take, but CRs can start to impact a lot of those things other than the civil sector.

Mr. BYRNE. Well, I hope that we avoid that——

General MCDEW. I do too.

Mr. BYRNE [continuing]. For a lot of different reasons.

We appreciate what you do, and please let us know what we can do further to support your very important component of defending the United States of America.

And I yield back, Mr. Chairman.

Mr. WILSON. Thank you, Congressman.

We now proceed to Congressman Don McEachin of Virginia.

Mr. MCEACHIN. Thank you, Mr. Chairman.

General, I am a freshman, and so I am trying to make sure I understand about all sorts of things and learn about all sorts of things. Can you help me understand to what extent TRANSCOM is reliant on civilian facilities and infrastructure?

General MCDEW. Broadly, Congressman, and don't be reluctant to ask me really strange sounding questions. It is not a simple portfolio, although it seems to be simple on the surface. We rely on just about everything this Nation has to offer when it comes to infrastructure: civilian rail, trucking, civilian air. So all of that infrastructure that would impact what most people would think would be the economic viability of a commercial company is actually part

of national security, and in, for my case, national defense and our ability to project power in war.

We can't move an Army unit, we can't move Marines or anything through this country without using some commercial port, some commercial rail, or some commercial trucking company.

Mr. MCEACHIN. Well, this then may be a difficult question for you to answer, but perhaps not. Do you see any significant investments in civilian infrastructure that is needed to help you complete your mission?

General MCDEW. We always need improvements in rail, road, seaports. We are always working with commercial entities to ensure that the latest technology is incorporated, that cyber defenses are incorporated in these.

My request, if I could make one of you, is anytime you are looking at improving or changing something in the commercial industry, think about the impact to national security.

For me, it is national security. Most agencies don't think of all of those mom-and-pop trucking companies as potentially being something that may take our Nation to war. That is the way I view it, Congressman.

Mr. MCEACHIN. Thank you, Mr. Chairman. I yield back.

Mr. WILSON. Thank you very much, Congressman.

We proceed to Congressman Duncan Hunter of California.

Mr. HUNTER. Thank you, Mr. Chairman.

General, good to see you. I remember in 2004, when I deployed, I was the embarkation officer and dropped off our artillery pieces on a railroad in San Diego, which met us in Kuwait, which we then went up into Iraq with. So I have got an on-the-ground in touch with this.

I guess my first question is, if you had to do North Korea and Russia at the same time, do you have enough ships? Pretty easy.

General MCDEW. No. No.

Mr. HUNTER. Okay. How short would you be?

General MCDEW. It depends. We really have to take a look at the actual scenario and what effects you would have to try to make and what timing. If it is completely simultaneously, I don't know if there is enough ships in the world. But depending on what effects at what time scale and what the TPFDD [time-phased force deployment document] would have to go through, we would have to see. And I can get the analysis folks to take a look at it, and I am sure we can come up with that number.

Mr. HUNTER. And if you just had to do one of them and you calculate attrition, what is the attrition rate that you calculate? Let's just take Korea, because they are being crazy.

General MCDEW. I am ashamed to say, up until recently, we didn't account for attrition. We assumed——

Mr. HUNTER. You assumed that none of the ships would get sunk.

General MCDEW. We have never battled lack of domain dominance for this Nation in 70-plus years. We are there now. We are in a different mindset today. We are looking at a different enemy, a different fight. We have to think differently. We are now incorporating attrition, but not before now.

Mr. HUNTER. So when you look at the Ready Reserve fleet and the MSP, is attrition going to be built into your next recommendation to Congress of what we authorize and appropriate for those ships?

General MCDEW. It has to be. It doesn't necessarily have to be an increase.

Mr. HUNTER. Well, I am assuming your numbers are going to go up.

General MCDEW. Well, it also has to mean we have to change our tactics, techniques, and procedures. Not everything is an increase in numbers. Sometimes it is just how we employ, how we deploy. The fact that you still remember how to put some stuff on a ship——

Mr. HUNTER. Not how.

General MCDEW. I would like to bring you back to the G–4 [Army Deputy Chief of Staff for Logistics], but——

Mr. HUNTER. I just got it there. My Marines did it. I didn't.

General MCDEW. But we don't have—actually, many people left in the military who remember what it was like to actually deploy. What we have been in for the last 15, 16 years is sustainment. That is a completely different proposition.

Mr. HUNTER. Second question, totally different thing. What ability do you have to bring life support in in big amounts, giant massive quantities of life support or ammo—let's just call it ammo, life support, beans, bandages, bullets to a—if you don't have a port and you don't have an airstrip?

General MCDEW. We are challenged if you don't have a port or an airstrip. There is always airdrop. There is ability to get in behind lines, but we have got to look at the contested environment and the ability for the enemy to deny us that, the ability to get in there. If we don't have air superiority, we don't have a lot of things. And so I rely on that still being a fact, but if it isn't, we start to look at different ways to bring problems to bear and bring solutions to bear.

Another piece, you talked about bringing medical evacuation. That is another part of my portfolio that has been underrepresented, probably by me as well, in understanding the impact of our ability to evacuate large numbers of people from a hostile zone.

So we are looking at all those things, and I believe we have plans that take care of some of them, but this antiaccess, denial by an adversary is new for all of us, and we have to think differently.

Mr. HUNTER. I would just throw out there, there is a thing called the Aeroscraft, the ability—I mean, it is a giant blimp, basically, that can hold three or four tanks. It can hold a lot of supplies and stuff, and they can just drop in, if you have air superiority, obviously. A floating airship is easy to shoot down, right?

General MCDEW. Yeah. Otherwise, they call those targets.

Mr. HUNTER. Right. Last thing. Do you think—would you say there is anything more important than the Jones Act for the maritime industrial base in U.S. law at all?

General MCDEW. There are several pieces of U.S. law that are part of the industrial base, and it is not just one. The Jones Act is probably the anchor for it. But without the Jones Act, without the Maritime Security Program, without cargo preference, our mar-

itime industry is in jeopardy and our ability to project the force is in jeopardy. If we think we need to project our force with U.S.-flagged vessels, with U.S. mariners on board, we need all of those things right now to secure that.

Mr. HUNTER. And your stipend, you said, is like $3.2 million right now for MSP. We have authorized and appropriated $5 million. We have upped that. If these U.S.-flagged vessels were not doing commercial work at all, they were just sitting there, what would the stipend have to be?

General MCDEW. You could debate the number a little bit, but it would be upwards of $7-, $8- to $10 million a year.

Mr. HUNTER. If it just sat there?

General MCDEW. Yeah.

Mr. HUNTER. Okay. Thank you, General.

Thank you, Mr. Chairman. I yield back.

Mr. WILSON. Thank you, Congressman.

We now proceed to Congressman Don Norcross of New Jersey.

Mr. NORCROSS. Thank you, Chairman.

General, thank you for being here today. Very sobering. The things that appear not to be immediately in front of us tend to fall off the edges, whether it is deferred maintenance or building air transportation, but as we all know, we are only as strong as our weakest link.

What area in your portfolio keeps you up at night?

General MCDEW. Air refueling tankers.

Mr. NORCROSS. And that doesn't get better for another 3 years, at the earliest?

General MCDEW. At the earliest. If we had 1,000 air refueling tankers, it might be enough. But if you look about any contingency around the world, so you pick a spot in the world, and you bring up any kind of issue. If you had a simultaneous or even a competing regard anywhere else in the world, your tanker UTE [utilization] rate goes up to a place that I can't even—that I can imagine, but the numbers are daunting, because any significant battle also brings up the rate of defense of the homeland, and any corresponding COCOM near that area has to bring up their defenses. All of that needs air refueling tankers.

Mr. NORCROSS. So when your recommendations go in, as you heard earlier, for the NDAA, is that your largest and most focused request?

General MCDEW. It would be 1–A. One would be getting back the C–5s off backup inventory and into active inventory; 1–A would be accelerating the tanker program as best we can and taking us out of the risk bathtub we have been in for a while on tankers. We have made some of it intentionally, but now we have got to climb our way out.

Mr. NORCROSS. We read recently where that might be even pushed back a little further due to a number of technical issues in the production line. When is the earliest, given what you have seen, you think the first one will be delivered?

General MCDEW. I wish I could really tell you. There is a projection by the manufacturer, and there is a projection by the United States Air Force, and they are not the same projections right now. And I would hate to speculate between the two of them. The Air

Force is primarily working with Boeing to make sure that that is as quick as they can make it.

Mr. NORCROSS. What is plan B?

