

**TO CONSIDER THE NOMINATION OF RICHARD
V. SPENCER TO BE SECRETARY OF THE NAVY**

HEARING

BEFORE THE

**COMMITTEE ON ARMED SERVICES
UNITED STATES SENATE**

ONE HUNDRED FIFTEENTH CONGRESS

FIRST SESSION

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TO CONSIDER THE NOMINATION OF RICHARD V. SPENCER TO BE SECRETARY OF THE NAVY

TUESDAY, JULY 11, 2017

UNITED STATES SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

The Committee met, pursuant to notice, at 9:38 a.m. in room SD-G50, Dirksen Senate Office Building, Senator John McCain (Chairman of the Committee) presiding.

Committee Members present: Senators McCain, Inhofe, Wicker, Fischer, Cotton, Rounds, Ernst, Tillis, Sullivan, Perdue, Cruz, Graham, Strange, Reed, Nelson, McCaskill, Shaheen, Blumenthal, Donnelly, Hirono, Kaine, King, Heinrich, Warren, and Peters.

OPENING STATEMENT OF SENATOR JOHN MCCAIN, CHAIRMAN

Chairman MCCAIN. The Armed Services Committee meets today to consider the nomination of Mr. Richard V. Spencer to be Secretary of the Navy.

To begin with, I would like to acknowledge the tragedy in Mississippi yesterday. The 16 servicemembers who lost their lives in the crash of a Marine Corps KC-130 from Cherry Point, North Carolina remind us that these brave men and women put themselves in harm's way every day, at home and abroad, in training and in combat in service to our Nation. We are all keeping their families in our hearts and prayers.

Mr. Spencer, we thank you for joining us this morning. We also welcome your family and friends with us today. As is our tradition, at the beginning of your testimony, we invite you to introduce those who are joining you.

It is the standard for this Committee to ask certain questions in order to exercise its legislative and oversight responsibilities. It is important that this Committee and other appropriate committees of the Congress be able to receive testimony, briefings, and other communications of information. I am going to ask you the standard questions we ask every nominee before this committee.

Have you adhered to applicable laws and regulations governing conflicts of interest?

Mr. SPENCER. I have.

Chairman MCCAIN. Will you ensure that your staff complies with deadlines established for requested communications, including questions for the record in hearings?

Mr. SPENCER. I will.

Chairman MCCAIN. Will you cooperate in providing witnesses and briefers in response to congressional requests?

Mr. SPENCER. I will.

Chairman MCCAIN. Will those witnesses be protected from reprisal for their testimony or briefings?

Mr. SPENCER. They will.

Chairman MCCAIN. Do you agree, if confirmed, to appear and testify upon request before this Committee?

Mr. SPENCER. I do.

Chairman MCCAIN. Do you agree to provide documents, including copies of electronic forms of communication, in a timely manner when requested by a duly constituted committee or to consult with the Committee regarding the basis for any good faith delay or denial in providing such documents?

Mr. SPENCER. I do.

Chairman MCCAIN. Have you assumed any duties or undertaken any actions which would appear to presume the outcome of the confirmation process?

Mr. SPENCER. I have not.

Chairman MCCAIN. Thank you.

The next Secretary of the Navy will assume this role during a time of immense importance for U.S. seapower.

I note the presence of one of our most distinguished Members and dear friend of every Member of the Committee, Republican and Democrat, and perhaps it would be more convenient for us to hear from Senator Warner before I proceed with my opening statement. Senator Warner, you are recognized.

STATEMENT OF HON. JOHN WARNER, U.S. SENATOR FROM VIRGINIA, RETIRED

Senator WARNER. Thank you, Mr. Chairman, Senator Reed, and Members of the Committee, particularly Jim Inhofe and Bill Nelson and Mr. Wicker.

It is a very humbling experience for me to appear here on behalf of this distinguished nominee. If I ever reflect on this great Committee, I just think about the marvelous traditions it has established for the entirety of the Senate throughout its long existence. I say to the new Members of the Committee I wish you well, and I am confident as you pursue your careers in life, that you will always look back on your membership on this Committee as a very special privilege because after all, the function of this Committee is to provide care for the men and women of the armed forces of the United States, together with their families.

Now, I know the Chairman is anxious for me to be brief, and I shall be brief, Mr. Chairman. But I would like to say that on my left is Mr. Spencer, his lovely wife, and they will be a magnificent team in my humble judgment to serve America and to serve the men and women of the armed forces, most particularly the Navy and the Marine Corps.

Mr. Spencer has a very interesting and broad career. He is quite adept and knowledgeable on all aspects of finance, not only domestically here in our country but globally. Together with his other achievements in life, which are manifold—and you have got all the papers before you. But I point out that he served on the Department of Defense (DOD) Business Board for some 6 years showing his interest in national security for those years. Then he was chair-

man of the Marine Corps Heritage Foundation. So he has kept all of his priorities carefully in tow throughout his life.

I would like to say that he achieved something that I always wanted to achieve. Our distinguished Chairman got the Navy wings of gold and he got the Marine Corps wings of gold and spent one whole tour, several years, as a pilot of the helicopters, the rotary. But he did his fixed wing time, I am sure, before he got there.

He loved the Marine Corps and he loved the military life, and he looked forward to that day when he might be able to return and become more active. This is one of the most interesting and wonderful positions in our entire establishment of the Federal Government is Secretary of the Navy.

I would like to say that I am not a stranger to the proceedings we are undertaking, but there is an aspect of this particular confirmation proceeding that I have never encountered before. On his own initiative, he reached out and counseled with ten Secretaries of the Navy to ask of them what they thought of the challenges of today, how best he might be able to fulfill those challenges. We have with us today—Will Ball was one of them, John Dalton, Richard Danzig, Gordon England, John Lehman, Sean O’Keefe, Sean Stackley who is acting Secretary, Jim Webb, Don Winter, and yours truly. I want to be very careful in my summary, having talked to all of them about this moment where I sort of represent the gang. We do not wish to be presumptuous. So we couch our words in the following sentence, and that is we believe this fine man and his lovely wife are most worthy of being here today and being given the opportunity to appear before you as you perform your constitutional duty of advice and consent.

With that, I conclude my remarks. Semper fi, my good friend. You are on your own.

[Laughter.]

Chairman MCCAIN. Senator Warner, you bring unique credentials to this body, having served as both Secretary of the Navy and Chairman of this Committee. I and the Members on both sides of the aisle take your words with the utmost seriousness. We thank you for your return, thank you for your leadership, thank you for the many years that you spent with me helping me in my responsibilities as a Member of this Committee. We thank you, sir.

Senator WARNER. I thank you, Mr. Chairman, and for our long personal friendship. I recall so well when I became Under Secretary of the Navy prior to being Secretary, how your father, then commander-in-chief of all forces of the Pacific, together with your extraordinary mother, reached out to help me as a young man, very young man. I think I was about the youngest that time, and I took on these responsibilities in 1969, many years ago. Thank you very much.

Chairman MCCAIN. Thank you, Senator Warner.

The next Secretary of the Navy will assume this role during a time of immense importance for U.S. seapower. Some of the greatest threats and challenges of the future will be in the maritime domain, and it is critical that our Navy and Marine Corps are prepared to fight and win decisively.

The Secretary has broad authority and responsibility for all affairs of the Department of the Navy, including the manning, train-

ing, equipping, and maintaining of naval forces. As we heard from the Chief of Naval Operations and Commandant of the Marine Corps last month, their forces face significant readiness shortfalls and the urgent need to grow and modernize.

This Committee looks forward to hearing how you would address the challenges confronting the Navy and Marine Corps: more than \$15 billion in readiness shortfalls and unfunded priorities, plans to achieve the larger Navy and Marine Corps service leaders say we need, and delivering acquisition programs at cost, on schedule, and with the promised capability.

The sad truth is in recent years we have not given our sailors and marines what they need to succeed. As we have asked ever more of them, we have failed in our responsibility to provide them with the necessary resources, training, and equipment. This puts their lives in greater danger every day, and we can waste no time in reversing course.

Restoring readiness, rebuilding capacity, and modernizing to regain the technological advantage of our naval forces will require clear vision and strong leadership from the next Navy Secretary. Mr. Spencer, I look forward to discussing your plan to approach these demands, if confirmed.

This Committee is grateful both for your prior service, as well as your willingness to serve again. As a U.S. marine and as a member of the Defense Business Board, you have demonstrated your dedication to this Nation. I am confident that your decades of experience leading large, complex operations and businesses has prepared you to take on this role, if you are confirmed.

In closing, this Committee honors the service and sacrifice of all of our sailors and marines. Mr. Spencer, we look forward to hearing your testimony about how you plan to lead the Department of the Navy during this crucial time.

Senator Reed?

STATEMENT OF SENATOR JACK REED

Senator REED. Thank you very much, Mr. Chairman. Let me join you in welcoming Mr. Spencer to the Committee and thank you for willingness to serve as Secretary of the Navy. Also let me thank your family for the support they provide to you.

Let me also recognize Senator Warner. Senator, your example continues to inspire this Committee. We will get there eventually to your level, but we are trying we assure you.

I too want to join the Chairman in recognizing and paying tribute to the servicemembers and their families in the Navy and Marine Corps. We are saddened by loss of life during the recent incident on the USS *Fitzgerald* and just last evening with the crash of the KC-130 Marine Corps tanker. Our prayers go out to the crews and families of those two units. This accident serves as a humbling reminder of the perils that our servicemembers endure daily, whether they are deployed to combat zones or conducting routine operations.

Mr. Spencer, if you are confirmed to this position, you will be faced with a number of critical issues that confront the Department of the Navy.

The Navy and the Marine Corps have historically had to deal with the day-to-day strains of deployment and high operating tempos. With concerns about supporting the readiness of our deployed and non-deployed forces, the next Secretary's efforts in managing improvements in the force and its supporting structure will be critical.

As a first priority, it seems to me that the Secretary of the Navy should focus on improving readiness of the existing forces. For example, it seems very shortsighted to me for the Navy to have allowed the diving certifications for the USS *Boise* to expire and then have to tie that boat to a pier for more than a year when combatant commanders' demands for submarine services are unmet. Our global threat environment dictates an increased need for advanced platforms like the *Boise* to be utilized for our national security instead of docked due to administrative shortcomings.

While readiness is very important, the next Secretary must also confront other challenges that face our Navy. For a number of years, many of us have expressed concern about the size of the Navy fleet and the number of ships we are building each year. Last December, the Chief of Naval Operations released an updated force structure assessment which recommended a total fleet of 355 ships.

However, as challenging as it may be to increase the number of ships in the fleet, numbers alone are not enough. This past May, the CNO [Chief of Naval Operations] also released a paper titled "The Future Navy," in which he said in part "more platforms are necessary but not sufficient. The Navy must also incorporate new technologies and new operational concepts." I echo the CNO's sentiments about modernizing our fleet and operational concepts, but it is a goal that you will find faces many obstacles.

By implementing the Packard Commission recommendations years ago, Congress and the Department took the service secretaries out of the chain of command for major defense acquisition programs. The service secretary, however, plays a critical role in the budget and requirements decisions that drive the acquisition programs. As we begin procurement funding for the *Columbia*-class program this year, I believe the Secretary of the Navy will play an integral role in guiding this critical program.

The challenges that the Navy faces are further exacerbated by the budgetary constraints imposed by the Budget Control Act. Left unaddressed, these challenges will limit the Navy's ability to field, train, and equip a modern Navy required to confront the global threats to our country.

I look forward to hearing your testimony on how we can modernize our fleet and improve our cost efficiency of our acquisition process.

Mr. Chairman, thank you for calling this hearing. I look forward to supporting this nomination and working with Mr. Spencer in the future.

Chairman McCAIN. Mr. Spencer, welcome. As I mentioned earlier, if you would like to introduce members of your family who are here today, please proceed so we can interrogate you as quickly as possible.

[Laughter.]

**STATEMENT OF RICHARD V. SPENCER TO BE SECRETARY OF
THE NAVY**

Mr. SPENCER. Thank you, Senator.

First, I would like to thank Senator Warner for his eloquent introduction and his unending service to our country.

I would also like to thank Secretary Mattis for his support and the President for his continuing confidence in nominating me for this position.

At this time, I would also like to introduce my wife Polly, my daughter Averil, my son Pierce, my step-son Joseph who are here with me today.

I too would like to reflect for a minute. The Navy/Marine Corps team was struck last night with a tragedy. Fifteen marines, one sailor perished. I would just like us all to keep their loved ones and their families in our thoughts and prayers as we conduct our business today.

Thank you, Mr. Chairman, Ranking Member Reed, Members of this Committee.

Thirty-six years ago to the month, I was driving through the tomato fields surrounding the landing pads at Marine Corps Air Station, Tustin, California. My trustee steed at that time was a beige 1968 VW bug that carried me out of the gates for the last time as I ended a tour with Marine Helicopter Squadron 161. Headed northbound to the entrance of the Pacific Coast Highway, I can tell you without hesitation that the thought of me sitting before this august group being considered as Secretary of the Navy was not to be found even in the most remotest parts of my mind.

However, during those 36 years, I was educated in financial and operational management, increasing in scope as I progressed through my career. The leadership skills developed in the Marine Corps were strengthened and honed through various positions I held in both public and private sector. I was a student and then practitioner of disruptive technology while being respectful of industrial science. The journey from the gates of Tustin to here has, I believe, provided me with the knowledge and the skill set to tackle the issues at hand.

It truly is a great honor for me to appear before you seeking the confirmation as the 76th Secretary of the Navy. The honor to be here today is magnified by the current state of play in the world today, which is nothing less than a perfect storm. We have been at war for the past 16 years with the operational tempo of the various conflicts in which we are engaged denying us the needed time and resources for modernization and maintenance. Add to that the growing requirements generated by the combatant commanders who are facing continually evolving threats from all corners of the globe, and you have a Navy/Marine Corps team that has been continually engaged and stretched thin.

At the same time, the impact of the Budget Control Act, which gave birth to sequestration, coupled with the inability to produce consistent sources of funding in the form of annual budgets, has produced an environment where, as Secretary Mattis has said, we are no longer managing risk. We are now gambling. We must immediately commence the heavy lifting needed to buttress the effects of the storm in order to build fleet readiness in the near term and

to increase the Navy/Marine Corps capability and capacity in the near future.

Before I answer your questions addressing my ability to lead the Department of the Navy, let me briefly provide you with my views of naval matters.

First, people are our most valuable and most expensive resource within the Navy. The Marine Corps/Marine Corps team, their families, and their civilian teammates have never failed our Nation and they never will.

However, I believe that we are failing them through such actions as the Budget Control Act and continuing resolutions. Due to their determination and patriotism, they have and continue to do more with less. I also believe their diligence, attention to duty, and commitment to putting the Nation and their teammates above themselves has not been reciprocated in all instances. If confirmed, I do not want to stifle their “can do” attitude. I do not want to do that in the least. But I also do not want to send the signal that we are taking it for granted. It is not the Secretary of the Navy nor the Department of Defense nor Congress that is bearing the brunt of this situation. Rather, it is the sailors, marines, our citizen soldiers in the Reserves and their families who are squarely shouldering the burden. All the while, there is a growing demand from the private sector to employ our sailors and marines which puts more pressure on readiness and retention. We must work together to find the resources and the solutions necessary to make the Navy a preferred career.

Second, I believe that U.S. naval superiority is a cornerstone for the foundation of American security and global stability. A maneuverable, forward-deployed Navy/Marine Corps team is an integral element that increases the options available for a whole-of-government solution to situations around the globe. In order to support that mission, we must address the capability and capacity of our fleet forces. I believe the nuclear triad is one of America’s more effective threat deterrents, and the Navy owns the most survivable leg of that weapons system. Therefore, it owns the task to maintain and modernize its component of the triad.

As the Navy steps out to act upon the intent of the President and the Secretary of Defense, it must do so with a renewed rigor and effectively apply the resources granted by you, the Congress, with an enhanced sense of urgency. The organization must analyze all its existing systems and platforms to extract all additional efficiencies while, at the same time, it incorporates the advantages provided by both internal research and development and advancements developed by the private sector. Urgency must be the theme as we enhance our readiness and existing capabilities in order to fight beyond our present capacity, all the while addressing the future build-out of the fleet.

Finally, I believe the organizational construct needed to deliver the aforementioned goals is one that is flat, lean, and agile. It is an organization where those who face and manage critical situations have the ability to make decisions with the full understanding of the responsibility and accountability associated with the outcome.

My business career has been well served by the credo that accountability starts at the top and then permeates throughout the organization. I have also learned that each member of an effective organization must be empowered to put forth changes that will enhance its operational efficiencies. To adapt in the face of competition, the whole Navy team must be engaged. If I am confirmed, I would use a tag line borrowed from the Department of Homeland Security and that I have paraphrased as my guiding principle to change the organization: "If you see something, suggest something."

In closing, let me say that I do not come before you with a preconceived agenda to address the issues facing the Navy and the Marine Corps. I come before you ready to expeditiously assess the current situation, develop the tools needed to enhance its ability to fight, and to deliver on the responsibilities of the office of the Secretary of the Navy, as delineated in title X. If confirmed, I will accomplish this by coordinating the efforts of the Chief of Naval Operations, the Commandant of the Marine Corps, the secretariat and the Senators and Members of Congress through leadership that is grounded in transparency and accountability.

Thank you and I look forward to your questions.

[The prepared statement of Mr. Spencer follows:]

PREPARED STATEMENT BY MR. RICHARD SPENCER

I would like to thank Senator Warner for his very gracious introduction and for his unending service to our country. I would also like to thank Secretary Mattis for his support and the President for his confidence in nominating me for this position.

Thank you Mr. Chairman, Ranking Member Reed and Members of this Committee. It is a great honor for me to appear before this you seeking confirmation as the 76th Secretary of the Navy. The honor is specifically magnified by the current state of play in the world today, which is nothing less than a perfect storm. We have been at war for the past 16 years with the operational tempo of the various conflicts in which we are engaged denying us the needed time and resources for modernization and maintenance. Add to that the growing requirements generated by the Combatant Commanders who are facing continually evolving threats from all corners of the globe, and you have a Navy Marine Corps team that has been continually engaged and stretched thin. At the same time the impact of the Budget Control Act, which gave birth to sequestration, and the inability to produce consistent sources of funding in the form of budgets, has produced an environment where, as Secretary Mattis has said, "We are no longer managing risk, we are now gambling." We must immediately commence the heavy lifting needed to buttress the effects of this storm in order to build fleet readiness in the near term and increase the Navy's capability and capacity, both of which are needed to satisfy the Combatant Commanders requirements.

Before I answer your questions addressing my ability to lead the Department of the Navy, let me briefly provide you with my views of naval matters. First, people are our most valuable and most expensive resource within the Navy. The Navy Marine Corps Team, their families and their civilian teammates have never failed our Nation and they never will. However, I believe that we are failing them through such actions as the Budget Control Act and Continuing Resolutions. Due to their determination and patriotism they have, and continue to, do more with less. I also believe their diligence, attention to duty and commitment to putting the Nation and their teammates above themselves has not been reciprocated in all instances. If confirmed, I do not want to stifle their "can do" spirit in the least, but I also do not want to send the signal we are taking it for granted. It is not the Secretary of the Navy, nor the Department of Defense, nor the Congress that is bearing the brunt of this current situation. Rather, it is the sailors, marines, our citizen soldiers in the Reserves and their families who are squarely shouldering the burden. All the while, there is a growing demand within the private sector to employ sailors' and Marines' which puts more pressure on retention. The Navy must boost its efforts to compete with Corporate America and focus on delivering exceptional educational

opportunities and professional challenges in order to keep this high performing Navy Marine Corps team in place. We must work together to find the resources and the solutions necessary to make the Navy a preferred career.

Second, I believe that U.S. Naval superiority is a cornerstone of the foundation for American security and global stability. A maneuverable, forward deployed Navy Marine Corps team is an integral element that increases the options available for a whole-of-government solution to situations around the globe. In order to support that mission, we must address the capability and capacity of our fleet forces. I believe the nuclear triad is one of America's more effective threat deterrents, and the Navy owns the most survivable leg of that weapons system. Therefore, it owns the task to maintain and modernize its leg of the triad. As the Navy steps out the act upon the intent of the President and the Secretary of Defense, it must do so with renewed rigor and effectively apply its resources with an enhanced sense of urgency. The organization must analyze its existing systems and platforms to extract all additional efficiencies, while, at the same time, it incorporates the advantages provided by both internal research & development and advances developed by the private sector. Urgency must be the theme as we enhance our existing capabilities in order to fight beyond our present capacity while also focusing on increasing the size of the fleet.

Finally, I believe the organizational construct needed to deliver the aforementioned goals is one that is flat, lean and agile. It is an organization where those who face and manage situations have the ability to make decisions with the full understanding of the responsibility and accountability associated with the outcome. My business career has been well served by the credo that accountability starts at the top and then permeates through the organization. I have also learned that each member of an effective organization must be empowered to put forth changes that will enhance its operational efficiencies. To adapt in the face of competition, the whole Navy team must be engaged. If I am confirmed, I would use a tag line borrowed from the Department of Homeland Security, and that I have paraphrased, as my guiding principle to changing the organization: "If you see something, suggest something."

In closing, let me say that I do not come before you with a preconceived agenda to address the issues facing the Navy and the Marine Corps. I come before you ready to expeditiously assess the current situation, develop the tools needed to enhance its ability to fight, and to deliver on the responsibilities of the office of the Secretary of the Navy as delineated in Title X. If confirmed, I will accomplish this by coordinating the efforts of the Chief of Naval Operations, the Commandant of the Marine Corps, the Secretariat and the Senators and Members of Congress, through leadership that is grounded in transparency and accountability. Thank you, and I look forward to your questions.

Chairman MCCAIN. Well, thank you, Mr. Spencer.

I was just on a trip with several of my colleagues, Senator Warren, Senator Perdue, Senator Graham, Senator Whitehouse, and among other places that we spent the Fourth of July, as I have for many years, in Kabul and outside of Kabul with the men and women serving in the military, among a number of events that we do with them for Fourth of July was to do a town hall meeting with a large number of men and women who are in uniform.

Senator Graham, as happens once every decade, asked a very astute question. He asked how many in the room were there for more than the first time in Afghanistan. The majority raised their hands. He said how many have been here more than twice. The majority raised their hands. He said how many have been here three times. A significant number raised their hands.

In other words, to me it was something that was a graphic demonstration of the incredible burden that our Active Duty military has been bearing over the last 15 or 16 years. They are brave. They are proud. They are the best maybe we have had in a long, long time. But they are not fully equipped and they are not fully trained and they are not given the authority and responsibility that they need in order to win this conflict. The fact is in Afghanistan we are

not winning. We are not winning. No less than our military commander in Afghanistan will tell you that is a fact.

That has to be turned around. We cannot ask these young men and women to keep going over there with a strategy that in order to defend an ANA, Afghan National Army, garrison—in order to defend itself, it has to have permission from somebody in the White House on the National Security Council staff. I am exaggerating a bit, but the fact is that if you ask any of these young men and women who have been there and there and there, they will tell you that they can win this fight but they have got to have both the equipment and the authority to do so. It is not that they are not well led. They are. It is not that they are not capable. They are. But it is a “don’t lose” strategy which is epitomized by the former President’s speech at West Point where he said we are going to surge and we are going to increase the number of troops there, and we are going to win. By the way, we are leaving on a certain date. If you are Mr. Baghdadi and you hear that, I think the conclusions you draw are obvious.

We have got ships that are stuck at the pier, two nuclear submarines that have been sitting at the pier for over a year because of lack of spare parts. Sixty percent of our F-16’s are grounded. The list goes on and on and on and on. It has got to do with the Budget Control Act, one of the greatest acts of cowardice ever enacted by the Congress of the United States.

How serious do you think the problem is, and what do you think we need to do?

Mr. SPENCER. Senator, I believe it is probably one of the most serious issues that we are facing right now for national security. The Budget Control Act has wreaked havoc with our readiness, the impacts on the lives of our sailors and marines.

Doing the office calls that I had with you all, I find great comfort and excitement in the fact that everyone is leaning in on this issue. There is a lot of heavy lifting that has to be done. There is a lot of cheese moving that has to be done. We have to streamline processes. We have to address capabilities. I believe that is number one on the issue. If you look my priorities, they are people, capabilities, and process to address these and provide—apply the resources that we have for the down payment on readiness and move forward into building out the fleet.

Chairman MCCAIN. Well, on your third one, the process, probably the greatest source of frustration to Members of this Committee on both sides is the continued cost overruns associated with acquisition. A few years ago in 2013, I asked a former Chief of Naval Operations who was responsible for the \$2 billion—\$2 billion—cost overrun on the USS *Gerald R. Ford*. He said he did not know. When I asked a former Air Force Chief of Staff about the F-35 cost overruns, he did not think anyone had been fired.

What are we going to do about this?

Now, 2 years in a row now, we have held people accountable. We put the service chiefs in the mix and made them responsible. We have taken a number of measures to hold people responsible. But how is it we have reached a point where you can have a \$2 billion cost overrun on an aircraft carrier, one ship—one ship, a \$2 billion cost overrun—and no one is responsible?

Mr. SPENCER. Senator, my career has been steeped in accountability, and I can tell you right now that the accountability starts right here. The way that we address this is through behavioral management. You reward positive events, and you have other tools at your disposal to take care of projects that are not performing. You make this very transparent. I am going to be coming before you all asking for resources, but I also have to have my decks clean to make sure those resources and the treasures of the American taxpayer are put forth in a fiduciarily prudent manner.

Chairman MCCAIN. Do you know of anyone who has been fired from their job because of cost overruns?

Mr. SPENCER. Not yet, Senator.

Chairman MCCAIN. Senator Reed?

Senator REED. Thank you very much, Mr. Chairman.

Thank you, Mr. Spencer, again for your service already and your commitment to serve the Navy.

You reflected in your opening statement the critical nature of the triad and the fact that the Navy is the leading edge of that with the *Columbia*-class program. The CNO has called it the Navy's top modernization priority. I assume you feel the same way?

Mr. SPENCER. Most definitely, Senator.

Senator REED. I think in the spirit of the conversation you had with the Chairman is that one of the things we want to do is make sure that program stays on schedule and on budget or below budget. Both General Dynamics and Ingalls have done a remarkable job with the *Virginia*-class, keeping them ahead of schedule with each new boat and making sure the budget is sound. We want that same tradition, and I know you want that same tradition with *Columbia*.

Mr. SPENCER. Most definitely, Senator.

Senator REED. Thank you.

As I mentioned before, not only do we need more ships, but we need new operational concepts and new technologies. I wonder if you have given any thoughts from your discussions with the former Secretaries or with the CNO about what areas you see that you could collaborate with the CNO on.

Mr. SPENCER. I have, Senator, starting out with just the acquisition process itself. I think if you heard what I laid out in my priorities, we now have I believe—we did a study at the Defense Business Board—32-plus layers of people needed to sign off on an acquisition process. That did not involve major platforms. We have to allow the people who have the education and the intelligence to make acquisitions and to face off problems to provide the solutions. They have to know and be responsible for the outcome and be accountable for it. I think that is one of the biggest steps forward we make right off the bat.

Senator REED. Are there any technologies—given your extensive experience with the Defense Business Board, any technologies that you think could be—sort of break the mold and a leap-ahead approach?

Mr. SPENCER. Most definitely, Senator. People have asked what do you think of the 355-ship Navy, and I said it is a great goal to have. I cannot tell you what the construct of that would be sitting here today because I think unmanned, both below the water, on the

water, and in the air, is an area we are just beginning to chip away at. That is going to provide some great yield for us.

Senator REED. Thank you.

There is another aspect of this whole technology, that is, to operate more efficiently. One of the major constraints going back to the age of steam is fuel, so energy efficiency from an operational standpoint would seem to be a critical aspect. Are you going to continue the efforts of the Navy? They have done some remarkable things in terms of alternate energy, fuels, et cetera.

Mr. SPENCER. It is, I believe, if confirmed, my responsibility as the Secretary of the Navy to explore any and all avenues that provide us longer legs, less of a tether to fuel sources. That goes across the board for technologies also.

Senator REED. We have all indicated—I do not know what the right word is—the discomfort, if you will, with the Budget Control Act. But I think it has reached a point now where our complaints are important, but do you think it would be helpful if the President made a major address to the country and a major proposal of how to resolve this? I do not recall very much of his comments on the BCA.

Mr. SPENCER. I believe we all have to come together as a country to address this. It is devastating what it is doing to us. If we look back at when it was created, it was in my eyes a bluff card that was to bring everyone together, and all of a sudden, the bluff was called and BCA was put into place. We all have to get behind this. I look forward to working with all of you and doing whatever we can to educate the American voters as to what is going on with the BCA and how it is affecting us.

Senator REED. I concur. Again, the bully pulpit is one or at least one major one. I think we need some direction, some guidance not just an exhortation to do better but a plan to actually get it done.

Mr. SPENCER. Agreed.

Senator REED. I thank you, Mr. Secretary. As I said in my comments, I look forward to working with you.

Mr. SPENCER. Thank you, Senator.

Chairman MCCAIN. Senator Inhofe?

Senator INHOFE. Whatever happened to the 1968 beige Volkswagen?

Mr. SPENCER. Senator, I wish I could keep it. It would probably be worth more than the car I am driving now.

Senator INHOFE. You know, one of the things that I have been very proud of our uniforms is the fact that they are, for the first time at least in my years that I have spent here both in the House and the Senate—they are talking about the threat that is so real out there. You and I talked. By the way, thank you for the time that you gave not just me but everyone I have talked to has had a long visit with you. We all know pretty much where you are coming from.

I mentioned this to you in my office that it is the first time that I have seen the uniforms come out and talk about this unprecedented threat that we are facing right now and why it is a threat. When we stand on the stump and talk about this, we do not have the credibility of someone in uniform. It goes all the way up to the Secretary level. I am sure that you are going to be talking about

that. You are not going to shy away from the reality of the level of threat that we have.

The news reports that North Korea has successfully tested an ICBM capable of ranging to the United States, coupled with the nuclear program. It now poses an imminent threat to the United States. In one of our hearings, we had General Stewart, DIA Director, going so far as to say it is not a matter of if, it is a matter of when.

I would hope that you would elaborate as much as some of the rest of them are in joining in because we are not going to get the attention. We all are talking about sequestration. We are talking about the problems that we are having. We remember when in 1964 that 52 percent of the entire budget was defending America, and it has been steadily going down since that time. So it is going to take a kind of resurgence of people at the top letting them know that times are not the way they used to be.

Right now, we have a mentally deficient individual running a country that is totally unpredictable. We have had hearing after hearing, and that is the one thing that the top people in the military say that it is totally unpredictable.

In our Readiness Subcommittee that we had in January, going back to January, Admiral Moran said that the Navy has as readiness debt that will take years to pay down.

In your advance policy question response, you wrote our highest priority is to address the fleet-wide readiness by strengthening and leveraging our capabilities. Is there anything you want to say about that now that has not already been said in response to the questions from my predecessors?

Mr. SPENCER. Senator, I will tell you that shying away from issues at hand is not something that I do well. If I am confirmed, I truly believe the whole focus of my work would be the pointy end of the spear, and we are going to stand up and make sure that not only working with you all here in this chamber but going out into America and letting Americans know what the real issue is.

Senator INHOFE. I would like to ask you a question on shipyards and depots. The Navy's recent aviation readiness challenges have been well documented. As the Chairman said, we have—what—62 percent of our F-18's are unavailable due to maintenance problems. How do we solve this? We are looking into the future and we are looking right now at a problem that is there today. Do you have any ideas on the first thing you are going to do?

I also want to mention the whole idea of maintaining an organic capability—I remember when I was first elected, we talked about it was an arbitrary 50/50. I thought surely we can do better than that, but no, we are still 50/50. Quite frankly, I think it has worked pretty well. What do you think about the handling of the depots and about our organic capability?

Mr. SPENCER. Senator, it is a very interesting balancing act, I believe, that we have to address. When it comes to industrial capability, I can separate aviation and shipbuilding, and I will address shipbuilding first where we have lesser of numbers of providers. I do not say we glad hand people at all, but industrial science says that the most efficient way to produce is to have a clear line of sight to resources. In this chamber, I believe we can address that.

We have to work outside the chamber I think to work with some of our providers to ensure that they are providing us the best long-term, sustainable relationship we can have to deliver equipment in the most cost effective, quick manner we can.

Senator INHOFE. Lastly, I would just say that you addressed the 355-ship issue, and I am sure you have given some thought to what would be the appropriate personnel end strength for a fleet of 355. Looking into the future, I would assume that you would be starting to address that now while we are addressing the great threat that currently faces us.

Mr. SPENCER. Yes, Senator. If we take the full gambit of what is available to us to tackle the 355-ship goal, we should be thinking outside the box. We should be thinking possibly bringing things out of the ready reserve. We should be looking at ways to construct better, faster, cheaper. We will be looking at a frigate down the road. All of this capacity increase will require manning. So there will be some numbers that have to be adjusted going forward for end strength.

Senator INHOFE. Sure.

I look forward to working with you.

Mr. SPENCER. Thank you, Senator.

Chairman MCCAIN. Senator King?

Senator KING. Thank you, Mr. Chairman.

Mr. Spencer, welcome to the Committee.

I think you will be pleased to know that an amendment was adopted during our recent markup of the defense bill sponsored by myself and Senator Cotton, affectionately known as the King-Cotton Amendment, that calls for the unconditional repeal of the Budget Control Act. So this Committee is on record. I think, following up on Senator Reed's questions, it would be very helpful if you could, in your capacity as Secretary, assuming you are confirmed, to work with the administration to impress upon them the importance of this issue and the really critical role that it is playing in undermining the readiness of our forces. I commend that to you as a suggestion.

You used the term "disruptive technology," and then later on you mentioned in your work on the Defense Business Board that there were 32 layers of the acquisition process. How in the world do you incorporate disruptive technology having to go through 32 layers of approvals?

Mr. SPENCER. It dies fairly early probably on layer 2, Senator. So you have to actually address, as I call it, the behavioral management of how we are going to think and act in our actions. If in fact you provide people the latitude to make decisions and the span of control actually expands and hierarchy contracts, but again you have to tie this to accountability and responsibility.

Senator KING. Following up on the Chairman's questions and his concern about this issue, I would urge you to get together with your colleagues and step back and really look at the acquisition process in a fresh way given the imperative of technological incorporation in a speedy way and think about how do we get on a war footing when we were making destroyers one every 2 weeks and airplanes one every 15 or 20 minutes, as we were during World

War II. How do we get a sense of urgency into this process? I think you would be a great person to lead that given your experience.

Mr. SPENCER. Senator, my analogy that I have been using just in talks prior to this meeting is that we are looking at October of 1957 and Sputnik has just flown over our head. The technological gap and our production gaps are shrinking compared to our one-on-one competitors, and we need to get a sense of urgency, get on the forward foot and use all resources available to us. This is what makes this job exciting in my eyes.

Senator KING. One of the lessons from that era—for example, President Kennedy saying we are going to put a man on the moon in 10 years—is to have goals even though they may be audacious, but to have specific goals and say this is what we are going to achieve.

A different line of question. Do you have any idea of the retention rate in the Navy, what our loss rate is of these highly trained sailors and marines?

Mr. SPENCER. I do not know the exact number, Senator, but I know it is of concern.

Senator KING. It seems to me that might be an area of rich usefulness to investigate because if we can retain someone rather than recruiting and training new people, that would be saving taxpayers' dollars and it would also be retaining the expertise that we need. I commend that to you as an area of focus.

Mr. SPENCER. Another great area of excitement in my eyes, Senator. As I stated in my opening statement, the human capital section of our budget is our most expensive and our most valuable, and we have to work and extract the best practices from the private sector in areas of how we can keep people and make the Navy—

Senator KING. Every pilot and mechanic we can retain is one that we do not have to spend \$1 million to train.

The final area. We talked a bit about procurement and cost overruns. We have had multiple hearings before this Committee on the *Ford*, on the F-35, on other programs. One of the things that comes through is trying to build things before they are fully designed and before the design is mature and tested. We just approved a 15-ship multiyear for the DDG Flight III, which the Navy wants, we want, everybody wants. The question is is that design fully mature. Not one has yet been built. I hope that is an area that you will look at in your work. I, representing a State that builds these ships, want them built as soon as possible, but I also do not want to repeat some of the mistakes that we have seen with the *Ford* and the F-35.

Mr. SPENCER. Senator, on behalf of the Navy, I would like to thank your efforts, Senator Collins' efforts, everyone's efforts in this building for providing us an increased capacity. If you would allow me the time to spool up and get up to speed on the direct issue at hand, I look forward to coming back to you with a granular answer.

Senator KING. Thank you.

Thank you very much, Mr. Chairman.

Chairman MCCAIN. Senator Ernst?

Senator ERNST. Thank you, Mr. Chair.

Thank you, Mr. Spencer, for joining us today. I truly do appreciate it and your testimony.

I would like to start by just asking you some simple yes or no questions, if I may.

Do you commit to cutting wasteful spending and making it a priority?

Mr. SPENCER. Yes.

Senator ERNST. Do you commit to working with me to combat and prevent military sexual assault and retaliation in the Navy and the Marine Corps?

Mr. SPENCER. Most definitely.

Senator ERNST. Will you provide me with advance notice should changes to the gender integration policies be considered?

Mr. SPENCER. I will.

Senator ERNST. Do you commit to upholding an unbiased and transparent approach throughout the acquisition process?

Mr. SPENCER. I do.

Senator ERNST. Absolutely. Thank you so much.

I appreciate the fact that you took some time last night—excuse me—last month to sit down and visit with me about the needs of the Navy and the Marine Corps. One thing that I was very encouraged about is the fact that you said in order to move the needle, we are going to have to perspire a little bit. I do not want to speak for other Members in Congress, but I will say that I think here on this Committee we are ready to perspire a little bit and get things moving.

If you could, if you are confirmed, how do you envision the Department's relationship with Congress and what is your plan to enhance that relationship? How do we work together to move that needle?

Mr. SPENCER. Senator, from the time I left the Marine Corps and entered the private sector, I have reported to either, quote/unquote, my bosses, and then as I progressed on my career and ran companies, I still reported to a board of trustees or a board of directors or an executive committee. That is the way I have been trained. It works the best. It has been proven to work the best.

I look to you all as the board of directors. You are my, quote/unquote, partners in this—senior partners I agree—and I look to you for guidance and direction. We are going to have to work together in lockstep to tackle the problems that we have. We are going to be asking for a tremendous amount of resources. We are going to be moving a lot of cheese. We are going to be trying to streamline an organization all simultaneously. We might all off the bicycle every now and then. I will be completely transparent and tell you when we have fallen off the bicycle and hopefully tell you before we do. But I mean I want to manage expectations in an open, transparent manner.

Senator ERNST. I appreciate that very much.

As you know, we did talk a little bit about this, but I am sure you know that our aircrews continue to experience physiological episodes in high performance aircraft, the F-22, the T-45, F-18, and now the F-35. Yet, we still have not found a fix for that. A few weeks ago, the Air Force announced it was testing sensors for

the F-35 Alpha that actually monitor pilots' inhale/exhale gases and automatically activate emergency oxygen if there is a problem.

This is something that I have recommended to both the Air Force and the Navy leaders in past hearings. I am very pleased that they are finally taking action.

If you are confirmed, do you commit to finding solutions to this problem, and how would you ensure that these solutions are shared across aircraft and service branches so that we do not repeatedly see the same costly problems undermining our warfighting capabilities?

Mr. SPENCER. I will commit to you, Senator, it will be a top priority. To address the second part of your question, our studies at the Defense Business Board—one of the things that became readily apparent, at least in my career on the board, was the building is an amazing problem-solving machine. Some of the problems that result from the problem-solving is no one either sunsets the solution or they do not actually share the solution amongst the building. It is fairly siloed. I believe that working with my fellow service secretaries, if confirmed, that is one of our key issues is to start sharing best practices.

Senator ERNST. Very good.

Finally in my remaining time, we have talked a little bit about the number of ships. I guess I am not so concerned about the number of ships, just to ensure that those platforms are doing what they should be doing. But the types of ships are important as well in making sure that we have an optimal Navy and a Navy that will also support our Marine Corps. We know that the Marine Corps has been playing a critical role most often in an infantry type role. We see them in the desert quite frequently. But amphibious ships seem to be an afterthought.

Can you just explain to me what your direction might be in making sure that amphibious ships are included in the discussion when it comes to the number and type of ships that we have?

Mr. SPENCER. Most definitely, Senator. If you look at what the Navy/Marine Corps team is inherently, it is our forward-deployed force. To effect that forward deployment in the most effective manner, we have to have the amphibious ships for the Marine Corps.

Senator ERNST. Thank you for your time. Thank you.

Thank you, Mr. Chairman.

Chairman MCCAIN. Senator Kaine?

Senator KAINE. Thank you, Mr. Chair.

Thanks, Mr. Spencer. I applaud you for your nomination and congratulate you for it. You are very qualified for this position. I look forward to supporting you. My friend, John Warner's support for you did not dissuade me from my initial inclination. I look forward to working together with you.

Before I ask you a question or two, I just want to put on the record a concern I have. As Secretary of Navy, you will set a tone and one of the tones you have to set is that everybody who comes before us is scrupulously candid in answering questions.