General MCDEW. There are some programming actions out there on a plan B that we are probably not going to be able to execute. You know, right now, the plan to retire the KC–10s may have to be revisited, although I understand the expense that is going to come with trying to keep the KC–10s around longer than the plan, but we have to find a way to climb out of the bathtub if the KC–46 is not going to be online in a reasonable amount of time to allow us to potentially accelerate that recap. And at 12 aircraft per year, that is going to take a long time. We built 700 of them in 7 years in the 1960s, and we are looking to recap them at 12 a year.

Mr. NORCROSS. So let me understand this. Your biggest concern are the refuelers, and yet we are not making a decision to keep them active enough to take that risk off your plate?

General MCDEW. The decision is there for the next few years. I don't recall, and I'll get you the exact date, that the Air Force plans to retire the KC–10, but it was also based on bringing the KC–46 on. So it may be shifting as we speak. I just don't want to speak for the Air Force right now on that particular issue because those negotiations are going on almost minute by minute.

Mr. NORCROSS. Very sobering.

Thank you. I yield back.

Mr. WILSON. Thank you, Congressman.

We now proceed to Congresswoman Martha McSally of Arizona.

Ms. MCSALLY. Thank you, Mr. Chairman.

Thank you for your testimony and your service, General McDew. It is good to see you. We moved a lot of assets out of the European theater over the last years, thinking that there is a lasting peace there, to include A–10s and other fighters and Army units. And now, as part of the European Reassurance Initiative, we are deploying them back on a rotational manner.

So my concern is with the strains that you have talked about today, what tax does that have on TRANSCOM to be continuously deploying units to meet the requirements for security and reassurance and dealing with Russian aggression in Europe? You know, I think we really need to, and this is really more the services, do a cost-benefit analysis here. But I just want to know, have you quantified that tax both on tankers and cargo to be constantly moving units back and forth now versus having them stationed there?

General MCDEW. Congresswoman McSally, well, first of all, it is good to see you again. You may not remember having met me 20-some-odd years ago, but Lieutenant McSally, when you were first selected to go fly combat aircraft, there was a young captain in the Pentagon who researched all the women who could have actually selected combat aircraft, if it had been made available to them at the time. It was Captain Darren McDew that actually did some of that research back in the day, so it is good to see you where you are now.

Ms. MCSALLY. Good to see you again, too. That's great.

General MCDEW. So some of that tax is not necessarily a tax. One of the things that we have realized, that we have been in 15 years of sustainment, and so some of it we need to exercise the

muscle again. And as long as these rotations are planned and scheduled, it is not that bad, and it is actually good.

We have forgotten, units, how to move themselves from Alaska through the continental United States to a port, get on a ship, and move to Europe or the Pacific. That muscle memory is a good exercise for the Army. It is not a bad one for the enterprise of ours. We recently tried one of those and blew a bunch of tires on a bunch of Stryker vehicles because of things that we had forgotten how to do.

So not all of it is a bad tax. What is bad for us is if it is emergent, not planned, like say for a real war contingency.

Ms. MCSALLY. Or if another contingency emerges, right?

General MCDEW. Right.

Ms. MCSALLY. In a resource-constrained environment, you know, that may be nice to do, but there is a cost with that as well, right? Have you captured what that cost is of the rotation versus what it would be steady state if we weren't doing that?

General MCDEW. Not really, because that would take us assuming what level of presence the Army or the Department of Defense would like to have in Europe.

Ms. MCSALLY. Yeah.

General MCDEW. You know, would it be the 300,000-plus we used to have? Would it be something short of that? Given those assumptions, we could probably make that calculation fairly easily.

Ms. MCSALLY. Great. Thank you.

I know votes are being called, so I will yield back. Thanks, sir. Good to see you again.

Mr. WILSON. Thank you, Congresswoman.

We now proceed to Congresswoman Vicky Hartzler of Missouri.

Mrs. HARTZLER. Thank you, Mr. Chairman.

Thank you, General, for all that you do. I wanted to hone in just a little bit on the rail situation. I have heard some concerns from some other commanders in National Guard units and such from my district who were over there in the Baltics, and they were explaining the difficulty with the different rail gauges. Can you address what steps are being taken to rectify this situation?

General MCDEW. Congresswoman, one of the first things we are doing is realizing that the problem is a problem.

Mrs. HARTZLER. Okay.

General MCDEW. So we haven't been in Europe in this manner in a while, and so it is realizing—we know that the rail gauges are different, but what has transpired in Europe has been similar to what has transpired in other places around the world. If you don't use it for a while, you have got to go back and figure out how to use it again, and how it is being used, i.e., what is being contracted out, what is owned by the government of the nation that we are trying to go through. What are the ways to connect those dots? That's what we are trying to relearn.

The rail gauge issue has been around for a long time, but we had enough people there before and we had enough access and we had enough kind of muscle memory that it wasn't as big a problem as when you are trying to start all over again.

Mrs. HARTZLER. How does that tactically work now? What plan do you anticipate doing getting to the border and unloading and

putting it on their railcars that do match? Or are we looking at changing the types of railcars that have, you know, perhaps a movable gauge capability? I don't know, but how are you going to address this?

General MCDEW. We are not there with the movable rail gauge, but maybe I can have my team start to work on that one. We would have to transload onto railcars that would be available to move on that rail gauge, and we have contingency plans for that, but we have got to go back and look at it again.

One of the things that we are starting to realize—not starting to realize—we had all these management headquarters cuts. And I understand efficiency. I understand budgets and all that stuff. But what has happened is our ability to think, our ability to project different, to go after those problem sets, is starting to slow down. So we can identify the problem. It takes us a while to get to that as we are addressing all the myriad of problems we have.

And so my request is, the other thing is, as we cut all the commands and we brought down their manpower, where did they make those cuts? I would guarantee you not many of them tried to salvage their logistics transportation planners.

Mrs. HARTZLER. Sure.

General MCDEW. And so what I am finding is I am trying to help all those other combatant commands try to get after these problem sets too.

Mrs. HARTZLER. Okay. Just a quick question about "the last tactical mile." It is my understanding that DOD has not incorporated those distribution metrics into their plan, and it is the responsibility of the distribution process owner to oversee the overall effectiveness. So what progress is USTRANSCOM making in working with the combatant commands to routinely collect distribution performance information for the last tactical mile?

General MCDEW. I am thankful that the combatant commands are thinking differently than when TRANSCOM was given that moniker of the distribution process owner. When TRANSCOM was first given that moniker of the distribution process owner, not everybody was happy about it. And the reason the word is "owner" and not "commander" or "director" is because they wanted TRANSCOM to have less power in some of those areas to make decisions.

Today, moving forward, all the combatant commands understand how much we need a global person to look at transportation writ large. At the last distribution process owner executive board, I let the team know of all the people who were represented, that we are going to make some decisions now about a number of things, and many of them are welcoming TRANSCOM's role to look more deeply at the end-to-end solution. That wasn't there a decade ago when we got this decision.

Mrs. HARTZLER. Thank you very much. I'll yield back.

Mr. WILSON. Thank you, Congresswoman.

We will now be concluding with Congresswoman Elise Stefanik of New York.

Ms. STEFANIK. Thank you, Chairman Wilson.

And thank you, General McDew, for your service and for your testimony today. In your testimony, you discussed how our enemies continue to use our dependence on the cyber domain against us and

that the greatest challenge for TRANSCOM is the threat of an attack in the cyber domain. Obviously, we have some unique challenges in cyber, especially when compared to the rest of the DOD. Can you describe some of the ongoing activities related to cyber and then, specifically, how are you working with Cyber Command to better protect your networks?

General MCDEW. Congresswoman, our networks are fairly well-defended. CYBERCOM, I have great confidence in what they are doing to protect our networks. It is the rest of my network that I am most concerned about. It is the part outside the Department of Defense network.

I extend throughout the entire country and around the world. Most of it on commercial dot-com networks is where I have to do my business. If a combatant command were to give me all their best secret information, I have then still got to contract it out. And right now, that chasm between DOD and DHS and how we think about cyber and what authorities we have to bridge that gap are my most relevant concern.

Ms. STEFANIK. And then just quickly before I have to run to votes, I want to ask specifically what the impact of a CR would be on your cyber efforts. Similar to Mr. Byrne's questions, this is an issue that we are going to continue grappling with, and we know that CRs are devastating to DOD, but I am asking specifically when it comes to cyber.