At the most recent hearing of the Seapower Subcommittee, a public hearing that we held just within the last couple of weeks, I asked Admiral Leshner a question. There had been a Bloomberg article about the President's budget coming to us with funding for

a second LCS, and the Bloomberg article that came out on the 19th or 20th of June said that part of the funding for the second LCS was going to come through a \$325 million reduction of funding for aircraft carrier overhaul.

I asked Admiral Leshar this question in that public hearing. I am a big LCS fan, but my understanding from the article is part of the funding for that second LCS is going to be reducing aircraft carrier overhaul by \$300 million. Is that accurate? If that is so, give me context as to why that is a good idea and what it would mean.

His answer, Admiral Leshar, yes, sir. I will not speculate on what will be in the OMB submission to you, but I will tell you that what you just cited is inaccurate. It would not be a source coming out of aircraft overhaul.

Are you familiar with the Bloomberg piece that he just referenced? As far as you now, is that not an accurate article?

Admiral Leshar, correct. That was his testimony to me.

I was very surprised just a week after the hearing to get the President's budget submission, June 29th, and \$325 million is being moved from aircraft carrier reactor to support a second LCS. I think that is exactly the question I asked him. He told me that the money was not coming from that and that the article was inaccurate. I have yet to get an explanation for why he testified to that.

We are all big boys on this Committee. We are big boys and girls. We are used to getting answers, and some answers we like and some answers do not like. But we do depend on getting candid answers. I hope that that will be a tone that you will set as Secretary of the Navy for all witnesses who would appear before the Committee, that they would not try to hide the ball or play semantic games with us, that they would endeavor to answer the questions that we have.

Mr. SPENCER. Senator, in my eyes, we cannot afford to do that. So I will support transparency and accountability. It is going to be the tone set at the top.

Senator KAINE. Thank you for that. If the tone is set at the top, that message will be very clear I am sure.

A 355-ship Navy. I just want to ask you about this because we did an amendment in the NDAA [National Defense Authorization Act] process to state as a concept that this Committee supports it. I think it would be a good thing. You talked about grappling with what the ship mix is, and let me just talk about two aspects of what it would mean.

Three hundred fifty-five ships. That is a number, but surface, underwater, manned, unmanned. I mean, there is a lot of work to do to determine, if we are to be at 355, what the right ship mix would be. Correct?

Mr. SPENCER. Correct.

Senator KAINE. Then the second issue is it is not just about shipbuilding. I mean, to the extent that we are talking about ships, we are talking about personnel. To the extent that we are talking about aircraft carriers, we are talking about airwings. Talk a little bit about, so we can think about what this commitment might mean down the road for our Committee as authorizers, what are some of the bigger questions in addition to just the numbers of

ships that we are going to have to grapple with together with you if we try to reach that goal.

Mr. SPENCER. Senator, to address the second of my priorities, which is capability, I agree with you. Three hundred fifty-five is a good number for people to focus on. Do we know exactly what the mix is? I think since we are talking out a decade, we might not know and we should not know right now because we have evolving technologies.

What I will tell you is that whether it is a 355-ship or not, what we also ought to get our head around is can we have a capacity number but have a capability that is even greater than that, so have the capability of a 355 that might be a 300-ship Navy. I am just speculating now, but that is the concept that I would like to work with you all on is where we go for our capabilities because that is where the punch is. If in fact technologies allow us to have different platforms, some that we might not even know of right now that will develop in 5 years, we should keep our eyes and ears open to that. I look forward to working with all of you in the chamber here on those type of issues.

Senator KAINE. Great. Thank you very much.

Thanks, Mr. Chair.

Chairman MCCAIN. Senator Cotton?

Senator COTTON. Mr. Spencer, congratulations on your nomination and thank you for accepting the call of duty of your country once again.

I want to associate myself with the remarks of Senator King about the amendment to the National Defense Authorization Act on the Budget Control Act. The Budget Control Act must be repealed. It has not worked. It has not restrained spending and it will not in the future. I think we all know exactly what will happen if it goes forward. We will have a continuing resolution in September. We will have some 2-year budget that does not restrain spending in November, and then we will have an omnibus in December. We will have another omnibus in December of 2018. Then the whole thing will be started over again in 2019 and 2020, all for a bill that no one from Senator Fischer to my right and Senator Donnelly and to his left voted for. The 112th Congress was not the Constitutional Convention, and the Budget Control Act is not the Constitution.

My question, just to be clear, is can you build a 350-ship Navy if the Budget Control Act remains in force.

Mr. SPENCER. No.

Senator COTTON. Thank you for that.

Is the President's budget request sufficient to build that 350-ship Navy if the Budget Control Act is repealed?

Mr. SPENCER. It would depend upon the timeline you would be giving the future Secretary of the Navy as a goal.

Senator COTTON. Thank you.

I have to say, Mr. Spencer, that the morale and welfare of sailors and marines is of utmost concern for me. Your predecessor displayed what I think is questionable and, indeed, strange judgment on some matters that left him as one of the most unpopular service secretaries in the modern era. Just to go through a few of those decisions, he politicized the naming of U.S. Navy ships. He made

some very strange changes to the Navy uniform that caused a revolt among female sailors. He publicly dismissed official reports about combat effectiveness of mixed gender units without even having read them, by his own admission. He dumped the Navy's ratings titles, some of which like boatswain's mate and gunner's mate had been around for 200 years. He has tried to power Navy fleets with unproven, expensive, and inadequate fuel alternatives based on current technology, in some cases at a cost of \$28 to the gallon. He questioned the character and integrity of marines who dared to disagree with some of these policies.

I think it is unfortunate that you have inherited this legacy, and it is going to make it somewhat hard as you start out to restore the credibility of the secretariat. But do you think making these kind of changes is going to enhance the Navy's ability to deter war and, if necessary, fight and win a war?

Mr. SPENCER. Senator, I testified before this Committee, I believe in 2015, that it was my belief that the Department of Defense, specifically individual services, was not to be a Petri dish for social experiments. I totally believe that policy should be developed at the DOD level and then discussed and socialized and deployed and then obeyed. We have to work together, including all our service people, to make sure that they are given what they need, whether that be spiritually, whether that be psychologically, whether that be materialistically to fight forward so readiness is the key and lethality is the product.

Senator COTTON. Thank you for that answer. I agree. I think pretty much every sailor and marine that you will have serving underneath your leadership would agree that our foremost priority has to be to deter our Nation's adversaries and fight and win our Nation's wars, where necessary.

I want to turn to a particular matter in the time I have left, Mr. Spencer. Last month, the Navy revoked the license of a contractor that they had long used to do base security for civilian vendors. The change was sudden and concerning to me. After incidents of shootings and terrorist attacks on military installations, I am concerned that the Navy is fixing something that is not broken. Could you please be sure to review the contracting plan for base access and get back to me about why the Navy took this action and what its plans for base security going forward are?

Mr. SPENCER. If confirmed, Senator, I will.

Senator COTTON. I do not want you to do anything that would presume confirmation, even though it seems like a pretty good bet so far this morning.

Thank you, Mr. Spencer, again for your willingness to serve our country.

Mr. SPENCER. Thank you, Senator.

Chairman MCCAIN. Senator Strange?

Senator STRANGE. Thank you, Mr. Chairman.

Mr. Spencer, welcome to the Committee today. It is an honor for me as the newest Members of the Committee to be here and to get to meet Senator Warner who served with such distinction over many years. It was a pleasure. I want to thank you too for your willingness to serve.

I want to add my condolences to the families that suffered the tragic loss of the 15 marines and sailor yesterday.

I too enjoyed the time we got to spend together in my office. I appreciate your comments on the need to keep a robust industrial base active. In order to achieve the 355-ship Navy, we have to have consistent workflow through our Navy yards. Of course, Austal is in my State, but there are many others around the country who are facing the same situation.

Let me ask you one question about testimony that Admiral Leshner gave to the Seapower Committee just 2 weeks ago I believe that we must increase our procurement of helicopters like the Seahawk to meet the needs of a much larger presence. My question is, do you share this view, and can you just simply commit to the Committee that if you are confirmed, that you will take a close look at our helicopter force structure as we grow our Navy? I know helicopters are of particular interest to you given your previous service to the country.

Mr. SPENCER. Senator, I will commit because we have to look at all resources necessary to fight the wars. Yes.

Senator STRANGE. Thank you very much.

I would like to wish you the best really in the time I have as you take on this critical position, assuming your confirmation.

I appreciate your previous comments on sequestration, budget caps. I share the concerns of our Chairman and my colleagues on the Committee about the disastrous way we go about things. As the newest person in the Senate, it is shocking to me. I certainly was not here like most of my colleagues when the Budget Act was passed. So we will do our job, I hope, to correct that for you going forward.

I want to thank you again for your service, and I look forward to working with you once you are confirmed.

Thank you, Mr. Chairman.

Mr. SPENCER. Thank you, Senator.

Chairman MCCAIN. Senator Rounds?

Senator ROUNDS. Thank you, Mr. Chairman.

Mr. Spencer, first of all, thank you for your service to our country.

I did appreciate the opportunity to sit down and to visit with you in our office. I find the opportunity to visit in advance to be very, very helpful.

I am curious and I would like to have you share a little bit of information about the state of our depots. In particular, I have heard anecdotally that the effectiveness of depot-level aviation maintenance is inconsistent across the Services. If confirmed, will you commit to exchanging such best practices with other services?

Mr. SPENCER. Senator, again, right in the wheelhouse, we have to share best practices, and if confirmed, the mantle that you will hear coming from the Navy is working with other service secretaries to find out where they are extracting the best efficiencies and what we can adapt, and if in fact we are doing something with great efficiency, we will share with the other services too.

Senator ROUNDS. I think this is something which is critical because right now you have got responsibilities for the service of aviation assets. Some depots seem to have a better handle on how

they are doing it than others. Most certainly there are different approaches to having this being done. I think it would be beneficial for the different services to have established a best practices approach in those areas in which they have similar responsibilities and opportunities to improve. I appreciate your willingness to move forward in that type of a process. Thank you for that.

In 2010, as part of the Defense Advisory Board, you proposed the closure of DOD commissaries in the United States under the banner of saving taxpayers \$1 billion per year. As you know, this measure was never adopted. What was the biggest lesson that you learned about your experience with the restructure proposal?

Mr. SPENCER. It was an interesting proposal. I mean, it was an interesting study and it never became a formal proposal, but it ended up in the "Washington Post."

What we were working under the banner there was something that the Commandant quotes as quicker, better, faster. If we could provide a service to our uniformed members and retirees that was equal or better at a more efficient manner, more efficient price, why would we not look at it? We had a solution provided by one of the major logistic companies that is in the soft good business.

It was a fascinating experience for me to find out how the building works and how the society works that is the DOD. You have to pace yourself in certain areas, but again, when it comes to—if I am confirmed, I will look everywhere in the Navy under every single rock where we can find efficiencies. When I shared with you that we are going to have to work lockstep together with the Senate Armed Services Committee, there are going to be some big boulders we might have to move.

Senator ROUNDS. There is a difference between finding efficiencies and simply reducing benefits. I just want to walk into this a little bit. In light of that 2010 recommendation to restructure the Department of Defense commissary benefits in the United States, what will be your philosophy regarding personnel benefits, should you be confirmed by this Committee?

Mr. SPENCER. Senator, a learning lesson that will give you insight into my thoughts, if confirmed as Secretary, was more our study on the modernization of the military retirement system. When we rolled that program out, our study out, there was quite a bit of feedback. In fact, one of the veterans service organizations was nice enough to publish my home email and my home phone, and I took 127 phone calls. It was fascinating once you got through anger and frustration and you started talking to people and you came with the following approach. You have a dollar to spend on your benefits. Your retirement costs 60 cents. Your health care costs 40 cents. Your commissary costs 15 cents. Your morale and welfare costs 7 cents. Where do you want to spend your dollars? I believe if we can provide a value association for the benefit received and also understand from our servicemembers what they value, I think we can come to some good conclusions without any erosion in benefit performance.

Senator ROUNDS. One last question. Do you agree that the F-35C and its fifth generation capabilities are needed for the airwing now and in the future?

Mr. SPENCER. Yes.

Senator ROUNDS. Thank you.

Thank you, Mr. Chairman.

Chairman MCCAIN. Senator Tillis?

Senator TILLIS. Thank you, Mr. Chair.

Mr. Spencer, thank you. I am sure if you had a Fitbit on for the past couple of weeks, you have put on dozens of miles because I have seen you all over the building, and I appreciate you being so accessible.

I want to follow up on the F-35 question. In your responses to questions for the record, there was a question asked about directing a reassessment of the Department of the Navy's total program procurement for the F-35's. I am not sure what precisely was thought about in terms of a reassessment, but you said review and I think in response to Senator Rounds' question you do believe it is a very important part of our arsenal. Can you talk a little bit about what you think a review or reassessment would actually yield?

Mr. SPENCER. I believe that when it comes to a critical weapons platform, there ought to be a continual focus on delivery of the actual aircraft or the weapons system, whatever the case may be. When we make a decision to buy a platform, it is not autopilot after that. My response in that case was that this is a continually ongoing attention to the actual acquisition and the acquisition process itself.

Senator TILLIS. Thank you.

I want to go to another response related to BRAC, and I think that you said that you thought it made sense for us to consider another round in BRAC. Can you think of anything, in particular as it relates to within your lanes, that a BRAC would actually yield?

Mr. SPENCER. Senator, from my—I do not want to call them briefings, but just my knowledge gathering over the past couple of months, I believe the Navy is probably in fairly good shape when it comes to utilization of assets. To the point if in fact we grow to a 355-ship Navy, you cannot give away waterfront property. It is very expensive to get back. In the same token, I believe that we should continually review the value of our assets and our return on investments and infrastructure just as a case of being.

Senator TILLIS. Thank you.

My final question. You mentioned, in response to some of Senator Ernst's questions, that you view us as a kind of board of directors, and I like that analogy. I have used it myself here. But we know that senior managers, particularly in board meetings, the best ones will come in and be very direct and forthright with respect to board policies or actions that are making your job more difficult. I want to tie that into the perspiring line of questioning too.

When confirmed or if confirmed—I intend to support your nomination—what things do you think you have got to come before this board of directors and say we have to change as a matter of policy, as a matter of consistency? We all know that sequestration has to go away. But what more do you really need to put—where do you think you are likely to put us out of our comfort zone?

You were actually spared, only because I forgot to bring it, the 680-page RFP that I bring, over 10 years to define a handgun, next generation handgun. My guess is, as we go through that, some of

those, a few hundred pages, are because we told you all to do things a certain way. How are you going to help us actually streamline, free up those resources for the right purposes in DOD and, in your case, within the Navy?

Mr. SPENCER. Senator, when I originally said that we are going to work together, this is a fine example. Let us take acquisition. If in fact we have a large platform weapons program, one of the things that I might propose is that we have the program executive and the program manager stay in place for the first generation of production.

Senator TILLIS. Have their job depend on it?

Mr. SPENCER. Have your job depend upon on it. But also that kind of flies in the face of up and out. So we are going to have to adjust some situations here on how we promote people and if we are going to expect this out of them.

So, yes, coming to you with various situations that you can help us with to clear maneuvering lanes would be greatly appreciated.

Senator TILLIS. I look forward, after your confirmation, to perhaps you coming back here and coming up with a long list of things that we need to do differently so that your job can be easier to achieve.

Mr. SPENCER. Thank you, Senator. I look forward to it, if confirmed.

Senator TILLIS. Thank you.

Chairman MCCAIN. Senator Warren?

Senator WARREN. Thank you, Mr. Chairman.

Thank you to our witness for being here.

Before I begin, I want to join my colleagues in offering my deepest condolences to the families and loved ones of the servicemembers who died in yesterday's crash of a transport and refueling aircraft. Our thoughts are with them and the entire Navy and Marine Corps family.

Now, Mr. Spencer, in recent years, there have been a number of reports of workplace safety violations at the private shipyards that the Navy relies on to build its fleet. In fact, according to federal labor statistics, shipyard workers face an injury and illness rate that is roughly 80 percent higher than the construction industry generally. The list of reported injuries and violations that these workers are exposed to is bone chilling: amputation, electrocutions, suffocation, falls, explosions, chemical burns, cancer-causing fumes. The Navy is spending hundreds of billions of dollars at shipyards where workers are routinely injured and maimed because of lax safety standards.

But a Navy spokesman responded to those concerns by saying—and I am going to quote the spokesman—we are not the overlords of private shipyards when it comes to workplace safety.

Mr. Spencer, do you agree with this attitude?

Mr. SPENCER. No, I cannot, Senator. I truly believe as we go forward in today's environment—and we are talking about, in the case of shipbuilding, amping up the production and the throughput, we have to have a sustainable environment. That does not support a sustainable environment. I would hope it would be a whole-of-government solution. I think that OSHA is probably involved. But

we look forward to making sure that we are good stewards of resources.

Senator WARREN. Good. Do I hear you saying that, if confirmed, you will commit to looking into how the Navy tracks and monitors workplace safety violations at the shipyards that it is doing business with?

Mr. SPENCER. Yes, Senator.

Senator WARREN. Good. You know, we are talking about growing the fleet to a 355-ship Navy, which would result in considerably more volume at many of these shipyards, and I think the least we can do is make sure that American workers who are employed in those shipyards and are building those ships are afforded reasonable protections going forward.

Mr. SPENCER. I concur, Senator.

Senator WARREN. Thank you.

I have another question I want to ask you about. The Navy operates on the front lines of the threats posed by climate change, including rising sea levels and floods, more intense storms, higher temperatures. The Navy has long recognized the risks posed by climate change. Back in 2010, the Navy released a climate change road map which observed—and I am going to quote here—climate change is a national security challenge with strategic implications for the Navy. It is affecting and will continue to affect U.S. military installations and access to natural resources worldwide. It will affect the type, scope, and location of future Navy missions.

Mr. Spencer, do you believe that climate is changing and that climate change will continue to affect the Navy's installations and missions?

Mr. SPENCER. Senator, the Navy, from my briefings to date, is totally aware of rising water issues, storm issues, et cetera. We must protect our infrastructure. I will work hard to make sure that we are keeping an eye on that because without the infrastructure, we lose readiness.

Senator WARREN. I take that as a yes?

Mr. SPENCER. Yes, all about readiness.

Senator WARREN. Good.

If confirmed, under your leadership, will the Navy prepare for climate change? I think this is where you were going about readiness. I want to say that both in terms of preparing our own bases and installations and preparing for the crises and the insecurity that climate change will exacerbate around the world.

Mr. SPENCER. Yes, Senator.

Senator WARREN. Good.

In his farewell speech in front of sailors and marines, former Navy Secretary Mabus warned that if we fail to act upon climate change, instability around the globe will inevitably intensify and even our bases will risk being lost. I think he is right, and I will be counting on you, Mr. Spencer, to carry on where Secretary Mabus left off and to ensure that we adapt to this threat and we are ready.

Mr. SPENCER. Thank you, Senator.

Senator WARREN. Thank you.

Thank you, Mr. Chairman.

Chairman MCCAIN. Senator Sullivan?

Senator SULLIVAN. Thank you, Mr. Chairman.

Mr. Spencer, congratulations to you and your family. I appreciate your desire to serve your country again.

I wanted to get back to the issue that I think was lost by the last Secretary of the Navy, and I want to associate my concerns that Senator Cotton raised about your predecessor who took his eye off the ball on many things, readiness, but particularly training. For that list that Senator Cotton mentioned, the previous Secretary of the Navy gave the Commandant of the Marine Corps an order to integrate boot camp in 2 weeks. He said have this done in 2 weeks, the most ridiculous order I have seen as a Member of this Committee by anyone in the military.

I want to get a sense of your view on training, on hard, rigorous training. There has been a lot of focus on Korea in the last several months, and Members of this Committee, myself included, had a lot of concerns. Have you read the book "This Kind of War" by T.R. Fehrenbach?

Mr. SPENCER. I have not.

Senator SULLIVAN. I have an extra copy I would love for you to take a look at. It is all about the Korean War and our lack of training and our lack of readiness and what it did to the men and women in the Marines and the Army who had to go fight. It is a really, really dire situation, as described in the book, as thousands of Americans were killed in the summer of 1950 because they were not trained and they were not hard and they were not ready to fight.

Could you just give me a sense of your philosophy on training sailors and marines? You know, unfortunately, just in the last month we have had accidents at sea. A lot of talk and concern about what happened with the refueling tanker just yesterday. What is your view on how we should be training our marines and sailors?

Mr. SPENCER. Senator, it is my point of view and, if confirmed, the tone will be set from the secretariat's office that we are all here for one purpose, and that is the pointy end of the spear. All urgency, all focus, whether a dental hygienist, whether motor pool, whether pilot, whether flag officer, we are all here to attain the goal, and the goal is to deliver the fight. We have to train. It is mandatory.

The CRs, the BCA has really cut into training, and I think we are seeing some of the impact of that, unfortunately. We need to turn that around and correct it immediately.

Senator SULLIVAN. I think sometimes—and I am looking forward to your confirmation—you will see that even this Committee puts forward issues and areas of focus that do not relate to training. If you see that happens too much, you can count me as one of the supporters to get back to what you are talking about, which is serious, hard training so our men and women can come home if and when they have to go to war.

You and I had a good discussion about an issue that has taken up a lot of time in the Committee with regard to Arctic strategy and whether it is the new Arctic strategy that the Secretary of Defense put forward or Admiral Stavrides recently put out a book on

seapower, had a whole section on Arctic strategy. Are you familiar with the new DOD's Arctic strategy?

Mr. SPENCER. I have read it, sir.

Senator SULLIVAN. Part of that strategy talks about the ability to conduct FONOPS [Freedom of Navigation Operations]. Yet, last month, Admiral Richardson said that it is absolutely true we do not have the capacity or capability to conduct any FONOPS in the Arctic. We have a strategy that says we need to do something, and we have the CNO of the Navy saying we do not have the means to actually do it.

There are two areas I would like to get your commitment to work with this Committee on, if confirmed.

First, as we look at a 355-ship Navy, in order to ensure that we have the capability to conduct FONOPS in the Arctic, can you take a hard look at the issue of ice-hardening our ships, which at a Seapower Subcommittee just 2 weeks ago, the Navy indicated they are not looking at that issue at all?

Mr. SPENCER. Senator, when it comes to—one of my priorities, if confirmed—you heard me talk about capabilities, and that would fall squarely underneath that.

Senator SULLIVAN. Then just 2 weeks ago, again this Committee in the NDAA put forward language that authorizes the procurement of up to six icebreakers. Right now, the United States has two. One is broken. If you actually go out to Seattle where they are home-based, these are Coast Guard icebreakers—I would recommend you do it because it is kind of a sad affair. We have men and women in the Coast Guard wearing the uniform of the United States deploying on ships that were commissioned over 40 years ago and are really barely seaworthy.

There has been a bit of a back and forth, and you and I have discussed this between who is responsible for that, the Coast Guard or the Navy. Can I get your commitment to take a hard look at the Navy and Coast Guard's cooperation in order to enable our country to procure icebreakers, which the CNO of the Navy said it is absolutely in the national interest of the United States to have more than one icebreaker? The Russians have 40. They are building 13 more, several of which are nuclear powered. Can I get your commitment to work with the Coast Guard and this Committee on that important task?

Mr. SPENCER. Most definitely, Senator. If I am not mistaken, you all have provided some money for the Navy to provide support for the Coast Guard in the exploration of the next generation of icebreaker, and that is totally supportive in my mind.

Senator SULLIVAN. Great. Thank you.

Senator REED [presiding]. On behalf of the Chairman, Senator Wicker, please.

Senator WICKER. Thank you.

Mr. Spencer, I have been in and out, and it seems that you are doing well. I think I intend to join a unanimous Committee in supporting your confirmation.

Let me say two things. Please know, as our future Secretary of the Navy, that this Committee is serious about helping you and helping President Trump get to the 355-ship fleet. We have had over time, since I was in the House of Representatives, goals that

we never quite got to. It was 308. It was 313. Here we are at 276 ships in our fleet. We have language in the DOD bill and our House counterparts have language in the NDAA over there indicated to show you we are serious. Frankly, we think we have got you the money this first year to get us on the path to 355 ships. Please know that we are serious about this and we want to be your teammates there.

Let me ask you my one question about the physiological episodes that are occurring to our pilots, particularly our training pilots in the T-45 at the three undergraduate pilot training bases. I have learned more in the last 4 or 5 months about hypoxia than probably is wise for someone of my educational attainment. I have learned that there are many types of hypoxia.

But the real problem with the training planes at our three pilot training stations is the histotoxic hypoxia, and try as we might with the best minds in the Navy and the Federal Government, we have not gotten to a correct diagnosis. The best I have heard is that we could maybe patch together halfway of a solution here with a bit of a solution there and get us back to flying at the correct altitudes that we need to train these men and women that do the hard work that is expected of them.

You have already testified in answer to Senator Ernst's question that these PE, physiological episodes, will remain a top priority. Thank you for that.

We put a little something in the bill that I want to draw your attention to, and I hope it stays in the bill and is signed by the President. It basically says while we are putting the best minds of the government at work, the Navy and DOD can, if they want to—not forced to but can if they want to—implement a prize competition. Now, you come from the private sector, sir. All we are doing is saying after the best minds that we have in the Federal Government have tried and so far have not found the exact diagnosis of what the problem is that causes this histotoxic hypoxia, we could offer a prize to anyone in the country, anyone on the face of the globe for that matter, and you do not pay the money unless you get a solution. I would just urge you to—I would urge my colleagues to let us keep that in the bill and treat it seriously.

I would urge you, after you are confirmed and if we do not get to a solution, which I certainly hope we get to a solution quickly, but if we do not, take this provision seriously and let us unleash the brain power of the entire country and the entire globe to try to get to the solution. Whatever thoughts you might have on that statement in 1 minute, I would be happy to hear.

Mr. SPENCER. Senator, very exciting chapter one of thinking outside the box. That is fantastic to hear and it excites me that those tools and authority would be available to us.

Senator WICKER. Thank you.

Thank you, Mr. Chairman. I yield back.

Chairman MCCAIN [presiding]. Senator Graham?

Senator GRAHAM. Thank you.

Congratulations, Mr. Spencer. This is a real honor and I appreciate you being willing to serve.

I keep hearing from junior officers in particular the security clearance backlog. Everybody is asking you to look at everything.

Could you please look at that issue? It is taking an inordinate amount of time for people to get their security clearances and a lot of jobs are being unfilled and people are not able to do the job adequately without a security clearance. If you need more help from the Committee, if you need more money and more resources, please let us know.

Mr. SPENCER. Most definitely, Senator. Having been a product of going through that, I know exactly what they are——

Senator GRAHAM. I do not know what is going on out there.

It is the policy of the Trump administration to deny North Korea the capability to hit the American Homeland with a nuclear-tipped ICBM. Do you agree with that policy?

Mr. SPENCER. Yes.

Senator GRAHAM. One of the challenges for the Navy is how they would avoid that if it ever came about. Do you agree with that?

Mr. SPENCER. Yes.

Senator GRAHAM. When you look at force structure and the number of ships, it has got to really be based on threats. When you look at the world from a Navy point of view, how would you say the world is in terms of a threat matrix for the Navy? Is there a need for more ships?

Mr. SPENCER. Definitely, Senator. The matrix of threats we are facing now from the four plus one, however you want to define it, is one of the more complex that the country has ever faced. We need the capability. We need the capacity.

Senator GRAHAM. Would you say this is one of the more challenging times for the United States Navy since World War II?

Mr. SPENCER. I would say it is.

Senator GRAHAM. Would you say it would be a really bad idea for the Congress to cut the Navy's budget?

Mr. SPENCER. A really bad idea, Senator.

Senator GRAHAM. Sequestration is an idea that needs to be set aside?

Mr. SPENCER. Yes, Senator.

Senator GRAHAM. In terms of how the military services work, about 50 percent of all costs are personnel costs. Do you understand that?

Mr. SPENCER. Yes, Senator.

Senator GRAHAM. We have done on this Committee some pretty, I think, creative things to lower personnel costs but be fair to the force. We want to be generous to those who serve the country. God knows they deserve it. We want to be fair and generous to those who retire. But we got to look at everything, including personnel costs, to have a sustainable budget. Do you agree with that?

Mr. SPENCER. Totally, Senator.

Senator GRAHAM. TRICARE. TRICARE is a part of the Department of Defense's budget that is growing exponentially. It is health care of the military servicemembers and their family, and everybody gets that. But on the retiree part, we have not really had a premium adjustment of any significance since 1995. Are you willing to work with this Committee to make TRICARE generous but more sustainable?

Mr. SPENCER. Yes, Senator.

Senator GRAHAM. How do you view that part of the budget over time?

Mr. SPENCER. That is one of our biggest challenges right now. The personnel factor is growing at an unsustainable rate. I mean, the discretionary budget is being eaten up by personnel costs. We owe our uniformed members and our retirees the best that we can offer. We are going to have to think of different ways to deliver just as good, if not better, services.

Senator GRAHAM. A Navy SEAL is one of the finest members of the force anywhere, a very elite group of warfighters. You have people in the cyber arena. Do you agree that cyber threats to the military are growing not lessening?

Mr. SPENCER. Exponentially, Senator.

Senator GRAHAM. How do we keep the Navy SEAL on track for a 20- or 30-year career when they can leave the Navy and probably make four times what they make in the Navy as a contractor? How do we attract the best minds in the cyber arena? They could go to Silicon Valley. How do we do that? You do not have to give me a complete answer, but I would like for you to think about that because the competition for these really high-skilled warfighters is immense. Any thoughts on that.

Mr. SPENCER. Senator, again, my priorities being people, capacity, and process, people are number one. We are going to have to take every single best practice we can find from within the government, from the private sector to address the situation you just mentioned, whether it be a SEAL, whether it be our cyber experts. We are going to have to find a flexible way to allow people in the cyber field to leave and come back because I believe they have to be refreshed in their own community. I look forward to working with you all to think outside the box on how we could do this.

Senator GRAHAM. Finally, sexual harassment and abuse of servicemembers. This Committee has spent a lot of time and attention trying to change the law and the culture. What is your view of that situation, and where do you want to take the Navy when it comes to sexual harassment and sexual assault?

Mr. SPENCER. Senator, one is too many, but let us know that the job of the Navy/Marine Corps team is to inflict pain to the enemy, unsustainable pain to the enemy. When I see that we are inflicting pain upon ourselves, it is an anathema to me and it must be stopped.

Chairman MCCAIN. Senator Cruz?

Senator CRUZ. Thank you, Mr. Chairman.

Mr. Spencer, thank you for being here. Thank you for your willingness to serve.

Let me say at the outset that all of us are grieving and lifting up in our prayers the 15 marines and sailor who were killed last night in the C-130 crash in Mississippi. We certainly want the men and women of the Navy and the Marines to know that we are standing with them as they are grieving those losses.

I want to ask you initially about morale in the Navy, and that has been a concern raised by a number of observers. What is your sense of the current state of morale, and what needs to be done to improve that?

Mr. SPENCER. Senator, the Navy/Marine Corps team is biased for action. "No" is a tough word to pull out of the vocabulary. In my opening comments, I talked about how they have been continually engaged and stretched thin. They will never let us down.

That being said, we need to make sure that we are paying attention to their needs, whether it be changing the PCS move notification time out to where it was at 6 months versus 1 month to more sweeping needs in benefits and compensation to deliver a better product. As I view my job, defined by title X, if confirmed, this is a key focus that has to be addressed. Morale is the barometer.

Senator CRUZ. As of yesterday, the Navy reported that it had 276 deployable battle force ships with over a third of those, 103, currently underway for deployment or training. Do you believe we currently have sufficient capacity to meet the strategic requirements we have placed on the Navy?

Mr. SPENCER. There might be two answers to that, Senator. Let me say that with the assets that we have right now, we are managing the best, in my overview, that we can. It comes down to risk management. Are we addressing every single risk? No. We are prioritizing them. With more assets, more capability, and more capacity, we could do a better job.

Senator CRUZ. What is the current deployment-to-dwell ratio of the Navy, and how does that need to be improved given shipbuilding and fleet growth is a year's long initiative?

Mr. SPENCER. Again, I go back to the primary tenet of industrial science. When it comes to productivity, if we could have a clear sight to funding and resources, I believe we will have a much more efficient flow through on maintenance whether it be aviation, whether it be seacraft. This will fit into adjusting the dwell time back to a normalized rate, and I think that is where we really have to focus because, again, that goes back to your original question is where is morale. We have to adjust both.

Senator CRUZ. How do you plan to rapidly rebuild the fleet, taking into consideration the CBO's recent analysis that it would take until the year 2035 to reach a 355-ship Navy even with accelerated shipbuilding?

Mr. SPENCER. Senator, first, I look forward to working with the CNO and the expertise that is involved in the naval organization. That being said, I really think we have to start thinking outside the box whether we look to the ready reserve, what is sitting on the water that has been, quote/unquote, mothballed, whether we look at expediting a frigate transition. All of these have to be taken into account to expedite putting capacity on the water.

Senator CRUZ. Talk for a minute about the *Ohio* replacement submarine program and the *Columbia*-class. It would be the country's second most costly acquisition program in history and part of a trillion dollar program to modernize the nuclear triad over the next 30 years. The submersible leg of the triad is responsible for roughly 70 percent of the Nation's forward-deployed nuclear warheads and remains a vital part of our national security. A little over a month ago, it was reported that the program suffered, quote, its first known glitch in the overheating of a prototype motor. Where do you think we are in replacing and upgrading the *Ohio*-class submarine and what needs to be done?

Mr. SPENCER. Senator, I have not received any classified briefs on the actual performance glitch you are talking about. On a fundamental basis, as I said in the opening statement, I believe the undersea leg of the nuclear triad is the most survivable and probably one of the—put it this way. We must address the replacement situation. It is a huge cost, a huge expense. I realize that. We are going to have to work in a whole-of-industry, whole-of-government solution to address this.

Senator CRUZ. Thank you.

Chairman MCCAIN. Senator Shaheen?

Senator SHAHEEN. Thank you, Mr. Chairman.

Thank you, Mr. Spencer, for your willingness to take on this new role.

The Navy instituted something called the Accelerated Promotion Program to allow shipyards to compete with the private sector. As I am sure you are aware, one of the real challenges we have is that many of our skilled workers are aging out and replacing them in a tight work environment is very challenging.

The APP guarantees that engineers hired into the four public shipyards at the GS-5 or GS-7 levels will be eligible for a one-time accelerated promotion to the next higher grade after they complete a training program. Do you think that kind of program is helpful in retaining the workforce that we need, and do you have other ideas of how we can get the workers we need to keep our shipyards up to date?

Mr. SPENCER. Senator, I am not aware specifically of the program, and if confirmed, I look forward to finding out more about it and sitting down and having a conversation with you about it.

I do have firm beliefs on how we are going to have to work as a team, both the industrial complex and the Department of the Navy, to go forward and fulfill our goal to put capacity on the water. Whether that is what we used to call vocational schools, training schools out in the communities, I have been informed that for a welder it takes 7 years to become a journeyman. That is an extraordinary amount of time, but that is an extraordinarily important position. We have to start filling the pipeline and finding any vehicle we can that is beneficial to supply the process.

Senator SHAHEEN. Thank you. I am sure that Senator King would join me in inviting you to come up to the Portsmouth Naval Shipyard to see the APP program and to hear more about the challenges that they are facing. I hope you will be willing to do that.

Mr. SPENCER. I look forward to it, Senator, if confirmed.

Chairman MCCAIN. It is a great experience.

Senator SHAHEEN. This Committee has spent a lot of time on the challenges that Russia presents to Eastern Europe and to our allies in Europe. Obviously, one of the places where we have seen them be the most aggressive is in the Black Sea where they have, with increasing frequency, buzzed our ships and our planes in both the Baltic and the Black Sea. Can you talk about what you would do as Secretary of the Navy to respond to that?

Mr. SPENCER. Senator, Russia is a threat in many ways to the country. I think every single naval officer and also weapons person, whatever is trained that they must protect themselves from lethal force but they also must weigh in restraint. We have to stand

strong. We have to have avenues of communication open with our adversaries when it comes to professional actions on the seas. One would hope that in the military sector, there is professionalism that spreads to even our adversaries that we can have communications in that regard.

Senator SHAHEEN. Do you think that those communications have so far been successful? Do we need to establish more channels?

Mr. SPENCER. I have not been briefed in depth to it, Senator. But on a topical basis, I would think we would need more channels.

Senator SHAHEEN. Thank you.

I was surprised to hear in testimony before this Committee that China is looking at a 350-ship navy by 2020. Given the challenges that we are facing as we look at our long-term needs in the Navy, are you concerned, if you become Secretary of the Navy, about what that means for China's ability to have more control over the South China Sea and other seaways where we might come in conflict?

Mr. SPENCER. Most definitely, Senator. The goal at one of the presentations that I sat through was 2045 is a goal of China to have many things in place, their ship count in 2020 to be larger than they are now. It all concerns me tremendously, and I think we have to respond in kind to have the capability and capacity to ensure that we are positioned to enforce the free shipping lanes for not only ourselves and our interests but for those of our allies.

Senator SHAHEEN. Thank you.

Thank you, Mr. Chairman.

Chairman MCCAIN. Senator Blumenthal?

Senator BLUMENTHAL. Thanks, Mr. Chairman.

Thank you, Mr. Spencer, for your dedication and your service to our Nation and your family as well.

I was gratified that you mentioned the tragedy last night and our thoughts and prayers being with those families.

On June 17th, the Navy experienced another tragedy, as you well know, when the USS *Fitzgerald* was hit by a ship under circumstances that we do not know completely. I understand there is an investigation into the way one of the sailors, a sonar technician third class, Tom Wynn from Connecticut, was among the deceased, and I attended a memorial service for him just last week. His family is still grieving, as are the other families who lost loved ones during that incident. The commander of the United States 7th Fleet appointed Rear Admiral Brian Fort to lead a judge advocate general manual investigation of the mishap.

I would like to know, if you are confirmed, will you commit to ensuring a prompt and thorough investigation of the USS *Fitzgerald* collision with the cargo ship ACX Crystal, and will you commit to reporting its findings fully to this Committee.

Mr. SPENCER. Senator, prompt, thorough, and transparent with expedition.

Senator BLUMENTHAL. Thank you.

There has been talk about the construction of submarines, the *Columbia*-class and *Virginia* attack class, which is required to go from 48 to 66, as you know. The challenge, as Senator Shaheen mentioned, is not just with the flow of materials but also the industrial base and not only at Electric Boat and Newport News but also

the supply chain, the defense industrial base. I wonder if you have thought about what can be done to provide the kinds of training, skill development resources for the suppliers and contractors and all of the medium and small businesses that are involved in that defense industrial base.

Mr. SPENCER. Senator, I am glad the supply chain has been brought up because we definitely have a limited supply of hands and backs to build things, but people many times do not focus on the actual supply chain itself. There are many cases out there in the private sector that we can take best practices from. Off the top of my head, we did a study at the Defense Business Board, and IBM, when Sam Palmisano was there, took over when IBM was in its grips of looking at running out of cash, a major American icon almost going into bankruptcy. One of the things he did was restructure his supply chain, which he now bills as a \$16 billion competitive advantage. How did he do that? He brought everyone in the tent. I would see us, whether through DLA, beyond the Navy, the whole DOD acquisition force having to really do a whole-of-team effort in this regard.

Senator BLUMENTHAL. Finally, let me ask you about the CH-53K. As you know, it is the replacement for the Marine Corps' only heavy lift helicopter. It will play an integral role in the United States Marine Corps for probably decades to come, improving the CH-53E Super Stallion. Will you commit to supporting this critical program, assuming you are confirmed?

Mr. SPENCER. Most definitely, Senator.

Senator BLUMENTHAL. Let me also ask you about the F-35. The Navy has a variant of it. What is your view of the F-35?

Mr. SPENCER. Again, I have not received any classified briefs, but just in my knowledge gathering over the past month, the Marine Corps is quite excited about what the F-35 can deliver as a platform. The Navy has its plans to adopt the fifth generation, fourth generation structure within their aviation wing also. I look forward to finding out more, if confirmed.

Senator BLUMENTHAL. Will you commit to supporting the plans underway now for acquisition?

Mr. SPENCER. I do because it does not seem like there is going to be a major change, but yes.

Senator BLUMENTHAL. Thank you.

Thank you, Mr. Chairman.

Chairman MCCAIN. We thank you for your appearance here.

I take it you have completed all of the paperwork. Is that correct?

Mr. SPENCER. That is correct, Senator.

Chairman MCCAIN. It will be my intention then to move your nomination at the next gathering of the Senate Armed Services Committee, and we look forward to confirming you clearly before we reach our well-deserved rest of a pause for the month of August. We will be moving your nomination quickly to the floor of the Senate, and hopefully we can get it done to get you to work.

Senator Reed?

Senator REED. Nothing further.

Chairman MCCAIN. Thank you, Mr. Spencer. We look forward to interrogating you again soon.

[Laughter.]

[Whereupon, at 11:26 a.m., the Committee adjourned.]

[Prepared questions submitted to Mr. Richard V. Spencer by Chairman McCain prior to the hearing with answers supplied follow:]

QUESTIONS AND RESPONSES

DEPARTMENT OF DEFENSE REFORMS

Question. The National Defense Authorization Act for Fiscal Year 2017 included the most sweeping reforms since the Goldwater-Nichols Department of Defense Reorganization Act of 1986.