General MCDEW. Well, that would be a direct impact on our cyber protection force, that Cyber Command puts a force against protecting our networks. The training and resourcing of that team would slow down probably, and the training would be impacted. I would imagine that would eventually get to maybe a less defending of our network, but I would hope that they would find a way to get around it.

Ms. STEFANIK. Thank you. I yield back.

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

And, General, thank you very much for being here. And we are in the midst of votes. But I am just so grateful for the members who have taken time to stay the entire time, their dedication and appreciation of your service.

We are adjourned.

[Whereupon, at 10:13 a.m., the subcommittees adjourned.]

A P P E N D I X

March 30, 2017

PREPARED STATEMENTS SUBMITTED FOR THE RECORD

MARCH 30, 2017

Statement of the Honorable Joe Wilson
Chairman, Readiness Subcommittee

"The Current State of U.S. Transportation Command"

March 30, 2017

Ladies and gentlemen, I call this joint hearing of the Subcommittees on Readiness and Seapower and Projection Forces of the House Armed Services Committee to order.

I am pleased to welcome members of the Seapower and Projection Forces and Readiness subcommittees to our hearing today, for an unclassified session on "The Current State of U.S. Transportation Command". I would especially like to thank Congressman Rob Wittman, Chairman of the Seapower and Projection Forces Subcommittee, and Congressman Joe Courtney, Ranking Member of the Seapower and Projection Forces Subcommittee for joining me here today in our effort to better understand this topic.

This hearing follows a series of hearings and briefings highlighting the individual readiness challenges of each military service, which further confirmed that our services are indeed in a readiness crisis.

The cornerstone of the U.S. military is its service members. Underpinning their success is the ability for our soldiers, sailors, airmen, and marines to go where they are needed and to have fully-operational equipment ready to be used.

While I firmly believe that the United States military remains the world's best, I am concerned about shortfalls in readiness and the trend lines that we see. U.S. Transportation Command enables our military to deliver an immediate and powerful force against U.S. adversaries anywhere on the globe through airlift, air refueling, and our strategic sealift. As members of these subcommittees know, U.S. Transportation Command will always answer the nation's call, but there are challenges that demand our attention today to ensure the readiness of our military.

I reiterate my belief that the first responsibility of the federal government is to provide for the security of its citizens, to accomplish for citizens that which they cannot do for themselves; therefore, it is our responsibility as members of these subcommittees to continue to better understand the readiness and force structure situation of the United States Transportation Command, to understand where we continue to take risks, and to understand where more attention is needed.

I would like to welcome our distinguished witness who we are honored to have with us:

General Darren W. McDew, U.S. Air Force
Commander, United States Transportation Command

I thank you for testifying today and look forward to your thoughts and insights as you highlight the current state of the U.S. Transportation Command.

I would now like to turn to the Ranking Member of the Seapower and Projection Forces Subcommittee, also standing in as the Ranking Member of the Readiness Subcommittee, Congressman Joe Courtney, for any remarks he may have.

Opening Remarks of the Honorable Robert J. Wittman
for the
Joint Readiness and Seapower and Projection Forces Hearing on
U.S. Transportation Command

March 30, 2017

I want to welcome General McDew and thank him for the time and effort on this most important issue. I also want to thank Chairman Wilson for offering to have this joint subcommittee hearing today. I believe that there is any number of overlapping issues with the Readiness Subcommittee and I look forward to working with the gentleman from South Carolina to move these issues through the NDAA markup process.

We are a seafaring nation. This was the vision of our founding fathers when they commissioned the U.S. Navy in 1775 and our seafaring nature is now the bedrock of our economy. Today, merchant ships carry around "90 percent of everything," with the total amount having more than tripled since 1970.

Unfortunately for our national security, this seaborne trade is being increasingly outsourced to other nations and our own merchant fleet is in rapid decline. Between the years 2000 and 2014, our U.S. commercial fleet has shrunk from 282 vessels to 179 vessels, a reduction of almost 40 percent.

This decline in our commercial fleet increasingly represents a national security challenge because the mariners that support our commercial sector will be used extensively by the U.S. Transportation Command during times of war or mobilization. The Maritime Administration has indicated that our commercial sector does not have sufficient mariners to sustain a prolonged mobilization of our Ready Reserve Forces. Our nation cannot presume that a foreign owned maritime sealift component will be available during times of conflict to deploy into contested waters. Our nation needs U.S. mariners on U.S. flagged ships.

As to our strategic airlift capabilities, today we depend on a much smaller fleet to move cargo, personnel, and to MEDEVAC the wounded from more remote battlefields than during the Desert Storm era. Even with the larger Desert Storm force, a 1993 RAND study found that more than 60 percent of the troops and 25 percent of the cargo airlifted in or out of the theater went by the private sector. In future major theater wars, the Civil Reserve Airlift Fleet may be asked to absorb even more of the demands for cargo and troop movements.

I am concerned that outdated planning assumptions need to be reviewed. The new administration has made it clear that it wants to increase Army and Marine Corps force structure. However, at the same time, areas of the globe are becoming less permissive for civilian aviation operations to deliver these additional Soldiers and Marines to their areas of operation. I

believe TRANSCOM should thoughtfully consider how best to increase strategic airlift capacity and its ability to operate in contested environments around the globe.

I thank Chairman Wilson for working with the Seapower and Projection Forces Subcommittee on this important issue and I yield back the balance of time.

Statement of

General Darren W. McDew, United States Air Force

Commander, United States Transportation Command

Before the House Armed Services Committee

Readiness Subcommittee and the Seapower and Projection Forces Subcommittee

On the State of the Command

30 March 2017

Introduction

The United States Transportation Command (USTRANSCOM) delivers National objectives on behalf of the United States, and has proudly done so for nearly three decades. As we near our 30th anniversary, we stand ready to deliver an immediate force through our airlift and air refueling assets or a decisive force with our strategic sealift assets when and where needed. Our delivery of these forces assures an unparalleled global expeditionary capability and gives our Nation options when needing to respond to a variety of crises. Ultimately, this unmatched capability extends a helping hand or projects combat power anywhere, at any time and provides a key strategic advantage for our Nation. We must continue to invest in and preserve our edge. Our ability to sustain strategic power projection is challenged on several fronts by potential adversaries growing ever more capable. However, we continue to look forward and innovate as we face challenges, uncertainties, risks, and complex demands placed upon the unique capabilities we provide daily to our Nation.

Mission

USTRANSCOM delivers full-spectrum global mobility solutions supporting our Nation's requirements in peace and war. In the simplest terms, we provide viable national security options to the National Command Authorities. Those options range from immediate humanitarian or combat deliveries by our airlift and air refueling fleets, to the global delivery of the Nation's decisive combat power via our strategic sealift fleet. While ensuring the readiness and availability of these options on a daily basis, the command also leads the Joint logistics enterprise which is the foundation on which every other Department of Defense capability rides.

Although transportation remains USTRANSCOM's core competency, our span of influence extends from the source of supply, through each segment of the DoD supply chain to

any designated point of need. Through logistics enterprise forums, the Services, Combatant Commands, DoD interagency partners and commercial providers, we continue to collaborate with logistics leaders in order to better identify, prioritize, and close capability gaps within the enterprise. Since 2009, these efforts have resulted in efficiencies and cost avoidances for the DoD distribution supply chain of nearly $1.6 billion, which translates to more buying power for the Services.

In addition to our primary mission of providing full-spectrum global mobility solutions, our subordinate command, the Joint Enabling Capabilities Command (JECC), provides decisive, rapidly deployable joint command and control capabilities. By doing so, they assist in the initial establishment, organization, and operation of joint force headquarters.

The JECC is a unique total force joint organization that delivers highly effective, cost efficient, joint planning, public affairs, and communications capabilities to all combatant commanders. This Subordinate Command is alert-postured to respond across the full range of military operations. They routinely deliver high-impact mission-specific teams of experts who produce executable solutions for emergent global crises. In fact, they provided more than 40,000 man-days of support that touched every combatant command in 2016; notably providing key Joint Task Force staff and planning expertise within 72 hours to assist Southern Command in responding to Hurricane Matthew. In addition, the JECC's robust support to the Chairman of the Joint Chiefs of Staff Combatant Command Exercise and Training program improved our National proficiency, knowledge, preparation, and response to emergent events.

The JECC continues to have significant forces deployed in support of missions around the globe, including direct support to ongoing counterterrorism operations in Iraq and Afghanistan. Their ability to deliver highly effective joint planning, public affairs, and

communications capabilities have enabled better integration of DoD, U.S. government, and partner responses to strategic challenges in every part of the world.

Operating Environment

Today's diverse global security environment is dramatically different and more complex than the one we operated in for the last 30 years. China, Russia, Iran, North Korea, and violent extremist organizations continue to challenge us in new ways, ultimately demanding new and innovative solutions. As we look to the future, we expect trans-regional, multi-domain, and multi-functional conflicts will define our future operating environment. A global view is essential in such conflicts. Fortunately, USTRANSCOM has operated globally every day since its inception.

We also expect that future conflicts will cross regional boundaries and potential adversaries and peer competitors will field numerically superior forces with near-technological parity. Those adversaries are aware the United States has become accustomed to geographically-isolated conflicts and enjoyed technological superiority over its adversaries, so we expect contested global sea lanes and air routes to a degree we have not faced since World War II. Potential adversaries seek asymmetric means to cripple our force projection and sustainment capabilities by targeting critical military and civilian assets, both within the U.S. and abroad. Additionally, our enemies continue to use our dependence on the cyber domain against us. With those challenges in mind, every Soldier, Sailor, Marine, Airman, Coast Guardsman and Department of Defense (DoD) Civilian of USTRANSCOM and its Component and Subordinate Commands recognizes it is our duty to ensure the Command remains postured to operate in such an environment and effectively answer the Nation's call, should it come.

Our Approach

To effectively operate in that future environment, we are focused on four priorities: ensuring readiness today while advocating for future capabilities, advancing our capabilities in the cyber domain, evolving the command for tomorrow, and championing an innovative, diverse, and agile workforce.

In prioritizing today's readiness while keeping an eye toward future capabilities, we are advocating for the right mix of personnel, platforms, systems and training to ensure we can provide the global transportation and logistics capabilities our Nation requires. By making the right investments today in enhancements for our air, sea and surface fleets, we will ensure USTRANSCOM delivers the Nation's objectives tomorrow. Through this pursuit, we posture to meet the full range of Unified Command Plan roles and missions in current and emerging trans-regional transportation, logistics, and patient movement requirements.

Improving our cyber defense allows USTRANSCOM to operate freely and effectively. We continue to broaden our scope to actively evaluate and mitigate our command and control, weapon system, and infrastructure vulnerabilities, while identifying and advocating for the critical capabilities, policies, and procedures that ensure mission accomplishment.

As a global Combatant Command charged with delivering national objectives in tomorrow's dynamic security environment, we must challenge our assumptions, accurately forecast trends that shape that future environment, and develop the technologies and ideas that maintain our Nation's competitive advantage. In our pursuit to continuously evolve for tomorrow, we established a relationship with the Defense Innovation Unit Experimental to expedite the implementation of logistics- and cyber-based technologies such as commercial cloud-based technologies which can provide Infrastructure-as-a-Service, Platform-as-a-Service, and Software-as-a-Service offerings to host USTRANSCOM's unique applications. These and

other initiatives will increase our responsiveness, agility, efficiency, and operational processes, while enhancing transparency with our customers and positioning us ahead of emerging challenges and threats.

Finally, our approach recognizes USTRANSCOM requires a talent rich, diverse, creative, adaptive, and innovative workforce to survive today and thrive in tomorrow's dynamic environment. We will create this workforce by recruiting, developing, and retaining the best talent America has to offer. We recognize that doing so requires us to remove cultural, procedural, and policy barriers along the way such as significant civilian hiring reform. We appreciate the attention Congress has placed on this issue with the recent passage of legislation in the 2017 NDAA creating a streamlined civilian on-campus recruiting authority, fast tracking the ability to hire talented personnel for critical positions in an ever-more competitive marketplace. Initiatives improving the speed at which talent can be hired, and opening aperture to additional fast-tracked hiring authorities and policy flexibility, ensures better access to streams of talent benefitting USTRANSCOM.

State of Our Readiness

Without reservation, USTRANSCOM stands ready to deliver on behalf of the Nation today. However, as our approach to the future operating environment indicates, there are challenges that demand our attention to ensure our readiness is never called into question. These challenges fall into the following broad categories: airlift and air refueling, sealift, surface, budget, and workforce issues.

Airlift/Aerial Refueling

Air Mobility Command (AMC), a Component Command of USTRANSCOM, provides an incredible capability to our Nation and the world. As one Total Force team with commercial

partners, AMC provides airlift, aerial refueling, air mobility support, and aeromedical evacuation around the globe, supporting eight combatant commands while operating in 23 countries.

On average, tankers are conducting aerial refueling operations every five minutes over the skies of Iraq and Afghanistan. Additionally, AMC refuels fighter squadrons across the Pacific Ocean to ensure a constant presence throughout the Pacific and refuels nearly all of our North Atlantic Treaty Organization allies during operations and exercises around the globe. Yet the scarcity of forces and their current distribution, coupled with the high operations tempo placed upon them, comes at a cost to the health of the KC-10 and KC-135 fleets.

Currently, the KC-46A program is on track to deliver 179 aircraft by 2028, which will enhance operational agility. The delivery of these aircraft over the next few years remains a critical investment to ensure we can continuously project power around the world, whether in support of humanitarian relief missions or combat operations.

The delivery of the KC-46A alone, however, will not address present concerns with the allocation and distribution of the global tanker fleet. For example, since 2011, the authority of the USTRANSCOM commander to manage tankers globally has been constrained by congressional language prohibiting changes to command and control of scarce KC-135 forces. As global tanker requirements continue to expand, we are seeing more cases where the requirements of a given combatant command are in competition with others. At the same time, we recognize a trans-regional, multi-domain, and multi-functional operating environment combined with proliferating anti-access and aerial denial threats will only place greater strain on the air refueling force. Although we continue to work closely with AMC and the Joint Staff to mitigate the effects on the global tanker fleet, the restriction in place since 2011 continues to limit the USTRANSCOM commander's ability to exercise operational control of high demand Pacific and European tanker forces necessary to meet global and national defense requirements.

Also key to air mobility are our airlift assets and the additional capabilities commercial industry brings to the fight. For our part, the C-17 and C-5 continue to provide strategic airlift the world over while our C-130s meet tactical airlift needs in every region of the globe. We are seeing stress on the strategic airlift fleets and have some concerns about hard choices that have been made to close active duty C-17 squadrons with an eye toward buying that capability back in the reserve component. While both components are capable, maintaining the right balance is critical so we do not create a situation where mobilization is needed for every new mission that might arise.

On the commercial airlift side, our Civil Reserve Air Fleet (CRAF) partners commit aircraft to augment DoD airlift during contingencies and/or emergencies in exchange for government airlift business while also providing commercial airlift services to DoD during peacetime. USTRANSCOM closely coordinates with the Department of Transportation (DoT) in administering the CRAF program. This steadfast relationship has historically provided lift for roughly 40 percent of all DoD air cargo and 90 percent of all passenger movements in direct support of our warfighters. Our 24 CRAF carriers remain ready to support DoD readiness requirements with cargo and passenger support worldwide and we will continue to rely on viable and healthy CRAF program in the future. To ensure the relationship with our CRAF partners remains robust, we've begun contracting with them based on early demand signals, allowing us to move workload to them which would have otherwise been handled by our organic aircraft. This has the dual benefit of providing additional workload to our CRAF partners while also reducing flying hours in our organic fleet.

Sealift

Historically, nearly 90 percent of wartime transportation requirements are delivered through strategic organic and U.S. flagged commercial sealift. In fact, our strategic sealift fleet

provides the ability to deliver a decisive force over great distances. Our U.S. Navy component, the Military Sealift Command (MSC), provides sealift capabilities through ship chartering, prepositioning, and sustainment operations while also executing operational command over the Maritime Administration's (MARAD) Ready Reserve Force ships during contingencies. Without a healthy and viable U.S. Commercial Sealift Fleet, MSC Surge Fleet, and MARAD's Ready Reserve Force, our Nation's military may not be able to deploy as quickly and efficiently as it can today.

The National Security Directive on Sealift and the Sealift Emergency Response Programs provide assured access to U.S. flagged commercial sealift assets, Merchant Mariners, and the global intermodal capability required to augment government owned (organic) sealift capabilities during contingencies. This assured access is provided via the Voluntary Intermodal Sealift Agreement (VISA) which ultimately ensures the U.S. maintains its capability to meet sealift requirements in peace, crisis, or war. The VISA program provides a responsive transition from peace to contingency operations through pre-coordinated agreements for U.S. flagged commercial sealift capacity and systems to support DoD's contingency sealift needs. It allows USTRANSCOM to meet mobilization requirements in a rapid fashion.