Do you support these reforms?

Answer. Yes. If confirmed, I will work closely with the Secretary of Defense and the Deputy Secretary of Defense to implement the reforms enacted in the NDAA for Fiscal Year 2017 within the Department of the Navy. I will also keep the defense committees updated on the progress of implementation.

Question. What other areas for defense reform do you believe might be appropriate for this Committee to address?

Answer. If confirmed, I will closely monitor the implementation of the reforms enacted in the NDAA for Fiscal Year 2017 and assess the impact to the Department of the Navy. Further, I will assess the operations of the Department of the Navy in all areas, and will make recommendations for further reforms to the Secretary of Defense in cases where I find such reforms to be advisable.

QUALIFICATIONS

Question. The National Defense Authorization Act for Fiscal Year 2017 amended section 5013 of title 10, United States Code, to require that the Secretary of the Navy “to the greatest extent practicable, be appointed from among persons most highly qualified for the position by reason of background and experience, including persons with appropriate management or leadership experience.”

What background and experience do you possess that qualify you for this position?

Answer. Over the past 36 years, I have successfully led large, complex operations and businesses that were ever growing in scale and complexity. Being responsible and accountable for strategy, budget development, productivity, execution of business plans and profitability of organizations ranging in size from divisions to international organizations provides a strong foundation and experiences for leading the Navy-Marine Corps enterprise. During my tenure at Intercontinental Exchange, Inc. we planned, developed and built the foundation for a disruptive technology that now is a leader in the industry and spans the global markets. Successful implementation of technological advances in the face of ever changing competitive markets honed my ability to identify critical issues, provide the vision to organize people and large organizations toward development of solutions and, ultimately to be personally responsible for outcomes. That skillset is needed to manage today’s Department of the Navy. Upon leaving Active Duty, I have remained close to both the Marine Corps and the Navy. From 2010 to 2015, I served on the Defense Business Board and was directly involved in studies that ranged from increasing organizational productivity, to Pentagon reformation, to assisting our veterans. During that appointment, I garnered an appreciation for the operation and environment of the Pentagon. Most recently, I served as an advisor to the Chief of Naval Operations to assist with sourcing private sector insights to specific strategic issues facing the Navy and its future. I am confident that my service in uniform, success and accountability in the business world and on boards advising key leaders throughout the Department of Defense, have prepared me well to be a leader of the entire Department of the Navy and assume the responsibilities of the office of the Secretary of the Navy.

DUTIES

Question. Section 5013 of title 10, United States Code, provides that the Secretary of the Navy is responsible for, and has the authority necessary to conduct, all affairs of the Department of the Navy.

What is your understanding of the duties and functions of the Secretary of the Navy?

Answer. If confirmed, I understand I will be responsible for the duties and functions specified in Section 5013 of Title 10 for the Department of the Navy. Paramount to the execution of those duties will be the manning, training, equipping and delivery of Naval Forces to meet global requirements. I will ensure the entire staff assigned to the Department of the Navy remains focused on those tasks and, collectively, that we closely plan, collaborate and assess our success with both the Chief of Naval Operations and Commandant of the Marine Corps.

MAJOR CHALLENGES AND PRIORITIES

Question. If confirmed, what broad priorities will you establish?

Answer. My priorities flow from those of the President and the Secretary of Defense. The Navy Marine Corps team is the Nation's forward deployed force, and as such must always be ready to deliver the fight in a moment's notice. In order to accomplish that task we must ensure our people are highly trained and well equipped, and we must improve and modernize our capabilities and streamline our processes. We must restore direct authority to those decision makers who are immediately responsible for solving critical issues, thereby increasing their span of control and minimizing hierarchical overhead. Our highest priority is to address fleet wide readiness by strengthening and leveraging our capabilities, while setting the conditions to modernize and grow capacity. At the same time, we must improve how we deliver capabilities to the fight. Finally, it is imperative we analyze and improve those processes that affect the mission of "man, train, equip and deliver."

Question. In your view, what are the major challenges that you would confront if confirmed as Secretary of the Navy?

Answer. The historical analogy most apt to frame today's environment comes from October of 1957 when, in surprise, the United States watched the flight of Sputnik in space. The technological and operational advantage we have had over our adversaries is shrinking. It is imperative that we immediately increase the level of urgency in every way we operate as an enterprise. We must work with Congress to find immediate and long-term solutions that address reliable access to the funds that are necessary to fulfil the requirements of the combatant commanders. We must expeditiously review every aspect of the way we "man, train, equip and deliver" in order to ensure effective use of the resources we are granted. We must think about problems differently, by eliminating latency and causing a migration to a culture saturated with the sense of urgency. This attitude is a critical ingredient to address the current readiness situation and the future need to modernize and grow the fleet forces.

RELATIONS WITH CONGRESS

Question. What are your views on the state of the relationship between the Navy and the Senate Armed Services Committee in particular, and with Congress in general?

Answer. The Department of the Navy must have a strong relationship and partnership with the Senate Armed Services Committee and the Congress. If confirmed, I look forward to ensuring these relationships return to the times of maximum cooperation, coordination and transparency.

Question. If confirmed, what actions would you take to sustain a productive and mutually beneficial relationship between Congress and the Navy?

Answer. If confirmed, I will ensure that the Department of the Navy will closely partner with the Congress and be transparent, proactive and responsive to all Congressional matters of importance and provide robust justification for all budget requests.

TORTURE AND ENHANCED INTERROGATION TECHNIQUES

Question. Do you support the standards for detainee treatment specified in the revised Army Field Manual on Interrogations, FM 2-22.3, issued in September 2006, and in DOD Directive 2310.01E, the Department of Defense Detainee Program, dated August 19, 2014, and required by section 1045 of the National Defense Authorization Act for Fiscal Year 2016 (Public Law 114-92)?

Answer. Yes. I support these documents and compliance with domestic and international legal obligations in relation to detention operations and the treatment of detainees.

NATIONAL SECURITY BUDGET REDUCTIONS/SEQUESTRATION

Question. The original discretionary caps imposed by the Budget Control Act (BCA) will be in effect for fiscal year 2018 through fiscal year 2021, unless there is agreement to change budget levels.

In your assessment, what would be the impacts of continued implementation of the BCA discretionary caps through 2021 on the Department of Defense and national security?

Answer. The sequester caps, and continuing resolutions to date, continue to be very harmful to warfighting readiness in both the Navy and Marine. These immediate shortfalls need to be remedied in order for the Navy Marine Corps team to support the missions required by the military strategy and combatant commanders. If confirmed, I will work closely with this Committee and Congress to provide you with the requirements for both people and programs needed by the Navy-Marine Corps team.

Question. Do you believe that any future budget agreements must maintain that dollar-for-dollar principle?

Answer. I believe that a strong global naval presence is vital to our national security.

If confirmed, I will advocate for the appropriate level of funding for the Department of the Navy.

Question. If confirmed, by what standards would you measure the adequacy of Department of the Navy funding?

Answer. I believe that fleet readiness of both the Navy and Marine Corps is of utmost concern. Accordingly, if confirmed, I will focus my attention on that concern and work within Navy, DOD and Congress to ensure the highest state of readiness. Additionally, if confirmed, I will look forward to expediting maintenance and modernization, with an eye to growing the Navy fleet and the Marine Corps.

ADMINISTRATIVE OVERHEAD

Question. The National Defense Authorization Acts for Fiscal Year 2016 and 2017 direct reforms to consolidate the headquarters functions of the Department of Defense and the military departments, and downsize the number of personnel in overhead positions.

If confirmed, what would be your role in streamlining functions, as well as identifying and implementing reductions in the Department of the Navy headquarters?

Answer. If confirmed I will ensure that the Department of Navy, in coordination with the Office of the Secretary of Defense, fully complies with the requirements identified in NDAA for fiscal year 2016 and 2017 to reduce headquarters size and consolidate functions and overhead positions. In addition to streamlining functions and addressing cost concerns, I will ensure that the Department's headquarters are properly structured and aligned to rapidly and effectively address enduring challenges, emerging threats and future technologies in a transparent and accountable manner.

Question. What areas and functions, specifically and if any, do you consider to be the priorities for possible consolidation or reductions within the Department of the Navy?

Answer. I will work with the leadership in the Secretariat, Navy and Marine Corps to identify areas for consolidation and reduction that will streamline business processes in order to expedite the accomplishment of the mission. Together, we will ensure overhead functions are minimized, with savings directed at increased capability, capacity, lethality and readiness.

Question. To the extent that the Department of the Navy has functions that overlap with the Department of Defense, Joint Staff, or other military departments, what would be your approach to consolidating and eliminating redundancy?

Answer. If confirmed, I will work with the leadership in the Department of Defense, Joint Staff, or other military departments to quickly determine areas of overlap and develop a coordinated plan to eliminate redundancy and increase efficiency.

END STRENGTH

Question. The President's Budget for Fiscal Year 2018 requested a Navy Active Duty end strength of 327,900 and a Marine Corps Active Duty end strength of 185,000.

Question. In your view, can the Navy and Marine Corps meet national defense objectives at the requested fiscal year 2018 strength levels? What about at the strength levels that would be required in the event of sequestration?

Answer. A return to sequestration would clearly preclude the accomplishment of an increasing number of critical national defense objectives that the Navy Marine Corps team is required to meet. Previous sequestration imposed reductions in resources and force levels resulting in sea duty gaps, cancellation of deployments, reduction in steaming days and flying hours, reduced training and furloughs of civilian workers. All of these adverse outcomes have been detrimental to warfighting readiness.

Question. If either the Navy or Marine Corps have to reduce end strength as a result of sequestration, where would you propose they take risk with respect to meeting national defense objectives?

Answer. It is my understanding that end strength is determined by our force structure decisions, such as the number of ships, squadrons and expeditionary units we deploy. Even under sequestration, the DON would responsibly size manpower accounts based on our force structure. The risk would be manifest in the inability to fulfil all requirements to support the National Defense Objectives.

Question. What is your understanding of the need for additional force shaping tools requiring legislation beyond what Congress has provided the past several years?

Answer. Congress should be thanked for the flexible force shaping tools it has provided the Department of the Navy, such as Temporary Early Retirement Authority, voluntary separation pay, and early release program. If confirmed, I will continue to ensure the Department has the tools necessary to recruit, develop, shape, and retain the talent necessary to meet the mission of the Department of the Navy. Continuous review of the applicable force shaping tools is necessary to meet emerging requirements of the Department in general, and empower both the Navy and Marine Corps.

Question. What is your view of the adequacy of the numbers of general and flag officers authorized for the Navy and Marine Corps?

Answer. I am aware that the Navy and Marine Corps have been required to make reductions in the number of flag officers both for service-specific billets and for joint billets. If confirmed, I will address these requirements with CNO and CMC to determine their adequacy. Once completed, I will not hesitate to provide my views to the Congress.

LEAD-TIMES FOR PERMANENT CHANGE OF STATION MOVES

Question. Last year, due to budget shortfalls within its permanent change of station (PCS) accounts, the Navy reduced notice and lead-time for PCS moves to 2 months, and according to the Navy's budget briefings provided to this Committee, the Navy intends to continue this practice in fiscal year 2018. Two months are very short notice of an impending move, especially for families with children in school.

What is your view of the adequacy of 2-months lead time for PCS moves, and will the Navy continue this practice in 2018?

Answer. I believe that a lead time of 2 months is inadequate to permit sailors, marines and families to properly plan for what are oftentimes very complicated and stressful moves. If confirmed, I will address both the frequency of moves and the lead time afforded our marines, sailors and their families with the CNO and CMC. We owe it to Navy and Marine Corps families to eliminate any unnecessary moves where practical and provide as much lead-time as possible to permit them the opportunity to plan and execute moves in a manner that allows them to make all necessary preparations, while minimizing stress.

Question. If confirmed, will you work to provide greater notice and transparency of the PCS process for sailors and their families?

Answer. If confirmed I will work to ensure the necessary resources are secured to afford families greater notice and transparency of impending PCS moves to return to, or maintain, the goal of a 5 to 6 month lead-time. If confirmed, it would be my intent to continue to look for efficiencies and ways to provide greater clarity and advanced notification to those affected by the PCS process.

Question. How much additional funding would be required to provide 6 months of notice prior to PCS?

Answer. I am not sufficiently well informed to give you the answer but I am told it is in excess of several hundred million dollars.

OVERALL READINESS OF THE ARMED FORCES

Question. How would you assess the current state of readiness?

Answer. The Secretary of Defense, Chairman of the Joint Chiefs of Staff, and all the Service Chiefs have expressed grave concern about the state of the military's current readiness. I share their concern as the world becomes increasingly complex

and the strategic environment more challenging. I am particularly concerned about the ability to surge and respond to unforeseen contingencies.

Question. How would you plan to restore full spectrum readiness of the Navy and Marine Corps and under what timelines? Additionally, how would you enforce those timelines to ensure that goals are met?

Answer. I support the Secretary of Defense's three-phase campaign to improve warfighting readiness in fiscal year 2017, address pressing shortfalls in fiscal year 2018 while continuing to rebuild readiness, enhance modernization and begin to build a larger, more capable and more lethal joint force in fiscal year 2019. Consistent with these priorities, I support the Department of the Navy's fiscal year 2018 budget request that makes significant investments in improving readiness, modernization and wholeness for both the Navy and Marine Corps.

Full spectrum readiness recovery will take time to achieve. It took 10 years to get where we are presently and will take more than a couple of years to return to a desirable level. If confirmed, I will work to ensure we increase the rate of readiness recovery with every year's budget, and enforce a commitment to maintaining and sustaining the readiness of today's forces consistent with the new defense strategy.

ACQUISITION ISSUES

Question. The National Defense Authorization Acts for Fiscal Year 2016 and 2017 made many changes to defense acquisition processes, including reinserting service leaders' influence and accountability into acquisition processes.

If confirmed, what steps will you take to ensure that the Department of the Navy is prepared to effectively manage its acquisition programs?

Answer. While leadership at the top is necessary for effective operations, I believe that holding people accountable should be a key aspect in everything the Navy-Marine Corps does. If confirmed, I will make it immediately clear that accountability for acquisition programs start with me personally and I intend to instill that attitude of accountability throughout the entire Department. Programs need to be closely managed with a clear alignment of authority, responsibility and accountability. If confirmed, personally ensuring that the Department of the Navy has accountable leaders and adequately trained, accountable acquisition personnel to manage, execute, and oversee its programs will be a priority for me.

Question. If confirmed, how will you synchronize your acquisition responsibilities with the Chief of Naval Operations?

Answer. The Secretary of the Navy is responsible and accountable for all Department of the Navy acquisition efforts and I welcome the responsibility. If confirmed, I will also ensure that the Department of the Navy continues to incorporate the enhanced acquisition roles for the Chief of Naval Operations (CNO) and the Commandant of the Marine Corps (CMC) enacted in the NDAA's for fiscal years 2016 and 2017.

Question. If confirmed, will you commit to this Committee to ensure authority, responsibility, and accountability for acquisition programs are appropriately aligned?

Answer. Yes.

Question. If confirmed, will you ensure that people are held accountable for any failures in the performance of their responsibilities?

Answer. Yes, and I look forward to working with you in order to enhance the tools and policies necessary to accomplish this goal.

Question. If confirmed, how will you ensure that those who perform well are appropriately rewarded?

Answer. If confirmed, I will ensure that managers of the Department of the Navy acquisition enterprise utilize all authorities available to them to reward high-performing members of the acquisition workforce. I also look forward to incorporate best practices in highlighting success from other high performance organizations.

FINANCIAL MANAGEMENT AND AUDIT READINESS

Question. What actions will you take or direct that will achieve a better outcome than past actions and initiatives for financial auditability of the Defense Department?

Answer. I believe financial statement auditability is critical. I know what a clean audit looks like and why it is important and the effort involved in attaining one. As in the private sector, adhering to accounting principles and disciplines will demonstrate accountability and enhance enterprise credibility. If confirmed I will broadcast a tone from the top that auditability of the Department of Navy is a priority for every member of the leadership team and ensure that Flag/General Officers/Senior Executives understand and are engaged and accountable for their role in moving the Department toward its audit goals.

DEFENSE CAPABILITIES

Question. In your assessment, what would be the impacts of continued implementation of the Budget Control Act's discretionary caps through fiscal year 2021 on the Department of the Navy? And, in particular, how would end strength, capacity, capabilities, and readiness be affected?

Answer. I believe the continued implementation of Budget Control Act caps through 2021 will result in a Navy and Marine Corps team that will find itself increasingly resource restrained when called to fulfil the requirements of the combatant commanders.

Further imposition of the BCA caps will reduce both readiness, capacity and the ability to grow the assets of the fleet.

Question. What do you believe are the appropriate end strength levels for the Navy and Marine Corps to reach by 2022?

Answer. I know the Navy Marine Corps team is feeling the strain of high operational tempo after 16 years of war, and the increased pace of operations around the world. If confirmed, I look forward to working with the CNO and the Navy leadership as we address the need to reinvest and grow the Navy, to include the need and timing for additional end strength.

If confirmed, I also look forward to working with the Commandant and the Marine Corps leadership to achieve the appropriate end strength levels that balance the requirements of defending the Nation while relieving the strain on Marines and their families.

Question. How would you propose achieving those levels with a focus on continuing to recruit and retain high quality candidates?

Answer. The military services have long enjoyed success in meeting aggregate recruiting and retention objectives with highly qualified sailors. If confirmed, I will do everything in my power to ensure the authorities, resourcing, and technologies needed to maintain a high quality force, with the capabilities necessary to meet emerging challenges and carry out mission requirements, remains a top priority Department of the Navy.

Question. What is your opinion on the necessity to modernize Navy and Marine Corps weapons systems in light of current and emerging threats?

Answer. The Navy and Marine Corps team must modernize current systems and procure new systems in a timely manner to ensure that our fighting forces have the overmatch capabilities required to defeat any current or emerging threats.

Secretary Mattis' direction to restore readiness and achieve program balance in fiscal year 2017 and 2018 are foundational elements to building the needed capability and improving the lethality of the force. However, in order to build the capability and increase lethality, adequate and predictable funding must be made available to support an efficient acquisition effort and higher yield on invested resources.

Question. What are the most critical capabilities the Department of the Navy needs to prioritize over the next 10 years?

Answer. Over the next 10 years the Navy and Marine Corps must restore readiness, modernize the force, and build capacity. The DoN must prioritize the procurement of advanced sensors, combat systems, weapons, advanced intelligence, surveillance, reconnaissance, and command and control systems to ensure the force has the overmatch capabilities required to defeat any threat. New capabilities must address our ability to act in the electromagnetic spectrum in stressing environments, and the ability to detect and defeat cyber attacks.

The DoN must continue to invest in new and emerging technologies such as unmanned and directed energy to reduce vulnerability of our people, increase capacity and capability, and provide cost-effective solutions to defeat future threats.

Question. If confirmed, how will you keep Navy and Marine Corps acquisition costs under control and ensure the American taxpayer receives the best defense capabilities for their precious and scarce defense dollars?

Answer. To instill the discipline of acquisition cost control an organization must ensure that the requirements are well established and technology is mature enough to support an acquisition decision. This discipline does not negate flexibility to adapt to developing enhancements but rather provides the framework to make those decisions by weighing cost to outcome. At the same time, we must also overlay this discipline and needed diligence on our Research and Development teams in order to align the gains produced by their efforts.

If confirmed, you have my commitment that I will be an active and accountable leader in the acquisition process and use the authorities provided to ensure we make the best decisions possible to deliver combat capabilities at the highest yield available for the resources invested.

NAVY SHIPBUILDING

Question. President Trump has vowed to rebuild the Navy toward a goal of 350 ships. The Navy's latest Force Structure Assessment has recommended a new goal of 355 ships. The previous recommendation was a fleet size of 308 ships. The Navy's current naval battle force contains only 273 ships, and will not achieve a force level goal of 308 ships until 2021, even though various individual requirements are not met. The Navy has not announced a plan for reaching the 355-ship force structure.

Answer. In a November 2016 report, the Congressional Research Service found that achieving and maintaining a notional 349-ship force structure would require adding on the order of 45 to 58 ships to the Navy's fiscal year 2017 30-year shipbuilding plan, or an average of about 1.5 to 1.9 additional ships per year, at a cost of roughly \$3.5 billion to \$4.0 billion per year over the 30-year period.

Question. In your view, how large a Navy, consisting of what mix of ships, will be needed in coming years to adequately perform Navy missions?

Answer. We need a larger Navy fleet. The most recent Force Structure Assessment recommends 355 ships. We must continually assess our capabilities in order to fight above our weight class. We must continue to look at new ways of operating the fleet, which may then comprise new types of ships. The 2018 National Defense Strategy will include a new force sizing construct that will further inform our force structure growth.