At the core of the VISA vessels are our Maritime Security Program (MSP) partners, who are essential to our wartime U.S. commercial sealift capability, and all are participants Sealift Emergency Response Programs. Over time, MSP has provided access to required commercial U.S. flag shipping assets, while also supporting the pool of Merchant Mariners needed to operate MSC's Surge and Ready Reserve Fleet. In this way, the MSP significantly contributes to the supply of Merchant Mariners available to serve on U.S. vessels in time of war while mitigating future risk to our national commercial capacity.

Along with MSP, The Merchant Marine Act of 1920, also known as the Jones Act, provides an additional pool of trained Merchant Mariners and sealift capacity. It does this, and contributes to national defense, by subsidizing a robust, domestic, maritime industry including U.S. industrial shipyard infrastructure for building, repairing, and overhauling U.S. vessels.

Ensuring a healthy U.S. fleet has proven difficult in the larger global context where international shipping has slowed while the industry as a whole has ended up with an excess of ships. Excess supply has caused prices to fall, which has put considerable financial pressure on U.S. flagged vessels. Unfortunately, the U.S. flagged international commercial fleet and Mariner pool has shrunk over time; while we have contingency plans, further reductions may cause us to investigate other options such as using more foreign flagged international commercial vessels manned by foreign crews during crisis or war. American shipping companies continue to re-flag vessels to foreign nations, diminishing the size of our commercial fleet, although that fleet stabilized in recent years at around 80 today. While the U.S. flagged commercial fleet remains the most effective means for us to obtain the necessary sealift capability to meet national defense needs, we are considering a range of options to ensure that we retain the ability to deploy a decisive combat force at the time and place of our choosing. Those options may include new approaches to preserving essential capabilities in the Ready Reserve Force, which among other options, may include non-US built vessels.

Sealift Fleet Recapitalization

Since the 1990s, DoD mobility studies have indicated a requirement for nearly 20 million square feet of Roll-on/Roll-off (RO/RO) capacity to promptly transport materiel wherever needed in defense of the Nation's interests in major conflicts abroad. This includes over 15 million square feet of organic RO/RO capacity on 65 total ships and nearly 4.5 million square feet of U.S. flagged commercial RO/RO capacity gained through VISA. However, we are

projecting a loss of 4.5 million square feet of organic surge RO/RO capacity by 2033 as these vessels reach the end of their service life, with an accelerated loss expected between 2026 and 2031. The organic vessels tasked to meet this requirement are becoming obsolete or unsustainable. Our organic surge vessels, for example, have an average age of 39 years and will begin to reach their 50-year service life in the 2020s. This will result in a critical sealift capacity shortfall, which limits our ability to support the national security requirements. In addition to the RO/RO capacity loss, 10 of 12 special-capability ships will age out of the fleet between 2020 and 2024. These ships provide expeditionary capabilities such as over-the-shore fuel distribution and crane lift to austere or damaged ports, a critical necessity for the deployment of ground forces and for operations in a contested environment. The aging and loss of sealift capacity places a particular urgency on the need to explore options for maintaining critical capabilities, without which the Nation's strategic sealift capability to support future operations will be at risk. We are working closely with the U.S. Navy to maintain the full spectrum of strategic sealift capabilities required to move U.S. forces in current and future operational environments.

In order to keep the recapitalization strategy on track and achieve success in the near term, the used vessel acquisition component must start as early as fiscally possible. This component seeks to purchase vessels leaving MSP or other commercial vessels regardless of country of origin. The acquired vessels would replace the aging organic vessels for a fraction of the cost of new construction and could remain in service for several decades. Congressional support will be needed to gain the necessary authorities and funding for this effort.

Additionally, DoD's current organic surge fleet is composed of several steam-propelled ships. The manning of these ships with seasoned steam certified engineers is a growing concern as commercial industry is expected to retire all steam ships by the early 2020s, while we need to operate them until 2035 unless recapitalization efforts allow us to replace them sooner. As

commercial industry retires their steam ships, our access to a civilian pool of steam-certified engineers and mariners may fall severely (and eventually be) eliminated.

Surface

Since the first stage in delivering a decisive force happens on the ground, our Nation's infrastructure of roads, rails, and ports plays a fundamental and crucial role in the deployment and sustainment of the Joint force. USTRANSCOM closely partners with the Department of Transportation (DoT) and other Federal and State entities to ensure infrastructure within the continental U.S. is ready to support DoD deployment and distribution needs.

USTRANSCOM, through its Army component the Military Surface Deployment and Distribution Command (SDDC) represents the interests and requirements of the DoD to access and safely utilize both private and public transportation infrastructure and services. Currently, the public sector road network remains capable of meeting DoD ground transportation needs while providing adequate access to commercial trucking capacity to meet current and anticipated surface transportation needs.

Just as the availability and safety of drivers and roadways are critical to national defense, our national rail system is of equal importance. Through our Railroads for National Defense Program, and close collaboration with civil sector rail officials and DoT's Federal Railroad Administration, we assess the ability of the U.S. rail system to support military needs. Currently the rail network required to deploy our force is in place and viable. In the next fifteen years, however, we face age-mandated retirements of some of our uniquely capable DoD railcars. We are developing a plan in close collaboration with the Department of the Army to retain this critical transportation capability.

To successfully execute our deployment mission, USTRANSCOM also relies on a collection of both DoD and commercially-owned U.S. seaports, designated as Strategic Seaports.

The primary mission of the Strategic Seaport Program is to ensure DoD has access to sufficient seaport infrastructure to meet contingency deployment needs. None are more important than the main West and East Coast ports of Military Ocean Terminal Concord (MOTCO) and Military Ocean Terminal Sunny Point (MOTSU).

MOTCO on the West Coast is indispensable to USTRANSCOM's support of U.S. Pacific Command's operations and DoD's military capability in the Pacific Theater. Due to the nature and size of this mission, no suitable alternatives exist on this coast and MOTCO's infrastructure assets require critical upgrades and maintenance to remain relevant in the current military environment. Current efforts are centered on preserving the operability of MOTCO's primary pier until it can be replaced. We are also examining additional options for MOTCO to become a modern ammunition port, fully capable of safe and efficient operations to enable uninterrupted delivery of ammunition to the Pacific theater.

At MOTSU, significant infrastructure improvements within the last few years have enhanced our ability to support the EUCOM, AFRICOM, and CENTCOM Combatant Commanders' operations and allow the terminal to meet throughput requirements. We continue to work with the Department of the Army to preserve both seaports by finding and applying resources to reduce risk and prevent capability gaps.

Although our nation's roads, rails, and ports play a fundamental role in the deployment and sustainment of our Armed Forces, nothing is more important than the people and their families who support and execute the mission, at home and abroad. The Defense Personal Property Program provides our Service members, DoD Civilians, and their families with an effective and efficient system for the relocation, storage, and management of their household goods and privately-owned vehicle (POV) shipments. As a testament to our partnership with the Deputy Assistant Secretary of Defense for Transportation Policy, the Services, and commercial

transportation service providers, the Defense Personal Property Program enables nearly 875 service providers to support the movement of approximately 70,000 POVs and around 430,000 household goods shipments globally each year.

An initial review and analysis of the Defense Personal Property Program identified that the end-to-end household goods value chain lacked proper alignment to consistently produce high quality relocation services due to lack of a single program manager and the need for more commercial capacity. Consequently, stakeholders from across the Department have collaborated on initiatives to recommend to key leaders from the military Services. Additionally, the Defense Digital Service recently assessed our primary software and customer interface within the Defense Personal Property System and found that while we are working toward reasonable solutions to the problems our customers have with the system, we are plagued by common problems that can be overcome by focused effort and assistance from the Defense Digital Service. Although still a work in progress, these initiatives are intended to improve the move experience for our Service members while simultaneously posturing the program for institutionalized and sustained continuous improvements. Addressing the challenges of program accountability, customer service, entitlements, standardization, and automation provides an opportunity to incorporate updated technologies and processes that will improve the quality of life and security of our Service members, DoD Civilians, and their families.

Budget Uncertainties

USTRANSCOM's mobility readiness depends highly on our financial health, which in turn relies on the financial posture of Services that provide the capabilities we use to execute our critical missions. Notably, the Budget Control Act and recent Continuing Resolutions have forced the Services to prioritize immediate operational needs over prudent long-term planning and investment, decisions that ricochet inefficiencies through the logistics and transportation

enterprises. More generally, sequestration's impact on readiness, mission operations, and modernization funding will result in the Services being unable to adequately man, train, and equip mobility forces thus presenting a significant readiness challenge. Irregular budgets jeopardize critical mobility acquisition programs like the schedule for the KC-46A program which addresses significant challenges with our aging aerial refueling fleet.