Question. What steps are you considering recommending the President take to realize his goal of a 350-ship Navy, particularly related to additional ship procurement and the funding required?

Answer. I support the current priorities to improve the maintenance and sustainment of the Navy's existing ships, which must provide us a path to extend their service lives. I will also implement proven and innovative ways to deliver ships faster and more affordably. Building a larger Navy will also require increases in the defense spending caps, and I strongly support congressional action to amend the Budget Control Act.

Question. What is your understanding of the similarities and differences between the new Administration's 350-ship goal and the Navy's Force Structure Assessment recommendation of a 355-ship requirement?

Answer. I believe the intent behind both goals is the same. The strategic environment is rapidly changing and there is a greater emphasis on maritime threats and operations for national security. A larger Navy with greater capability is required to support forward presence, which provides U.S. leadership with more options to respond quickly when needed.

Question. The Navy has begun acquiring the replacements for the *Ohio*-class ballistic missile submarines (SSBNs). The new *Columbia*-class boats are projected to have an acquisition cost of \$10 billion per ship. The Navy has stated publicly that it could not afford to buy both the new SSBNs and maintain other required procurements under Defense Department budget top lines that would be consistent with the defense discretionary spending caps within the Budget Control Act.

If confirmed, what priority will you place on the *Columbia*-class program in relation to other acquisition programs?

Answer. I believe ballistic missile submarines (SSBNs) are the most survivable leg of the nuclear triad and will be responsible for ~70 percent of the United States' accountable nuclear warheads after the New Strategic Arms Reduction Treaty (New START) limits are achieved in 2018. If confirmed, I would support the *Columbia*-class Submarine Program as the Navy's top modernization priority.

Question. Do you believe the Navy can expand to a 350-ship fleet, while also procuring the *Columbia*-class SSBNs?

Answer. The shipbuilding industrial base, with predictable, stable and sufficient budgets can support increased procurements while also procuring the *Columbia*-class SSBNs. However, increasing ship construction funding during the years of *Columbia*-class SSBN procurement will be required. This is consistent with previous SSBN procurement periods, where ship construction funds were increased significantly to account for SSBN procurement.

Question. In the 1970s and 1980s, the United States procured the current *Ohio*-class SSBN submarines within the Navy's shipbuilding (SCN) account. In 2015, Congress created a special fund, the National Sea-Based Deterrence Fund (NSBDF), for procurement of *Columbia*-class SSBNs.

Do you have a view on how the cost of *Columbia*-class SSBNs should be funded—solely from Navy resources, from a combination of Navy and other-than-Navy (e.g., OMB and other Defense) sources, or with a different approach? If so, please explain.

Answer. If confirmed, I will work with Congress to determine the best approach to funding the *Columbia*-class SSBN program. I do support the acquisition authori-

ties provided by Congress, which are helping the Navy build the *Columbia*-class SSBNs more affordably.

AIRCRAFT CARRIERS

Question. After more than \$2 billion in cost growth in each of the first three *Ford*-class aircraft carriers, the costs of these ships range from \$11.4 billion to \$12.9 billion.

In your view, should the Navy and Marine Corps explore options to complement *Ford* and *Nimitz*-class aircraft carriers and/or increase the lethality and survivability of amphibious ready groups with smaller, less expensive aircraft carriers?

Answer. I believe that all force structure options that provide the required combat capabilities should be assessed and thoroughly reviewed on an ongoing basis.

Question. When the construction contract was signed in 2008, the planned delivery date of the USS *Gerald R. Ford* (CVN-78) was September 2015. The ship has not yet been delivered.

What is your understanding of the reasons behind the CVN-78 delivery delay, potential for further cost growth, and the timeline for delivering this ship?

Answer. The USS *Gerald R. Ford* (CVN 78) was finally delivered on May 31, 2017, 20 months behind original delivery date. Her delivery was delayed due to a number of factors within the Navy, with industry and the inclusion of four major unproven technologies. The *Ford*-class, the first new aircraft carrier design in 40 years, is expected to be a substantial advancement over the *Nimitz*-class, with significantly reduced manning requirements.

Question. What lessons should the Navy learn from the CVN-78 experience?

Answer. The lessons learned from CVN 78's design and construction should drive down the cost for follow ships and, if confirmed, I will ensure those accountable for the *Ford*-class, including me, make sure the costs are reduced. I am told CVN 79 and 80 should achieve significant cost reductions by refining the ship construction process, capitalizing on technological improvements, and enhancing shipbuilder facilities. I am also told construction performance of the *John F. Kennedy* (CVN 79) is significantly improved in comparison to CVN 78 and the Navy is taking proactive measures to cut costs even further. If confirmed, I will review in detail how the Navy and industry are addressing lessons learned to ensure they are being applied to the fullest extent in order to drive down the cost of the follow-on ships and to insure what is being advertised is accurate.

Question. In the fiscal year 2018 budget request, the USS *Enterprise* (CVN-80) is estimated to cost \$13.0 billion, which is \$1.6 billion more than CVN-79. The former Secretary of the Navy certified to the congressional defense committees on April 22, 2016 that CVN-80 will repeat the design of CVN-79. The Navy plans to award the construction contract in March 2018.

Will you personally review the CVN-80 cost estimate to ensure it is fair and reasonable?

Answer. Yes, if confirmed as the person with ultimate accountability, I will review the CVN-80 cost estimate in detail. If necessary, I will also request independent cost estimates from outside the Navy.

LITTORAL COMBAT SHIP (LCS)

Question. In February 2016, the Secretary of Defense announced his decision to down-select to a single LCS variant and reduce the procurement quantity to a combination of 40 basic variant LCS and frigate variants of LCS, as codified in revision 3 of the LCS acquisition strategy signed in March 2016. Section 123 of the National Defense Authorization Act for Fiscal Year 2017 prohibits revisions or deviations from this acquisition strategy unless the Secretary of Defense submits a certification to the congressional defense committees. In the President's Budget for Fiscal Year 2018 (PB18), the Navy indicated the frigate requirements were being reviewed to increase lethality and survivability and that the frigate competition would be full and open to existing U.S. and foreign frigate designs, which would be built in the United States.

What is your view of the LCS program?

Answer. If confirmed, it would be my desire to take a deep dive into the LCS program in order to have a full understanding of the history, the problems, the corrections and the options for the future. I understand the Navy's 2016 Force Structure Assessment revalidated the warfighting requirement for a total of 52 Small Surface Combatants (SSCs). It is also my understanding the Navy intends to fulfill the SSC requirement with a combination of LCS and its successor, the Frigate.

I believe we should immediately assess the options available to transition to the development and construction of the Frigate. The Frigate will further augment the SSC force with improved lethality and survivability.

Question. What is your understanding of the Navy's revised President's Budget 2018 frigate acquisition strategy? Do you support it?

Answer. I understand the Navy revised the frigate acquisition strategy to allow adequate time to define the requirements, mature the Frigate design, and thoroughly evaluate design alternatives. While I support the clear need to get this right, if confirmed, I intend to ensure we have a sense of urgency in our efforts in delivering on the strategy.

Question. If confirmed, will you review the current LCS and frigate acquisition strategies and recommend changes if you deem them necessary?

Answer. Yes.

Question. The initial operational capabilities for the 3 LCS mission modules, which give the ships combat capabilities, have been delayed by a cumulative of 27 years—5 years for the surface warfare package (occurred 2015), 9 years for the anti-submarine warfare module (expected 2019), and 13 years for the mine counter-measures package (expected 2021)—creating a significant mismatch between the 26 LCS on contract and their ability to deploy combat capabilities.

Do you consider it acceptable to have 26 LCS on contract with little proven combat capability?

Answer. LCS procurements to date have yielded positive results with stable ship designs, improved yard facilities, and a qualified work force with both shipyards in full serial production, delivering ships in an affordable manner. It is my understanding that the delivery of the mission packages to the Fleet has witnessed many delays, the delays in delivering these capabilities is, in my opinion, unacceptable. If confirmed, I will review the Navy's acquisition strategies for both the seaframes and the mission packages to ensure we are delivering needed capability to the Fleet both affordably and in a timely fashion.

Question. Would you consider halting procurement of further LCS seaframes or maintaining procurement at only the minimum sustaining rate at least until all three modules have achieved an initial operational capability?

Answer. The delivery of mission capability for the LCS platforms has been sub optimal. If confirmed, I will review the Navy's acquisition strategies to ensure we are delivering needed capability to the fleet.

NAVAL AVIATION

Question. What is your assessment of the most important challenges facing Naval aviation? If confirmed, what steps would you take to meet those challenges?

Answer. After providing for the safety of our sailors and marines, the most important challenges facing Naval Aviation are readiness and growing the force. To address these issues, if confirmed I will work to deliver the most effective Naval Aviation capabilities and capacity while striving for the highest yield on invested resources.

Question. Does the Navy have a sufficient number of strike-fighter aircraft? If not, if confirmed, what steps would you take to ensure they do?

Answer. If confirmed, I will review the current strike fighter inventory and projected procurements to determine the strategies needed to have sufficient numbers of strike fighter aircraft to execute our National Security and National Military Strategies, both current and future.

Question. What is your understanding of the physiological episodes that the Naval aviation community is confronting and plans to address such episodes?

Answer. As the CNO recently articulated, resolving pilot Physiological Episodes in F-18 and T-45 aircraft is Naval Aviation's number-one safety issue. Currently, the Naval Aviation Enterprise is addressing hypoxia and decompression events as the two most likely causes of recent physiological episodes in naval aviators. The CNO and Commandant are receiving regular updates, Fleet awareness is high, protocols are in place, and, if confirmed, I intend to be focused on mitigating risk and provide the resources necessary to correct the potential deficiencies.

MARINE CORPS AVIATION

Question. What is your assessment of the most important challenges facing Marine Corps aviation? If confirmed, what steps would you take to meet those challenges?

Answer. The Marine Corps challenges are the same as the Navy. After providing for the safety of our sailors and marines, the most important challenges facing Naval Aviation are readiness and growing the force. To address these issues, if con-

firmed I will work closely to deliver the most effective Naval Aviation capabilities and capacity in the most affordable manner possible.

Question. Is Marine Corps aviation readiness at an acceptable level? If not, if confirmed, what steps would you take to improve aviation readiness?

Answer. Like the Navy, the Marine Corps has also accepted significant risk in aviation readiness accrued from 15-years of wartime operational tempo and chronic underfunding of many readiness accounts. They also remain challenged with planning for the transition from flying legacy USMC F/A-18A-D and AV-8B aircraft that reach the end of their service life before replacement aircraft (F-35B/F-35C) can be delivered into service. If confirmed, I will work with Congress to ensure our investments address the gap between the Strike Fighter inventory forecasts and global force demands, both current and future.

F-35 JOINT STRIKE FIGHTER

Question. What is your assessment of the F-35 Joint Strike Fighter? If confirmed, what changes would you seek to implement in the program?

Answer. I am not aware of the detailed status or risks of the F-35 Joint Strike Fighter development program. I do know, however, that both the Navy and Marine Corps are fully committed to F-35 as this 5th generation aircraft provides the necessary capabilities to ensure we maintain air superiority and provide global precision attack against emerging threats. If confirmed, I will review this program to assess the overall status.

Question. If confirmed, will you direct a reassessment of the Department of the Navy's total program procurement quantity of F-35s, currently established at 680 aircraft?

Answer. If confirmed, I will fully review the Department's overall strike asset requirements, taking into account all naval domain systems—airborne, surface and subsurface, manned and unmanned. As delineated in Title X of the Secretary of the Navy's responsibilities, it is essential that the Department of the Navy provide the warfighting flexibility and lethality to the combatant commanders. If confirmed, I will ensure we procure and support the right quantity of F-35 aircraft to ensure we have an effective naval strike capability in support of the Joint Force.

Question. In your view, are there alternatives for the Department of the Navy worthy of exploring other than purchasing 340 F-35C fighter aircraft, such as purchasing advanced fourth generation fighters still in production, such as enhanced F-18s, or developing a next generation fighter aircraft beyond the F-35's capabilities?

Answer. If confirmed, I will ensure the Department continues to examine the optimum 4th/5th generation strike fighter mix based on threat assumptions, technology maturation and future strategic assessments.

CARRIER AIR WING

Question. Do you believe the Navy's carrier air wing is designed to meet the challenges of today and tomorrow, particularly in terms of available strike range, available payload, electronic warfare, and command and control? Why or why not? If not, if confirmed, what steps would you take to address any gaps?

Answer. The Carrier Strike Group (CSG) or Expeditionary Strike Group (ESG) is often the first responder to any crisis. I believe the Department has composed, and will continue to balance, the carrier air-wing (CVW) with the right mix of capabilities to meet the needs of the nation. If confirmed, I will review CSG/ESG capabilities to ensure our CVW roadmaps deliver the warfighting capability and capacity needed to fulfill the requirements of the combatant commanders and respond to the threats faced by our nation.

UNMANNED AVIATION

Question. What is your assessment of the appropriate role unmanned aviation has to play in Naval and Marine Corps aviation? If confirmed, what steps would you take to advance unmanned aviation?

Answer. I believe that unmanned systems, across all domains, will play an invaluable part in future Naval Warfare. In particular, Unmanned Aviation will play a key role for both the Carrier Strike Group and Marine Air Ground Task Forces. Unmanned families of systems will not only make our manned systems more effective by extending their range and endurance, but they will play key roles in all missions, including forward presence, counter-terrorism, crisis response, strike warfare and security cooperation. If confirmed, I intend to assess how unmanned systems, working in collaboration with manned systems and other unmanned capabilities can provide our Navy and Marine Corps further strategic and tactical advantage.

Question. Do you believe that the MQ-25 should achieve initial operating capability sooner than the current plan of fiscal year 2026? If so, what steps would you recommend to achieve an earlier initial operational capability?

Answer. The Navy is committed to unmanned carrier (CVN) aviation and MQ-25 is the next step in the integration of unmanned air systems into the carrier air wing (CVW). If confirmed, I will keep Congress informed on MQ-25 development progress and our efforts to accelerate delivery of this critical enabling capability.

MUNITIONS

Question. Munitions inventories, particularly those of precision guided munitions, have declined significantly due to high operational usage, insufficient procurement, and a requirements system that does not adequately account for the ongoing need to transfer munitions to our allies and operations short of major combat, such as in the current operations in Afghanistan, Iraq, and Syria.

If confirmed, what steps would you take to ensure we have sufficient inventories of munitions to meet our combatant commanders' needs?

Answer. Munitions inventories have also been challenged by several years of budget reductions and instability. In managing risk under the Budget Control Act and Bipartisan Budget Act funding levels for the last 5 years, the Navy prioritized deployed and next-to-deploy forces, manpower, and shipbuilding because it is the least reversible element of procurement. This compelled the need to take risk in surge readiness, shore readiness, and aircraft and munitions procurement.

It is my understanding that the Navy is working to recover readiness in fiscal year 2017 and address pressing shortfalls in fiscal year 2018, consistent with the Secretary of Defense's priorities.

If confirmed, I will work with Congress to increase readiness recovery and restoral of these pressing shortfalls as a high priority in fiscal year 2018, and support the proposed investments in improving munitions inventories.

NAVY AND MARINE CORPS-RELATED DEFENSE INDUSTRIAL BASE

Question. What is your understanding and assessment of the systems and processes for identifying, evaluating, and managing risk among the entities that form the Navy and Marine Corps industrial base?

Answer. I believe that the Navy and Marine Corps should incorporate industrial base concerns into their acquisition/procurement strategies to ensure risk is appropriately managed. If confirmed, I will ensure the Department of the Navy will continue to manage the risk associated with maintaining a healthy industrial base while balancing prudent expenditure of resources.

Question. Should Department of the Navy acquisition leaders consider impacts on the industrial base when addressing requirements for recapitalization or modernization of major end items such as ships, aircraft, munitions, or key repair parts?

Answer. Yes. It is important to balance the health and productivity of industrial base when addressing requirements for recapitalization or modernization of ship, aircraft, munitions, or key repair parts while exercising prudence in resource expenditures.

Question. If confirmed, what changes, if any, would you pursue in systems and processes to improve identification, monitoring, assessment, and timely actions to ensure that risk in the Department of the Navy-relevant sectors of the defense industrial base is adequately managed in order to develop, produce, and sustain technically superior, reliable, and affordable weapons systems?

Answer. If confirmed, I will review the current processes and seek opportunities for improvement within the Department of the Navy to ensure the defense industrial base is managed to optimally build and sustain affordable weapon systems with the most efficient use of taxpayer resources.

SCIENCE AND TECHNOLOGY

Question. What is your understanding and assessment of the role that science and technology programs have played and will play in developing capabilities for current and future Navy and Marine Corps systems?

Answer. New discoveries play a vital, though not singular, role in delivering new capability. Ultimately, it is the people—our team of military, civilians, scientists, engineers, business professionals, contractors and dedicated staff—and the broader R&D community across industry, academia and government that will meet the capability needs of future naval forces.

Question. If confirmed, how will you ensure that Navy and Marine Corps science and technology programs will successfully transition to operational warfighting capabilities?

Answer. The defining attribute of future naval forces is survivability and speed—not only in operations, but in corporate decision-making and business execution. We must be responsive to the accelerating pace of technology development and create pathways that will result in the timely fielding of new naval capabilities. It requires bold leadership and immediate action to attack this problem with the same intensity we bring to the battlespace. If confirmed, I commit to build on the strong foundation of research, with the talented people and partners in government, academia and industry, and to continue to develop evolutionary and revolutionary capabilities while reducing cost and increasing speed.

Question. If confirmed, what metrics would you use to judge the value and the investment level in Navy and Marine Corps science and technology programs?

Answer. The criterion for victory is clear: the rapid fielding of new capabilities that are adaptive, autonomous, integrated, interoperable, survivable, sustainable and especially, lethal. The Navy Marine Corps team faces growing complexity of threats, which we will not defeat by simply out-spending. Success necessitates speed of innovation, agility and adaptability.

Question. In your opinion, do the test ranges play a valuable role in ensuring that new technologies are ready for deployment? If confirmed, what steps would you take to strengthen the test ranges?

Answer. Integral to the process of fielding new capabilities is the need for more demonstrations with the Fleet to mature technologies and prove concepts; thereby reducing risk, cost and time in acquisition. Demonstrations, both live, virtual and constructive, ensures that the technology is ready to move forward. Our Navy needs to accommodate this blended approach to demonstration and test.

TEST AND EVALUATION (T&E) EFFORTS

Question. If confirmed, how will you ensure that the Navy and Marine Corps T&E infrastructure is robust enough to ensure that new systems and technologies are tested to verify their combat effectiveness and suitability?

Answer. If confirmed, I will make it a priority to assess the current approach, with the goal of ensuring that the Navy's T&E infrastructure is adequately funded and managed to provide T&E infrastructure capability to satisfy high priority T&E requirements in a timely manner.

Question. What metrics will you use to assess the quality of the Department of the Navy's T&E infrastructure?

Answer. If confirmed, I will also address this area to ensure the DON has the required T&E infrastructure, to include exploring the private sector for best practices in testing and evaluation.

INFORMATION TECHNOLOGY PROGRAMS

Question. What major improvements would you like to see made in the Navy's and Marine Corps' development and deployment of major information technology (IT) systems?

Answer. I believe that the Navy needs to improve the efforts in Cyber-Cyber Deterrence, Cyber Resiliency, while building the foundational capabilities to enhance cyber attribution, cyber resilience of the joint force, and innovative technologies. This will increase the cyber security of our vital IT infrastructure. If confirmed, I will work closely with Navy leadership and our commercial sector partners to leverage existing commercial IT products and solutions in an effort to benefit from our commercial partners' lessons learned and to capture savings from these efforts.

Question. If confirmed, how will you encourage process and cultural change in organizations so that they maximize the benefits that new enterprise IT systems can offer in terms of cost savings and efficiency?

Answer. If confirmed, my goal would be to bring my private sector experience regarding business efficiencies and change management to the Department of the Navy. I will work closely with Navy leadership to instill a top down and bottom up approach to reviewing how IT systems can promote efficiencies and savings which will positively impact overall readiness. Additionally, if confirmed, I will work with Navy leadership to ensure that the Navy workforce has the analytical tools and training to increase the ability to glean more useful information and intelligence from data and the use of IT systems.

Question. What is the relationship between the Department of the Navy's efforts to implement enterprise IT programs and supporting computing services and infrastructure to support Department of the Navy missions and efforts being undertaken by the Defense Information Systems Agency?