Additionally, our overall readiness and that of other combatant commands is influenced by the joint training and exercises conducted solely through resources provided by the Combatant Commander's Exercise Engagement and Training Transformation program. With an increased emphasis on trans-regional, multi-domain, and multi-functional operations, adequate support to combatant command joint training and exercise programs is as critical as ever.

As we head into FY18, we are projecting adequate financial levels to ensure our readiness, but remain vigilant in light of budget uncertainty. While maintaining our overall readiness, we continue to focus on our commitment to becoming audit ready by complying with the initiatives of the Financial Improvement and Audit Readiness (FIAR) program. At the same time, as we move to multi-modal operations and new Plan, Order, Ship, Track and Pay processes, we are integrating FIAR throughout those processes to ensure audit compliance. Furthermore, we continue to work closely with our DoD counterparts to ensure Transportation Financial Audibility throughout the Department. In an effort to ensure our business processes remain relevant today and into the future, we are striving to be cost-competitive and more transparent with our customers while simultaneously seeking ways to provide a lower, more predictable rate structure. These actions enhance our coordinating role across the deployment and distribution enterprise and ultimately enhance the support we provide the warfighter.

Availability of the Transportation Workforce

Each mode of our transportation network (air, surface, and sea) requires commercial and/or military operators such as truck drivers, aircraft pilots, and sealift mariners. These operators allow USTRANSCOM to transport forces and materiel to the point of need and to return our ill and injured to appropriate medical care. Worsening shortages of these operators limit our ability to successfully deliver required combat power across the globe.

In order to respond anywhere in the world in a matter of hours, appropriate manning levels of both Air Force and commercial pilots are essential. In fact, all DoD aerial refueling and nearly all strategic aeromedical evacuation capability relies on the availability of the U.S. Air Force aircrews from the active and reserve components. Additionally, USTRANSCOM's organic and commercial airlift capabilities deliver roughly 10 percent of all transportation requirements and continue to be a significant force multiplier for the Nation by delivering an immediate force overnight into an area of operations when needed. Pilot manning will remain vital for the near and long-term future of this critical USTRANSCOM capability.

Our Mobility Air Forces and commercial airline partners, however, are experiencing manning shortages. Reduced undergraduate pilot training quotas, changes in force structure, and declining retention (along with aggressive airline hiring for the foreseeable future) will require a concerted effort if we are to mitigate potential negative impacts across the active and reserve components of the U.S. Air Force. By comparison, U.S. commercial airlines, including our partners participating in the CRAF program, expect a pilot shortage of roughly 35,000 pilots through the year 2031. Contributing factors include retirements exacerbated by statutory age limits (i.e., max of 65 years old), an increase in new airline transport pilot certificate requirements, and the continuous growth of the global airline industry.

While monitoring the health of pilot manning, we are keenly focused on the strain the trucking industry continues to feel due to the commercial truck driver shortage (current shortage of 75,000 with a projection of 890,000 by 2027). The industry's ability to attract and retain qualified commercial truck drivers required to move freight for the DoD and the Nation is a growing concern. Persistent shortages are caused by several factors such as quality of life, younger generations not seeking out the truck driving profession, and the pursuit of more desirable job alternatives. Due to the shortage of operators, the trucking industry is currently operating at greater than 95% capacity leaving little to no surge capacity for DoD. In an effort to address and reverse the shortage of drivers, the DoT Federal Motor Carrier Safety Administration implemented initiatives such as granting test waivers for military members with previous commercial motor vehicle experience and expanding their experience validation timeline from 90 days to one year. These efforts are the first steps in addressing the shortage; however, they may not be sufficient to alleviate likely impacts in times of increased demand for DoD's surge requirements. To combat this issue, we are continuously engaged with industry and conducting ongoing analysis and reviewing plausible alternatives, such as increasing the use of multiple modes (rail and truck) and un-manned vehicles.

We will continue to monitor and manage the manning shortages across our three fundamental domains. While supporting DoT's efforts in reversing current trends, we remain determined to ensure a sufficient pool of transportation operators are available to provide our Nation transportation options.

Advancing the Cyber Domain

The greatest challenge USTRANSCOM faces every day is the threat of attack from the cyber domain. Although cybersecurity is a DoD-wide focus area, USTRANSCOM is distinctly vulnerable because the majority of the Command's transportation data resides within and travels

through the unsecure commercial internet. Furthermore, unsecure networks and systems of our commercial transportation service providers, coupled with critical infrastructure vulnerabilities around the globe, almost wholly reside outside our control and pose significant risk to mission assurance. Due to these challenges, USTRANSCOM is prioritizing our key cyber concerns. The Command is collaborating with U.S. Cyber Command, DoD Agencies, Federal cyber organizations, industry, and academia to identify and mitigate gaps and shortfalls, as well as to seize opportunities to advance our cyber domain capabilities.

We have and will continue to encourage industry partners to join together in a transportation-related Information Sharing and Analysis Organization, focused on supporting DoD's transportation mission. Our current partnership with the National Defense Transportation Association (NDTA) Cybersecurity Committee and our semiannual Cybersecurity Roundtables that have drawn interest from across government, industry, and academia are cornerstones of our efforts to build a more responsive, aware, and collective approach to mission assurance.

For example, through our partnership with the NDTA Cybersecurity Committee, we seek to address: cybersecurity issues of mutual concern, rapid sharing of threat information, the application of best practices, and, research on existing and emerging cybersecurity technology and development activity. The committee provides a mechanism to address urgent concerns, such as cybersecurity contract language and the exchange of unclassified and sensitive information between USTRANSCOM and industry partners.

However, there is still much more to do in order to address our current and future cyber capabilities. People, processes, and technology are all key areas where we can enhance our cyber resiliency. Specifically, we must grow and retain a highly skilled cyber workforce; clarify cybersecurity roles and responsibilities across the critical infrastructure sector; implement acquisition policy to provision cloud services and other innovative cyber solutions at the "speed

of need." We also need to ensure that DoD can rapidly share threat and vulnerability information with our commercial partners while continuing to improve cybersecurity compliance reporting that enables informed risk management decisions appropriate to the situation at hand. We will continue to work with U.S. Cyber Command, DoD Agencies' cyber organizations, Department of Homeland Security, and commercial transportation partners to mitigate cyber risks to global distribution operations.

Evolving for Tomorrow

Beyond the contested cyber domain, we recognize we will face new challenges across the other domains as well. As mentioned, we expect future conflicts are increasingly likely to occur in an environment contested across all domains, subsequently restricting our freedom of action. Adversaries and geopolitical competitors have the ability today to challenge our freedom of movement from deployment to employment using kinetic and non-kinetic means to disrupt, delay, or deny operations. This creates an environment that places our strategic assets at great risk. As our Joint force prepares to face this challenge, operational plans must reflect the anticipated attrition of both combat and mobility assets and associated personnel.

Future conflicts within the contested environment will also greatly challenge global patient movement operations. USTRANSCOM currently operates the best patient movement system in the world, safely and efficiently moving thousands of our nation's ill and injured Service members to the medical care they need every year. We are not content, however, to rest on our successes. Recognizing future adversaries might be able to limit our access to the air and cyber domains, we are aggressively exploring surface movement solutions to ensure we remain the best in patient movement no matter the threat or environment. We continue to partner with the Services to expand maritime patient movement capabilities and we are working to rebuild our ability to move patients by rail. Our Nation's joint casualty stream must be supported by joint

patient movement capabilities that are interoperable, multi-modal, and capable of functioning in a cyber-compromised environment. Synchronized policies, training, and research and development are needed across the DoD to ensure we remain the best in safely moving our ill and injured whenever and wherever needed.

We also conducted a Future Deployment and Distribution Assessment focused on deployment and distribution in a contested environment. This assessment solidified our concerns about the challenges of conducting operations in contested environments and again highlighted that our global network (to include partners and allies) is at risk from threats in all domains – land, sea, air, space, and cyberspace.

Finally, we hosted our inaugural contested environment war game aimed at creating a common understanding of our operations in contested environments. We also sought to recognize the enterprise-wide challenges and develop prioritized mitigation efforts to enable future operations in those environments. The war game also addressed the necessary investments in planning and collaboration with the entire DoD logistics enterprise necessary to develop appropriate mitigation strategies for these threats. Finally, the war game highlighted the need for multiple operating options to ensure resiliency, agility, and responsiveness in future conflicts. An important insight from the war game is that operational plans and fleet sizing considerations must account for the loss of capital assets. These vital principles ensure realistic planning and aligned with risk, resulting in operational resiliency across all domains in future contested environments.