Answer. I understand that the Navy is working efforts to ensure that informed, risk-based decisions are made so that every dollar counts, and to the maximum ex-

tent practical, the Navy chooses the technical solution or service provider which provides the best value. If confirmed, I will welcome the opportunity to work with the other military Departments and the Defense Information Systems Agency (DISA) to achieve increased security, effectiveness, efficiencies or best value and will further the ongoing efforts by the Navy team to leverage all DISA efforts. As a consumer of computer services and infrastructure, I will look to DISA as a competitive supplier of those services and expect to benchmark them as such. Lastly, if confirmed, I will continue to consider industry solutions in the cases where a more cost effective option is offered.

Question. How will you ensure that appropriate business process reengineering is undertaken and accomplished before initiating new business systems, IT program development, and deployment?

Answer. If confirmed, I will work with DON's Chief Management Office to ensure any investments for defense business systems follow the guidelines identified in the NDAA, Title 10, and any supplemental guidance issued by the Department of Defense. Additionally, our first step must be deciding what capabilities we are trying to achieve. Future capabilities are based on reengineering the high-level future business processes that will deliver those capabilities. This includes selecting and tailoring commercial best practices to meet the needs of the end-user community. Taking a capability focused approach will force us to think how to best improve our business and not exclusively focus on acquiring systems.

Question. What role will the Department of the Navy's research and testing enterprise play in the development and deployment of Navy and Marine Corps business IT systems?

Answer. Given the Navy's ever increasing use of commercial products and industry best practices, the role of the research and testing in enterprise IT and business systems is critical. It is important that the Navy makes technically informed decisions that meet its cost and functional performance requirements. The Navy must understand where industry solutions are adequate and where it needs additional development or customization. It is also important to understand how these systems can seamlessly work together and share data to support analysis and decision making. If confirmed, I will further the current Navy efforts to realize the cost savings, capabilities and efficiencies that commercial technologies may provide.

INVESTMENT IN INFRASTRUCTURE

Question. Witnesses appearing before this Committee in the past have testified that the military services under-invest in both the maintenance and recapitalization of facilities and infrastructure compared to private industry standards. Decades of under-investment in Defense Department installations have led to substantial backlogs of facility maintenance activities, created substandard living and working conditions, and made it harder to take advantage of new technologies that could increase productivity. These challenges have been exacerbated by current budget pressures.

What is your assessment of Navy and Marine Corps infrastructure investment?

Answer. I believe the Navy Marine Corps investment in infrastructure is inadequate and this inadequate activity is causing a rapidly growing liability and imposing a negative impact on readiness. In recent years, the Department of the Navy has prioritized other higher priority requirements above necessary infrastructure investments. This has created a +\$10 billion project backlog which is affecting current readiness and driving up long term lifecycle and sustainment costs for the infrastructure portfolio.

Question. If confirmed, what actions, if any, would you propose to increase resources to reduce the backlog and improve Navy and Marine Corps facilities?

Answer. If confirmed as Secretary of the Navy, leadership will conduct of thorough review of all DON requirements to ensure the Navy and Marine Corps are focusing our limited resources on the most critical and highest priority projects. The significant investments required to rebuild the Navy and the Marine Corps and bolster warfighting readiness will continue to constrain the Department of the Navy's ability to dedicate appropriated funds to infrastructure improvements. Given the current resource constrained environment, the Department of the Navy must continue to explore innovative ways to leverage public private partnerships and third-party financing in order to overcome the limited availability of appropriated funds. I would like to thank the Committees for the tremendous flexibility afforded to the Services through important new authorities that allow us to address our infrastructure challenges. If confirmed, I will ensure the DON continues to work with the Congress and seek additional authorities that may help unleash and leverage the value of our assets to improve readiness.

BASE CLOSURE AND REALIGNMENTS

Question. The Department of Defense has repeatedly requested a Base Realignment and Closure (BRAC) round.

Do you believe another BRAC round is necessary? If so, why?

Answer. Coming from the private sector, it makes sense to me that DOD should have the authority to periodically review and adjust its infrastructure to make it more efficient and effective. The five prior rounds of BRAC (88, 91, 93, 95 and 05) continue to save DOD \$12 billion annually and I have been told a new round could save an additional \$2 billion each year. This additional savings would prove critical to efforts to rebuild the Navy and Marine Corps and improve warfighting readiness. A future BRAC round might also afford the DON the opportunity to better unleash the inherent value of Department assets and leverage that value to improve capabilities and readiness.

Question. If confirmed, and if Congress were to authorize another BRAC round, how would you go about setting priorities for infrastructure reduction and consolidation within the Department of the Navy?

Answer. Military value is the primary consideration in determining priorities for reduction and consolidation. The Department of the Navy would focus on eliminating excess capacity, improving operational readiness, maintaining quality of service, and saving money while balancing those efforts with potential future growth of the force. Since this does need to be looked at Department wide, I would work closely with the Service Chiefs to assess priorities and ensure we “get it right.” It is essential the DON accurately assesses its current and future requirements and that we focus on preserving those critical and often irreplaceable assets including testing and training ranges.

Question. If confirmed, and if Congress were to authorize another BRAC round, what is your understanding of the responsibilities of the Navy and Marine Corps in working with local communities with respect to property disposal?

Answer. If Congress authorized another BRAC round, DON would work closely with all affected local communities and DOD recognized Local Redevelopment Authorities to achieve transfer and redevelopment goals. In previous BRAC rounds, our strong commitment to this process has been mutually beneficial to DON and the local communities. Transferring properties from previous BRAC rounds has often proven onerous. I would request the Committees consider BRAC Authorities that would enable the Department to more quickly transition property for reuse.

SEXUAL ASSAULT PREVENTION AND RESPONSE

Question. What is your assessment of the Navy and Marine Corps sexual assault prevention and response programs?

Answer. I believe sexual assault is a significant problem and a serious threat to the morale, good order, discipline, and readiness of the Department of the Navy. The sexual assault prevention and response (SAPR) programs must be a clear priority in the Navy and Marine Corps. I understand that both Services within the Department are engaged in the active pursuit of facilitating heightened awareness of sexual assault, how it threatens the armed forces, and reporting options for victims and witnesses. The Chief of Naval Operations and Commandant continue to work closely with the Department and demonstrate both a clear understanding of the risks to the services of this criminal activity, as well as a commitment to the eradication of this threat. The SAPR programs need the requisite tools and resources to further their mission, which includes ensuring the availability of comprehensive care for sexual assault victims. The Department must continue to emphasize a climate of dignity and respect where male and female victims alike are empowered to report this crime.

If confirmed, I am firmly committed to continuing to focus our resources and enhancing our efforts in terms of both prevention and response.

Question. What is your view of the adequacy of the training and resources the Navy and Marine Corps have in place to prevent sexual assaults and to investigate and respond to allegations of sexual assault?

Answer. If confirmed, I will work closely with key leadership in the Secretariat, the Services and the private sector to identify any inadequacies, resolve them, and explore ways to improve the system.

The training environment must be robust and focused on changing adverse attitudes and behaviors with the goal of encouraging marines and sailors to take an active role in preventing sexual assault. Part of this prevention effort is helping marines and sailors understand healthy relationships and the positive impact they have on the Marine Corps as a whole.

The Navy must be steadfast in its efforts to improve victim services and increase confidence and trust in the response system; only when victims are confident in the support they will receive will they come forward to report. Support services must be comprehensive so victims can obtain support immediately via 24/7 support lines; receive assistance via credentialed Sexual Assault Response Coordinators and Victim Advocates; and access world class medical, counseling, and legal support through qualified professionals.

Question. What is your assessment of the Navy and Marine Corps Victims' Legal Counsel programs?

Answer. I understand Victims' Legal Counsel (VLC) are certified, trained, and qualified attorneys who provide essential support, assistance, advice, and advocacy for victims of sexual offenses as cases navigate the military's disciplinary and administrative systems. However, I do not expect to rest on our laurels. If I am confirmed, I will focus on continually exploring best practices and providing the best services available to uniformed members and their families.

I believe that the VLCs should serve as personal legal advocates to ensure victims are in the best position to leverage all of the tools available to them. The program should help ensure victims are advised and assisted in exercising their rights by trained judge advocates. I understand Navy VLCs have built strong relations with local commanding officers and Sexual Assault Prevention and Response (SAPR) program personnel.

Question. What is your understanding of the adequacy of Navy and Marine Corps resources and programs to provide victims of sexual assault the medical, psychological, and legal help they need?

Answer. It is my belief that effective services should be widely available, and that sexual assault victims should receive a high priority for care and support. I understand Sexual Assault Forensic Exams are now widely available at Navy hospitals, and numerous providers have been trained in the special requirements of victim support. If confirmed, I will ensure Navy and Marine Corps leaders at all levels have the resources they need to train unit personnel as well as advise and assist victims of sexual assault. If confirmed, I will explore ways to sustain and expand these efforts.

Question. What is your assessment of the potential impact, if any, of proposals to remove the disposition authority from military commanders over violations of the Uniform Code of Military Justice, including sexual assaults?

Answer. Military commanders are charged with fostering an environment where sexual assault and the behaviors and actions that may lead to it are unacceptable. They drive the command climate and culture and ensure a safe and productive working environment. Their involvement in the disciplinary process is important. I believe it is critical to the military justice process that military commanders have disposition authority over sexual assaults, and do not favor removing this authority from commanders. I will, however, carefully consider any recommendations from the Judicial Proceedings Panel (JPP) and of independent review groups that can improve the Department's SAPR program.

Question. What is your assessment of the Navy's and Marine Corps' protections against retaliation or reprisal for reporting sexual assault?

Answer. Stopping retaliation and reprisal is critical and we must continue to focus on it. I understand the Department is taking action to include, among other things, the use of live-action interactive training that involves audience participation in scenarios designed to educate about how to recognize and prevent retaliation and ostracism—to over 90,000 sailors and marines world-wide. I also understand that in addition to training senior leadership on this matter, a key component of the Department of the Navy's response is confronting such conduct through strengthening leadership skills among managers at the lower ends of the chain of command and in individual workplaces. If confirmed, I am committed to assessing our training and support programs and helping sexual assault survivors heal and succeed—both in the Service and in their personal lives—and I will take any appropriate measures to ensure victims are protected.

CHILD ABUSE IN MILITARY FAMILIES

Question. Recent press reports indicate that the number of incidents of child abuse in military families has increased.

What is your understanding of the extent of this issue in the Navy and Marine Corps, and if confirmed, what actions will you take to address it?

Answer. My understanding is that the Family Advocacy Program (FAP) monitors all reported incidents of child maltreatment in the Department of the Navy. The Department provides OSD a quarterly report of findings and works with the other

services to address this issue. Programs such as New Parent Support and Prevention & Education focus on preventing child abuse and neglect through public awareness, outreach campaigns, group education, and individual home visitation. If confirmed, I will continue to conduct analysis, align our prevention and education efforts accordingly, and monitor clinical programs that support families who are at risk or have experienced child abuse and neglect.

ABUSIVE ONLINE CONDUCT

Question. Recently, this Committee considered testimony on reports that certain members of Marines United, an unofficial Marine Corps Facebook group, were found to be posting degrading comments and sharing nude photos of female servicemembers. Members of the group included a number of Active Duty servicemembers, former military members, and military retirees.

What is the current Department of the Navy policy for use of social media by sailors and marines?

Answer. It is my understanding that the Department of the Navy policy is that any form of harassment, discrimination, or hazing, online or otherwise, is not tolerated, and is inconsistent with the core values of the Navy and Marine Corps. The policy provides commanders with mechanisms for judicial or non-judicial punishment and administrative measures, as appropriate. Behaviors that rise to the level of sexual harassment, whether conducted person-to-person, online, or by any other method, are covered under this policy. I also believe the Marine Corps and Navy have recently promulgated new guidance for wrongful distribution or broadcasting of intimate images.

Question. In your view, is this policy adequate to address abuses such as what occurred in the Marines United incident?

Answer. Vigilance is the key to ensuring that the DON social media policy has teeth to preclude the behaviors the policy is intended to prevent. Rest assured, if confirmed, I will be vigilant and will charge Navy and Marine Corps members of all ranks to exercise vigilance, at all times, and to hold offenders accountable through appropriate judicial, non-judicial and administrative means, as warranted by the circumstances.

Additional policy changes may be necessary to address online misconduct and inappropriate online behavior to modernize our approach to this relatively new issue and to ensure that leaders and their marines and sailors understand how to behave responsibly online.

Question. If confirmed, what action would you take to ensure that members of the Navy and Marine Corps are not subjected to abusive online conduct?

Answer. If confirmed, I pledge to continue to review our policies to ensure we keep abreast of developments in technology and social media and to train all personnel in the Department of the Navy on how to behave responsibly online-so that all understand they do not abandon their ethical and moral responsibilities when they enter the online world, and that our Service's core values of Honor, Courage, and Commitment apply wherever they go, whenever they go there.

If confirmed, I will assess the progress the Navy and Marine Corps have made since the discovery of the Marines United revelations, in terms of trends in the number of incidents, and enforcement of the policy to hold violators accountable and, where appropriate, separate them from the Department of the Navy.

Question. In your view, do the Navy and Marine Corps have sufficient legal authority to hold offenders accountable for such misconduct?

Answer. I believe that, for the most part, Navy and Marine Corps have sufficient legal authority to deal with most misconduct that may be committed by sailors and marines. But I understand that as new forms of technology emerge, there may be adjustments necessary to ensure available authorities keep pace with the tools by which such misconduct may occur. Although there is no specific offense under the Uniform Code of Military Justice (UCMJ) addressing the nonconsensual distribution of intimate images, I believe that Commanders currently have adequate tools at their disposal to hold offenders accountable for online misconduct.

If confirmed, I will look at this issue carefully and I will let Congress know if, for any reason, I determine that the Department or individual Services lack the necessary authorities.

Question. What legislative authorities, if any, do you believe are necessary to address this problem?

Answer. I believe that the Navy conducted an assessment of all legal and administrative tools and is considering what, if any, additional authorities may be needed. If confirmed, I will work with Navy and Marine Corps leaders to determine whether

the Services have the necessary tools, and I will not hesitate to ask Congress for any assistance needed to eradicate this behavior from the Department of the Navy.

RELIGIOUS GUIDELINES

Question. In your view, do Department of Defense policies concerning religious accommodation in the military appropriately accommodate the free exercise of religion and other beliefs, including individual expressions of belief, without impinging on those who have different beliefs, including no religious belief?

Answer. I believe that the DON provides for the free exercise of religion to the maximum extent possible by all members of the Military Services who choose to exercise that right in concert with DOD policies.

Question. Do you agree that the primary role of the military chaplaincy is to provide for the free exercise of religion by all servicemembers and that military chaplains are sufficiently trained to perform or provide for this constitutional right in today's pluralistic military community? If not, why not?

Answer. Yes, I believe that Chaplains provide for those of their own faith, and facilitate the meeting of religious needs of those of other faiths as trained by the Navy Chaplain Corps.

Question. Do you believe it is the role of military chaplains to provide for the religious and spiritual well-being of all members of the Armed Forces, regardless of their faith beliefs?

Answer. Yes, I believe Chaplains provide and facilitate for the religious beliefs of all members, to include for the faith-specific needs of co-religionists.

Question. Do you believe that current policies provide sufficient guidance to military chaplains who conduct non-religious command training where attendance is required or encouraged to allow chaplains to discuss their religious faith anecdotally and respectfully in a pluralistic setting to support the training objectives?

Answer. Yes, I also believe Chaplains willingly serve in the pluralistic environment of the military because they are selfless patriots. I am confident in their desire to care and facilitate for all, and that they are trained to discern the venues for inclusion, and exclusion, of religious elements.

WOMEN IN COMBAT INTEGRATION

Question. Do you believe it is necessary for improved military readiness to allow women to serve in the combat arms?

Answer. I believe without reservation that every patriot, with a desire to serve, should be afforded that opportunity, with the singular caveat that all must meet the standards of the Navy and Marine Corps. Maintaining warfighting advantage requires diversity of experience, background and ideas. The Services must pull from the widest pool of talent and backgrounds to maximize warfighting capability, adapt to emerging threats and challenges, and leverage new opportunities. I believe the Department of the Navy is committed to allowing all applicants to compete for any combat arms position if they have the propensity and are fully qualified. If confirmed, I will support that commitment.

Question. What is your understanding of the plan to integrate women into the ground combat arms?

Answer. It is my understanding that all combat arms positions are open to women who meet the qualifications to fill them. All combat units are open and female leaders are being assigned to those units and will be in place as junior female Marines enter those units. A years-long research and assessment effort of the Marine Corps Integration Implementation Plan (MCIIIP) commenced this past April, and is expected to inform a significant portion of the annual updates to Congress. The MCIIIP tasks are either complete or ongoing as enduring efforts.

While I understand the number of applicants for Navy Special Warfare combat positions is relatively small to-date, the integration initiative is still in its infancy. The Navy has a long and successful track record of successfully integrating women into previously closed occupations, and I am confident that, as in the past, successful integration will occur, while maintaining the quality and capability of the force. If confirmed, I will keep a close eye on the progress to determine whether it becomes necessary to revisit any aspects of the integration plan.

Question. The Marine Corps' research demonstrated that women suffered higher injury rates among women than men when engaged in field combat exercises and training. Does this research concern you? If so, how will you mitigate these effects?

Answer. The health and safety of all servicemembers is of great concern to me. The studies that were conducted provided a significant amount of data concerning the physiology, types of injuries, and injury rates sustained by both men and

women. If confirmed, and as additional data is gathered, I will assess any necessary measures to protect the health and safety of all servicemembers.

Question. If women become subject to the draft, should they also be prepared for involuntary assignment based upon the needs of the Navy and Marine Corps?

Answer. Yes; without question. Our all-volunteer military needs access to the broadest range of talent—male and female—that our Nation has to offer. In the highly unlikely event of a draft, all who have registered for the Selective Service—and all Americans—should be prepared to defend our Nation.

Question. What is your opinion on whether men and women in combat and special forces specialties should be subject to the same physical requirements for participation in those specialties?

Answer. I support the 3 Dec 2015 SECDEF memo: “The Services will continue to apply previously developed and validated operationally relevant and objective standards for all career fields to assure that leaders assign tasks and career fields throughout the force based on ability, not gender.” I believe this approach is integral to preserving unit readiness, cohesion, and morale.

RECENT CHANGES BY FORMER SECRETARY OF THE NAVY RAY MABUS

Question. Former Secretary of the Navy Ray Mabus made a number of changes to Navy programs during his tenure. This Committee heard from sailors and marines inquiring as to the reasons for these changes.

What is your opinion on requiring female sailors to purchase new uniforms that are designed to more closely resemble the male Navy uniform?

Answer. I am aware of the concerns about the design changes among many sailors, as well as in the Congress. A more effective dialogue with the force would have served to alleviate some of the concerns, which I am told they have now been addressed.

Question. If confirmed, will you commit to informing this Committee of the rationale behind any changes to uniforms, ratings, or personnel policies during your tenure?

Answer. Yes.

MILITARY HEALTH CARE

Question. Section 702 of the National Defense Authorization Act for Fiscal Year 2017 transferred direct oversight and management of military hospitals and clinics from the military services to the Defense Health Agency (DHA). In March 2017, this Committee received the Department of Defense’s preliminary draft interim report on section 702, which described the Department’s intent to develop a component model to administer and manage military treatment facilities. Under this component model, the Department would establish service intermediary commands, and those commands would be subject to two separate lines of authority—the DHA and the Services.

In your view, how would a component model streamline the administration and management of military treatment facilities?

Answer. The Military Health System currently operates military treatment facilities through multiple agency and command structures, including the Service Medical Departments, multiple Regional Commands, enhanced Multi-Service Markets, and the National Capital Region Medical Directorate. My previous experiences in corporate consolidations supports the consolidation of responsibilities under a component model that will enable standardization of many business and clinical functions, resulting in added efficiency and an improved experience of care for our beneficiaries.

Question. In your view, how would a component model achieve the Committee’s goal to eliminate multiple inefficient layers of management and bureaucracy in Department of Defense medical operations?

Answer. Transition to a component model will dynamically transform, standardize, and streamline management of the Direct Care System. This standardization will result in added efficiency and an improved experience of care for our beneficiaries, all while ensuring the Services meet their readiness mission in the most effective and efficient manner possible.

Question. In your view, how would a component model eliminate the current stove-piped medical command structures of the Services?

Answer. The component model provides us an opportunity to balance consolidation of core health care management business functions and elimination of unwarranted duplicative activities, while minimizing the negative impacts to providing agile, rapid, and ready support to our Navy and Marine Corps. The “dual-hatting” of the service intermediate command establishes an integration point for the admin-

istration and management of health care delivery in military treatment facilities under the single authority, direction, and control of the Defense Health Agency—creating a single integrated military health care system.

Question. If confirmed, will you work with the Deputy Secretary of Defense to re-evaluate the Department's decision to proceed with a component model to implement section 702?