Based on these findings and published defense guidance, we will work with the Office of the Secretary of Defense, CAPE to initiate a new mobility requirements study once defense strategic guidance and the supporting elements, such as defense planning scenarios, mature.

Championing an Innovative, Diverse, & Agile Workforce

In light of all of the challenges and opportunities ahead of us, we recognize our people are our greatest resources and are the ones who will rise to those challenges and seize the opportunities. At the same time, it is clear the competition for talent is becoming more acute. Given that, we are working to recruit, develop, and retain the best talent America has to offer. At the heart of that effort we completed our first-ever headquarters Human Capital Strategic Plan setting short and long term goals for cultivating and managing our large professional civilian workforce. We also entered into an agreement with Defense Logistics Agency that created an individual civilian experiential development opportunity. Goal of effort is to address how USTRANSCOM and Defense Logistics Agency can work together to collectively develop the skills, knowledge, and effectiveness of our civilian workforce. We expect this initial agreement to serve as a baseline we can expand upon in the future. Beyond these early accomplishments, we are positioning ourselves to remain competitive in attracting future talent by identifying and establishing developmental positions within USTRANSCOM.

Our Commitment

For nearly three decades, our Nation has turned to USTRANSCOM's strategic power projection capability to respond rapidly to global threats and disasters. Today, USTRANSCOM continues to deliver 21st century, enterprise-wide, global expeditionary capabilities to the joint force. Anticipating and adapting to challenges will allow us to perform our missions in an ever-changing security environment. These missions continue to trend toward non-permissive, remote, austere, and widely-dispersed locations, but this team of transportation and logistics professionals always finds a way to deliver our national objectives. Our continuous focus on the resiliency and preservation of the Joint logistics enterprise while advocating for the right

investments in our cyber-enabled air, sea, and surface fleets ensures we can deliver the Nation's objectives tomorrow.

Continued Congressional support, coupled with the hard work of the professional men and women of USTRANSCOM and our components, will ensure we are ready to deliver the Nation's Objectives. We will continue to address challenges and vulnerabilities and advocate for innovative solutions as we provide the joint force options for delivering an immediate force tonight and a decisive force when needed. "Together, we deliver!"

GENERAL DARREN W. McDEW

Gen. Darren W. McDew is the commander, U.S. Transportation Command, Scott Air Force Base, Illinois. USTRANSCOM is the single manager for global air, land and sea transportation for the Department of Defense.

General McDew was commissioned in 1982 following his graduation from Virginia Military Institute. He began his flying career at Loring AFB, Maine. His staff assignments include serving as a member of the Air Force Chief of Staff Operations Group, Air Force aide to the President, chief of the Air Force Senate Liaison Division and the director of Air Force Public Affairs. General McDew served as vice director for strategic plans and policy for the Chairman of the Joint Chiefs of Staff. He also served as the commander of 18th Air Force, Scott AFB, and commanded at the squadron, group and wing levels as well as at an Air Force direct reporting unit. He deployed in support of ongoing operations in Central and Southwest Asia as an air expeditionary group commander and later as the director of mobility forces. Prior to his current assignment, General McDew was the commander of Air Mobility Command, Scott AFB.

ASSIGNMENTS

1. October 1982 – October 1983, student, undergraduate pilot training, Williams AFB, Arizona
2. March 1984 – June 1989, standardization and evaluation copilot, Aircraft commander, instructor pilot and flight commander, 42nd Air Refueling Squadron, Loring AFB, Maine
3. July 1989 – June 1992, combat crew training school examiner and instructor pilot, assistant deputy wing inspector and wing executive officer, 93rd Bomb Wing, Castle AFB, California
4. July 1992 – April 1994, rated force planner, Directorate of Personnel Plans; member, Air Force Chief of Staff Operations Group, Headquarters U.S. Air Force, Washington, D.C.
5. April 1994 – June 1996, Air Force aide to the President, White House, Washington, D.C.
6. October 1996 – June 1997, assistant operations officer, 14th Airlift Squadron, Charleston AFB, South Carolina
7. June 1997 – June 1999, commander, 14th Airlift Squadron, Charleston AFB, South Carolina
8. August 1999 – July 2000, Secretary of Defense Corporate Fellow, Sun Microsystems Inc., Palo Alto, California
9. July 2000 - January 2002, commander, 62nd Operations Group, McChord AFB, Washington (September 2001 – December 2001, commander, 60th Air Expeditionary Group, Southwest Asia)
10. January 2002 – July 2003, commander, 375th Airlift Wing, and Installation Commander, Scott AFB, Illinois
11. July 2003 – January 2005, chief, U.S. Air Force Senate Liaison Division, Secretary of the Air Force, Washington, D.C.
12. January 2005 – July 2006, commander, 43rd Airlift Wing, and installation commander, Pope AFB, North Carolina (January 2006 - May 2006, Director of Mobility Forces, Southwest Asia)
13. July 2006 – November 2007, vice commander, 18th Air Force, Scott AFB, Illinois
14. November 2007 – February 2009, director of public affairs, Office of the Secretary of the Air Force, the Pentagon, Washington, D.C.
15. February 2009 – December 2010, vice director for Strategic Plans and Policy, Joint Staff, the Pentagon, Washington, D.C.
16. December 2010 – August 2012, commander, Air Force District of Washington, Andrews AFB, Maryland
17. August 2012 – April 2014, commander, 18th Air Force, Scott AFB, Illinois
18. May 2014 – August 2015, commander, Air Mobility Command, Scott AFB, Illinois
19. August 2015 – present, commander, U.S. Transportation Command, Scott AFB, Illinois

SUMMARY OF JOINT ASSIGNMENTS

1. April 1994 – June 1996, Air Force aide to the President, White House, Washington, D.C., as a major

2. February 2009 – December 2010, vice director for Strategic Plans and Policy, Joint Staff, the Pentagon, Washington, D.C., as a major general

FLIGHT INFORMATION
Rating: command pilot
Flight hours: more than 3,300
Aircraft flown: T-37B, T-38A, KC-135A/R, C-17A, C-141B, C-9, C-21, C-130E/H, C-37 and UH-1N

MAJOR AWARDS AND DECORATIONS
Distinguished Service Medal
Defense Superior Service Medal with oak leaf cluster
Legion of Merit with two oak leaf clusters
Meritorious Service Medal with four oak leaf clusters
Army Commendation Medal
Air Force Achievement Medal
Joint Meritorious Unit Award with oak leaf cluster
Air Force Outstanding Unit Award with nine oak leaf clusters
Air Force Organizational Excellence Award with three oak leaf clusters
Combat Readiness Medal with three oak leaf clusters
National Defense Service Medal with bronze star
Armed Forces Expeditionary Medal
Kosovo Campaign Medal with bronze star
Global War on Terrorism Expeditionary Medal
Global War on Terrorism Service Medal
Armed Forces Service Medal

EFFECTIVE DATES OF PROMOTION
Second Lieutenant May 15, 1982
First Lieutenant May 15, 1984
Captain July 13, 1986
Major March 1, 1994
Lieutenant Colonel Jan. 1, 1997
Colonel April 1, 2000
Brigadier General Sept. 2, 2006
Major General Dec. 9, 2008
Lieutenant General Aug. 6, 2012
General May 5, 2014

(Current as of December 2015)

QUESTIONS SUBMITTED BY MEMBERS POST HEARING

MARCH 30, 2017

QUESTIONS SUBMITTED BY MR. LANGEVIN

Mr. LANGEVIN. How do we ensure that responsibilities for protecting TRANSCOM's logistics operations from cyber threats are clearly delineated between DHS and DOD? Are there clearly established policies for joint cyberspace operations? How can we better improve the connections between the two departments? How are private sector concerns and responsibilities being integrated into planning? Are we sharing best practices between the departments and with industry?

General MCDEW. USTRANSCOM interests are spread throughout the Transportation, Critical Infrastructure, and Defense Industrial Base sectors requiring staff at the DOD and DHS-level to understand USTRANSCOM equities. There are established mechanisms between DOD and DHS for critical infrastructure and cyberspace coordination. USTRANSCOM participates in these DOD mechanisms through close cooperation with U.S. Cyber Command (USCYBERCOM) and regular engagement with DOD and Federal Departments and Agencies to coordinate on cyber threats and cyber incidents. Information sharing mechanisms range from day-to-day interaction between operations centers to senior leader engagement. These engagements are enhanced by embedded liaison officers at USTRANSCOM from USCYBERCOM, the Intelligence Community, and the FBI. USTRANSCOM also embeds a liaison officer at USCYBERCOM to work with liaison officers from other Federal Departments and Agencies as well as other Combatant Commands.

USTRANSCOM is addressing private sector concerns (such as information sharing, liability and network protection) in our planning efforts across the full spectrum of threats in a contested environment. Our Contested Environment War-game and Cyberspace Roundtables, which include participants from industry, academia and Federal Departments and Agencies are improving our understanding of cyber concerns and risk across industry.

USTRANSCOM is also taking a lead role in sharing our best practices with industry through our participation in the National Defense Transportation Association (NDTA) and the establishment of a Cybersecurity Sub-Committee within NDTA. We have also assigned a Chief Information Security Officer to focus on sharing and cybersecurity practices within our commercial partners.

QUESTIONS SUBMITTED BY MS. HANABUSA

Ms. HANABUSA. Please confirm the amounts that are paid annually for MSP vessels.

General MCDEW. The Consolidated Appropriations Act of 2016 authorized and appropriated $3.5 million per ship per year for fiscal year 2016. For fiscal year 2017, MSP is authorized and funded at $4.999 million per ship. For fiscal years 2018 through 2020, MSP is authorized at $5.0 million per ship per year. For fiscal year 2021, MSP is authorized $5.2 million per ship per year. For fiscal years 2022 through 2025, the MSP authorization reverts back to $3.7 million per ship per year.

Ms. HANABUSA. Please confirm that these amounts are paid irrespective of whether the vessel actually transports military goods (meaning the goods that TRANSCOM must transport for the armed services).

General MCDEW. Yes, the MSP payment is paid regardless of whether the vessels actually transport military goods.

Ms. HANABUSA. What is the average number of transports per "stipend" paid to vessels that transport military goods?

General MCDEW. According to 46 United States Code, Chapter 531, as a condition of receiving full payment for a fiscal year by the Secretary of Transportation, the vessel must be operated exclusively in the foreign commerce or in mixed foreign commerce and domestic trade allowed under a registry endorsement for a period of at least 320 days in the fiscal year.

The Cargo Preference Act of 1904 directs 100% of DOD ocean freight be transported on U.S. flag vessels. In support of this Act, USTRANSCOM directly contracts MSP vessels through two avenues, charter service (provided by the Navy Military Sealift Command (MSC), a component of USTRANSCOM) and liner service (through the Army Surface Deployment and Distribution Command (SDDC), another compo-

nent of USTRANSCOM). Charter service leases the whole vessel and directs point-to-point transportation, while liner service leases space on a vessel using a carrier's existing service routes.

From 1 January 2016 to 30 March 2017, 12 MSP vessels were chartered for 22 voyages to meet large, unit move requirements in support of deployments or training exercises. Liner service contracted 55 MSP vessels on 1192 voyages, to meet both unit move and force sustainment requirements.

In accordance with 46 United States Code, Chapter 531, during the time any MSP ship is on charter to MSC, the vessel does not receive any MSP stipend for those days.

Ms. HANABUSA. When military goods are transported, I assume there is a payment for the cost of that transport. Is TRANSCOM assessed the market rate for goods or is there a special rate for the military?

General MCDEW. USTRANSCOM awards contracts for the transportation of goods by a variety of modes (i.e.; sea, air, rail). The primary contractual instrument for transporting goods by sea is the Universal Services Contract which is a multiple award contract. This acquisition is conducted under Federal Acquisition Regulation Part 12 (Acquisition of Commercial Items) procedures and results in fixed price, competitive rates with an Economic Price Adjustment for fuel.

Ms. HANABUSA. Please confirm that the vessels which receive stipends must always be "manned" by U.S. Merchant Mariners, irrespective of whether the goods being transported are military goods.

General MCDEW. Yes, vessels participating in the Maritime Security Program are required to be U.S. documented and therefore required to be crewed by U.S. Merchant Mariners in accordance with 46 USC § 8103. It is these same U.S. Merchant Mariners that the Department of Defense relies on to also crew our government-owned reserve fleets when activated and brought to fully operational status to meet national defense needs.

Ms. HANABUSA. What percentage of the crew must be U.S. Merchant Mariners?

General MCDEW. The statute, 46 USC Sec. 8103, mandates that on a U.S. documented vessel, not more than 25% of the total number of unlicensed seamen on the vessel may be aliens lawfully admitted to the U.S. for permanent residence and 100% of the licensed crew must by U.S. Merchant Mariners. Citizenship requirements for documented vessels are governed by the same statute, which states that only a citizen of the U.S. may serve as master, chief engineer, radio officer, or officer in charge of a deck watch or engineering watch (licensed) on a documented vessel.

Ms. HANABUSA. How do you monitor that the required numbers of U.S. Merchant Mariners are aboard and are crewing the vessel?

General MCDEW. The MSP statue does not direct oversight to the DOD regarding crewing of U.S. Merchant Mariners on MSP vessels. The U.S. Coast Guard, part of the Department of Homeland Security, is the regulatory agency responsible for licensing and certifying U.S. merchant mariners working aboard U.S. flag vessels which require credentialed mariners. Specific crewing questions should be referred to the U.S. Coast Guard as the regulatory agency responsible for establishing and enforcing crewing standards.

Ms. HANABUSA. How do you determine which vessels should be used to transport certain military goods?

General MCDEW. The majority of Department of Defense cargo is transported under the Universal Service Contract (USC), where SDDC books cargo utilizing established rates and schedules liner service (space on a vessel). Other options are charter (lease of the whole vessel), through USTRANSCOM sealift component, MSC, organic (also through MSC), or a hybrid.

Liner rates under USC are reviewed periodically and determined fair and reasonable under contract terms prescribed in the Federal Acquisition Regulation. Within constraints of U.S. policy, customer unique requirements may dictate a specific solution other than liner service. Such examples of unique requirements include: oversized cargo that exceeds the dimensions prescribed in the USC; troop berthing, aircraft that require special handling; and routes/schedules outside of those prescribed in the USC. Barring any unique requirements, USTRANSCOM currently uses a cargo square footage threshold of 75,000 square feet (global breakpoint where the cost of liner service approximates the cost of a commercial charter for the same cargo and mission) to determine whether to send the shipment via liner or to also examine charter and organic (military vessel) courses of action (COAs) using the USTRANSCOM Instruction 24–7 process. USTRANSCOM uses readiness, performance, cost, and strategic effect as COA evaluation criteria. After a COA is chosen (liner, charter, organic, or hybrid) the selected carrier (liner or charter) or organic determines the actual vessel used for the move.

Ms. HANABUSA. Is there any "bonus" structure for the MSP vessels? For example, if a vessel has transported more than X% of its cargo as military goods, is an additional stipend paid?

General MCDEW. No, there is only one MSP payment authorized. MSP contractors rely on government impelled cargoes, commercial cargoes, and the MSP payment to remain commercially viable.

Ms. HANABUSA. In addition to the stipend, what is the average amount paid to an MSP vessel? What is the highest amount paid and what is the lowest amount paid (assuming, as in question 4, that there is an additional separate payment for the actual cost of the goods)?

General MCDEW. The MSP establishes a fleet of active, commercially viable, militarily useful, privately-owned vessels to meet our national defense and other security requirements. The MSP maintains a modern U.S. flag fleet providing military access to vessels and vessel capacity, as well as a total global, intermodal transportation network; to include U.S. citizen Merchant Mariners to crew the government owned/controlled and commercial fleets.

In addition to the MSP payments which serve to offset higher U.S. Flag operating costs, carriers rely on government impelled cargoes mandated by the Cargo Preference Act to remain commercially viable and able to compete with foreign flag carriers. USTRANSCOM directly contracts MSP vessels through two avenues, charter service (provided by MSC) and liner service (through SDDC). Charter service leases the whole vessel, while liner service leased space on a vessel.

For the period from 1 January 2016 through 30 March 2017, the average amount paid to an MSP vessel to move DOD freight is $4.3 million. The lowest amount paid for charter service was $565,000 and the highest amount paid was $4.5 million; the average lowest amount paid for liner service was $3,480 and highest amount paid was $6.4 million.

As noted in question 4, during the time any MSP ship is on charter to MSC, the vessel does not receive any MSP payments for those days.

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