Answer. I fully support the decision of the Department and, if confirmed, I am committed to ensuring the successful implementation of the construct of Military Departments and the Defense Health Agency working together interdependently to meet both readiness and healthcare delivery missions.

Question. If confirmed, how would you ensure a rapid and efficient transfer of the operations of the Navy's military medical facilities to the DHA?

Answer. If confirmed, I will remain focused on providing a structure that maximizes the efficiencies of healthcare delivery through standardized military treatment facility operations, resource management, patient services, and other functions while minimizing any adverse impact on the effectiveness of our readiness mission.

Question. If confirmed, how would you ensure that the Navy reduces its medical headquarters staffs and infrastructure (including regional command staffs and infrastructure) to reflect the changing scope and size of its health care mission?

Answer. If confirmed, I will monitor the transition and watch for efficiency opportunities presented by the consolidation of responsibilities from the Service Medical Departments to the Defense Health Agency, under the component model. I would also look for best practices that are used in the private sector.

FAMILY READINESS AND SUPPORT

Question. What do you consider to be the most important family readiness issues for marines, sailors, and their families, and, if confirmed, how would you ensure that family readiness needs are addressed and adequately resourced, especially in light of current fiscal constraints?

Answer. I think among the most critical family readiness issues among sailors and their families, is the unacceptable, and quite frankly, frighteningly-high incidence of suicide, sexual assault, domestic violence, and drug and alcohol abuse. Taking care of marines, sailors and their families is a key element of overall readiness and combat effectiveness. The most important family readiness issues facing the Navy and Marine Corps are: 1) Unstable fiscal environments and the impact on Quality of Life and readiness; 2) Effective solutions to reduce sexual assaults, suicides, and other destructive behaviors; and 3) Improving facilities to support training, operations, and Quality of Life. If confirmed, I am committed to ensuring that the outstanding array of programs and services currently available to support Navy families will remain a top priority when competing for austere budget resources.

SYSTEMS AND SUPPORT FOR WOUNDED SAILORS AND MARINES

Question. What is your assessment of the progress made to date by the Department of the Navy to improve the care, management, and transition of seriously ill and injured marines and sailors, and their families?

Answer. Our Wounded Warriors remains one of our highest priorities. If confirmed, I will ensure that they always are. We have made great strides in recent years to improve their care, case management, and transition to civilian life, but there is always room for improvement. Through close coordination with the Office of the Secretary of Defense and the Department of Veterans Affairs, these special servicemembers are made fully aware of the support services and benefits that will be available to them.

Question. If confirmed, are there additional strategies and resources that you would pursue to increase the Department of the Navy's support for wounded, ill, and injured marines and sailors, and to monitor their progress in returning to duty or to civilian life?

Answer. I believe that periodic outreach through targeted social media and telephone contact addresses our moral obligation to ensure these deserving individuals are aware of, applying for, and receiving the benefits and services available to them is a good start.

Partnerships with academia, the private sector and other governmental agencies are a key factor in our ability to successfully support our sailors' and marines' future success. The 2017 National Defense Authorization Act provides additional authorities to expand and enhance these relationships. If confirmed, I am committed to pursuing those partnerships that will provide our servicemembers with the best strategies and resources for continued success in serving our Nation or in their transition to civilian life.

SENIOR MILITARY AND CIVILIAN ACCOUNTABILITY

Question. While representative of a small number of individuals in the Department of Defense, reports of abuses of rank and authority by senior military and civilian leaders and failures to perform up to accepted standards are frequently received. Whistleblowers and victims of such abuses often report that they felt that no one would pay attention to or believe their complaints. Accusations of unduly lenient treatment of senior officers and senior officials against whom accusations have been substantiated are also frequently heard.

What are your views regarding the appropriate standard of accountability for senior civilian and military leaders of the Department of the Navy?

Answer. The Department of Navy's core values are honor, courage, and commitment. The foundation of our success lies in the ability to gain and hold the trust of our personnel and the chain of command by setting a positive, professional and personal example, consistent with the Navy's core values. These values are the cornerstone of the DON's culture and they guide behavior. Senior leaders are entrusted to uphold the highest standards of personal and professional conduct at all times. Meeting these high standards of conduct is as critical as meeting our high standards of material, personnel and operational readiness. Make no mistake, if confirmed, I hold this issue as a high priority and accountability will be the keyword.

Question. If confirmed, what steps would you take to ensure that senior leaders of the Navy and Marine Corps are held accountable for their actions and performance?

Answer. All allegations of misconduct involving senior leaders are and will be investigated. All completed investigations are and will be reviewed and, when warranted by the evidence, appropriate administrative or disciplinary actions will occur. If confirmed, I will continue the Navy's focus on character development, and I will be firmly committed to holding senior leaders accountable regardless of rank or position. There is no room for any behavior, criminal or otherwise, that undermines the trust and confidence within the services or the civilian population..

MANAGEMENT AND DEVELOPMENT OF THE SENIOR EXECUTIVE SERVICE

Question. The transformation of the armed forces has brought with it an increasing realization of the importance of efficient and forward thinking management of senior executives.

What is your vision for the management and development of the Navy and Marine Corps senior executive workforce, especially in the critically important areas of acquisition, financial management, and the scientific and technical fields?

Answer. The crucial role of the senior executive cadre in meeting the Department of the Navy mission cannot be understated as they lead major organizations, managing the day-to-day operations of the entire Department. It is imperative that we remain focused on supporting our talent pool. If confirmed, I will work with the Navy and Marine Corps team to ensure that Executives are not only placed in the correct position, but also offered ongoing training and educational opportunities so that they can be successful as individuals and on behalf of the enterprise.

Question. Do you believe that the Department of the Navy has the number of senior executives it needs, with the proper skills, to manage the Department into the future?

Answer. I will work across the Department of the Navy enterprise to ensure that the levels of senior leadership are positioned correctly to fully support mission readiness and effectiveness. It is imperative to ensure SES integration with military and civilian leadership on the decisions made going forward to sustain the level of readiness necessary to support the Navy and Marine Corps mission. I also believe that we must provide the SES corps a robust management performance tool in order to provide the services the best in class civilian managers.

CHINA

Question. From your perspective, what effect is China's expanding economy and growing military having on the region at-large, and how does that growth influence the United States security posture in the Asia-Pacific region?

Answer. From what I have read, China's growing military capabilities are of concern to our allies and partners throughout the Asia Pacific region-particularly in light of China's excessive Exclusive Economic Zone claims in the SCS. Our posture should ensure we are able to sail or fly, with allies and partners, anywhere international law allows. The accelerated pace of China's expanding economy and growing military, as well as its modernization could possibly contest United States mili-

tary activity within regional areas of proximity to China. If trends continue, China may evolve its standing as a strategic competitor for regional prominence.

Question. What can the United States Naval forces do, both unilaterally and in coordination with allies and partners, to counter the increasing challenge posed by China in the East and South China Seas?

Answer. I believe a U.S. approach relies upon a continuing forward presence of forces in contested areas so that we can, if needed, deter conflict, contain escalation, and respond to crises, not only unilaterally, but with our allies and partners. Accelerated investments in technological improvements will aid in this, and studies should be undertaken over what advancements are most important relative to threats.

Question. Given that China's land reclamation in the South China Sea demonstrates a disregard for international rules and norms, do you support the UN Convention on the Law of the Sea? Do you believe the United States should ratify the convention?

Answer. Yes, I support UNCLOS. And, as China is a signatory to UNCLOS, we should hold them to those treaty standards. While we abide by its tenants, formally ratifying UNCLOS would further enhance our position on this issue. So, yes, I support the ratification of UNCLOS.

ASIA-PACIFIC

Question. Do you believe that helping countries in Southeast Asia increase their naval capacities is in the strategic interests of the United States? If so, in your opinion, what is the best approach to maximize United States security assistance funding?

Answer. Yes, I believe it is in our interests. If confirmed, I look forward to studying this issue in depth with the PACOM commander and providing you a more detailed response. However, I believe we must maximize all of the tools at our disposal to enhance the capabilities and capacities of our partners and allies. The Asia-Pacific arena is likely to remain the most consequential region for the security of the United States well into the future. As such, the DON should be committed to providing relevant, ready, and resilient forces forward with the means and capabilities necessary to protect the Nation's enduring interests. The Navy's strategic laydown and dispersal plan must continue to be reviewed annually to optimize the worldwide assignment of navy ships and aircraft.

RUSSIA

Question. Senior United States military officials have said Russia is the number one threat to the United States.

Please describe the challenges United States Naval forces face from Russia and what steps may be required by Naval forces to address these concerns.

Answer. I believe that Russia is the most significant near-term, potential threat. Their technological advancements allow them to threaten United States naval forces and the United States Homeland now and in the future. That said, I believe that U.S. Navy's deployed forces remain fully ready to respond should they be called upon to do so.

If confirmed, I would routinely assess Navy readiness and the ability to execute operational plans against all potential adversaries, and recommend to the President and Secretary of Defense any changes required to ensure success.

IRAN

Question. Iranian malign influence appears to continue to grow throughout the Middle East.

Please describe the challenges United States Naval forces face from Iran and what steps may be required by Naval forces to address these concerns.

Answer. Iran has proven by their actions that they pose a danger throughout the Middle East. As they evolve their capabilities and develop asymmetric tactics, techniques and procedures, this could result in a confrontation with United States forces in the region. In order to prepare and mitigate this evolving threat, I believe we must maintain a United States Navy aligned with our partner nations and allies in a forward deployed posture in these areas, particularly to ensure the freedom of movement in the strategic approaches of the Arabian Gulf, the Gulf of Oman, the Gulf of Aden, Bab-al-Mandeb (BAM), the Red Sea, and the Suez Canal. If required, the Navy and Marine Corps must be ready to respond with credible combat power.

OPERATIONAL ENERGY

Question. In his responses to the advance policy questions from this Committee, Secretary Mattis talked about his time in Iraq, and how he called upon the Department of Defense to “unleash us from the tether of fuel.” He stated that “units would be faced with unacceptable limitations because of their dependence on fuel” and resupply efforts “made us vulnerable in ways that were exploited by the enemy.”

Do you believe this issue remains a challenge for the Department of Defense?

Answer. I agree with SECDEF’s testimony and the DON will continue to pursue energy initiatives that are good for the warfighter, improve readiness, and those projects that have a strong business case. Fuel is an essential enabler of combat capability and past and future improvements will enable our forces to extend combat range, remain on station longer, and reduce the vulnerability of our forces by decreasing our logistical tail. Incorporating energy efficient technologies, better operational procedures, and a reinforced culture of conservation fully supports the CNO’s Design for Maintaining Maritime Superiority.

Question. If confirmed, what specific steps will you take to unleash the Navy and Marine Corps from the tether of fuel?

Answer. The DON will continue to invest in operational energy technologies that improve combat readiness and capability, reach of the fleet, and invest in research and development that will improve the efficiency and combat capability of the future Fleet. Crucial to this effort is continued partnership with private industry.

Question. If confirmed, what priorities would you establish for defense investments in and deployment of operational energy technologies to increase the combat capabilities of warfighters, reduce logistical burdens, and enhance mission assurance on our installations?

Answer. If confirmed, I intend to have the DON remain focused on delivering energy solutions that enhance the flexibility of the warfighter, improve readiness, or that have a strong business case. We will increase the efficiency of our weapons systems and diversify our energy sources to minimize operational risks associated with long supply lines. The DON will maintain a strong focus on meeting the increasing energy requirements of future platforms and weapons systems including future surface combatants, rail guns and lasers. Our installations require reliable, resilient, and efficient energy, and thus, the Department will continue to improve shore energy resiliency through innovative partnerships with commercial utilities, distributed energy and storage solutions, and the use of micro-grid technology and cyber security solutions.

Question. If confirmed, how will you consider operational forces’ energy needs and vulnerabilities during training exercises, operational plans, and war games?

Answer. I believe the growing challenges from peer/near-peer competitors around the globe exacerbates the risk to our ability to adequately supply the energy needs of our forces. Energy risk analysis through robust wargaming is essential to identify our vulnerabilities and guide us toward solutions to address logistical energy challenges.

ENERGY AND ACQUISITION

Question. How can our acquisition systems better incorporate the use of energy in military platforms, and how, if at all, are assessments of future requirements taking into account energy needs as a key performance parameter?

Answer. It is my understanding that the Department of the Navy is currently working to formalize energy considerations, and enhanced participation of Navy energy officials, in its acquisition governance processes. Although the Navy already places emphasis on energy in its acquisition policies, this formalization will further enable effective incorporation of energy considerations in the design of Navy and Marine Corps platforms and systems. It is also my understanding that an energy key performance parameter is currently mandatory as a matter of policy for most Department of Defense acquisition programs, unless it is waived by an appropriate requirements authority.

ENERGY RESILIENCY IN THE FIGHT AGAINST THE ISLAMIC STATE OF IRAQ AND SYRIA
(ISIS)

Question. Back in July 2016 after a coup attempt, the Turkish Government cut off power to Incirlik Air Base, which is the primary platform for launching coalition airstrikes in the fight against ISIS. For roughly a week, deployed units had to operate relying on backup generators, which is expensive and is certainly not the preferred method of operation given the demanding tempo of sorties against ISIS. Recently, the Air Force described an incident in the past (via open source) in which

a remotely piloted aircraft (RPA) mission based in the United States was flying a targeting mission overseas. Because of a power outage stateside, the RPA feed temporarily lost visual and the target was able to get “away and is able to continue plotting against the United States and our allies.”

If you are confirmed, how will you specifically address and make energy resiliency and mission assurance a priority for the Navy and Marine Corps, to include acquiring and deploying sustainable and renewable energy assets to improve combat capability for deployed units on our military installations and forward operating bases?

Answer. The DON is instituting an Energy Security Framework that sets energy security requirements, facilitates gap analysis, helps compare gaps to mission risks, and provides a methodology to prioritize shortfalls against available funding and third party financed options. This framework will also inform vulnerabilities and opportunities to reduce risk at forward operating locations.

Question. Do you support the J-4’s enforcement of the energy supportability key performance parameter in the requirements process?

Answer. Yes, and I appreciate the Joint Staff and OSD efforts to streamline the KPP requirements so that they are applied where energy is a key enabler of warfighting requirements, such as in aircraft or tanks, for example.

Question. Section 2805 of the National Defense Authorization Act for Fiscal Year 2017 gave the Defense Department new authority to plan and fund military construction projects directly related to energy resiliency and mission assurance, and to help address and mitigate against incidents like Incirlik, not to mention secure micro-grids to help prevent cyber-attacks.

If confirmed, will you commit to use section 2805 to support mission critical functions, and address known energy vulnerabilities with projects that are resilient and renewable?

Answer. The DON has already started to use this authority to improve resilience on its installations with projects planned in fiscal year 2018 and beyond. The DON is also conducting a DON wide review of installation energy vulnerabilities and prioritizing projects to resolve them through available funding programs.

ENVIRONMENT

Question. If confirmed, will you comply with environmental regulations, laws, and guidance from the Environmental Protection Agency?

Answer. Yes.

Question. If confirmed, will you make the same level of investment for the Defense Department’s Environmental Research Programs?

Answer. We will continue to balance our environmental program requirements against available resources, and maintain our commitment to protect our natural resources and our ability to train and operate worldwide.

Question. If confirmed, will you work with the Department of Interior and the U.S. Fish & Wildlife Service to find cooperative ways to ensure military readiness and protect the environment on and around U.S. military installations?

Answer. Yes, the DON will continue to be good stewards of the environment and will work with these agencies and other stakeholders to ensure military readiness.

CONGRESSIONAL OVERSIGHT

Question. In order to exercise its legislative and oversight responsibilities, it is important that this Committee and other appropriate committees of the Congress are able to receive testimony, briefings, and other communications of information.

Do you agree, if confirmed for this position, to appear before this Committee and other appropriate committees of the Congress?

Answer. Yes.

Question. Do you agree, if confirmed, to appear before this Committee, or designated members of this Committee, and provide information, subject to appropriate and necessary security protection, with respect to your responsibilities as the Secretary of the Navy?

Answer. Yes.

Question. Do you agree to ensure that testimony, briefings, and other communications of information are provided to this Committee and its staff and other appropriate committees in a timely manner?

Answer. Yes.

Question. Do you agree to provide documents, including copies of electronic forms of communication, in a timely manner when requested by a duly constituted committee, or to consult with this Committee regarding the basis for any good faith delay or denial in providing such documents?

Answer. Yes.

Question. Do you agree to answer letters and requests for information from individual Senators who are Members of this Committee?

Answer. I agree to respond appropriately to letters and requests for information from members of this Committee.

Question. If confirmed, do you agree to provide to this Committee relevant information within the jurisdictional oversight of the Committee when requested by the Committee, even in the absence of the formality of a letter from the Chairman?

Answer. I agree to respond appropriately to letters and requests for information from members of this Committee.

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR JOHN MCCAIN

NAVY MEDICAL PROVIDER PRODUCTIVITY

1. Senator MCCAIN. Mr. Spencer, the Services have established a very low provider efficiency (productivity) standard for military physicians—40 percent of the Medical Group Management Association median. This measure assesses provider currency and capacity, determining the readiness potential of providers. The most current data provided to the Committee show that only 37 percent of the Navy's providers exceeded the goal in the first quarter of fiscal year 2017. In other words, most of the Navy's providers failed to achieve an already very low efficiency standard. If confirmed, what would you do to ensure that the Navy's medical providers become more productive?

Mr. SPENCER. I would to work with the Navy Medical leadership in concert with the Defense Health Agency along with guidance from the private sector to incorporate industry goals to increase productivity and proven best practices that support attaining those goals.

2. Senator MCCAIN. Mr. Spencer, if confirmed, who would you hold accountable for the low productivity of the Navy's medical providers?

Mr. SPENCER. As the Service Secretary, I am ultimately accountable. I would also look to the leadership of Navy Medicine.

PROVIDER PRODUCTIVITY AND HEALTH CARE COSTS

3. Senator MCCAIN. Mr. Spencer, an independent study by the Institute for Defense Analyses showed that it costs the Department of Defense (DOD) about 50 percent less to purchase health care services in the private sector than to provide the same care in military medical treatment facilities. In your view, how does low provider productivity contribute to the higher relative costs to provide medical care in those facilities?

Mr. SPENCER. As the private sector has proven, higher productivity produces lower costs (Mayo Clinic). We must address every aspect of the delivery of care in order to lower costs.

MILITARY HEALTH SYSTEM REORGANIZATION

4. Senator MCCAIN. Mr. Spencer, section 702 of the National Defense Authorization Act (NDAA) for Fiscal Year 2017 transferred direct oversight and management of military hospitals and clinics from the Military Services to the Defense Health Agency (DHA). In March and again in June, the Committee received the Department's interim reports on section 702, which described DOD's intent to develop a component model to administer and manage military treatment facilities (MTF). Under this component model, the Department would establish Service intermediary medical commands, and those commands would be subject to two separate lines of authority—the Defense Health Agency and the Services. Do you believe that a component model, with establishment of new Service intermediary medical commands under two separate lines of authority, would make the military health system flatter, more agile, and more efficient?

Mr. SPENCER. I do not believe that two lines of authority would make the military health care system flatter, more agile, and more efficient.

5. Senator MCCAIN. Mr. Spencer, if confirmed, would you urge the Secretary of Defense to reevaluate the Department's decision to proceed with a component model to implement section 702?

Mr. SPENCER. I would work in lockstep with the Service Secretaries to craft the most efficient and effective model to deliver health care to the military services.

6. Senator MCCAIN. Mr. Spencer, if confirmed, would you ensure that Navy reduces its medical headquarters staffs and infrastructure (including its regional commands and infrastructure) to reflect the more limited scope and size of its health care mission?

Mr. SPENCER. Yes.

QUESTIONS SUBMITTED BY SENATOR DAN SULLIVAN

INCREASED NAVAL JOINT PACIFIC ALASKAN RANGE COMPLEX UTILIZATION

7. Senator SULLIVAN. Mr. Spencer, the Joint Pacific Alaskan Range Complex (JPARC) is the largest joint overland training area in the United States with airspace the size of Florida and maritime space the size of Virginia. How would you propose to use this ideal location for the advanced integrated training needed to best counter high-end and near-peer threats, and can I get your commitment to visit Alaska in your first year—ideally during a Red Flag Alaska or Northern Edge exercise?

Mr. SPENCER. The Navy and Marine Corps routinely participate in training exercises based at JPARC, including Red Flag-Alaska and Northern Edge. The JPARC facility has almost 5 times the training airspace (13,000 vs 65,000 square miles) available at Fallon. As air combat and strike warfare continue to evolve, with longer range intercepts and enhanced standoff strike capabilities, additional space for air combat maneuvering and training could become an important consideration in selecting training locations. If confirmed, to the best of my ability, I will attempt to visit Alaska within my first year.

ARCTIC STRATEGY

8. Senator SULLIVAN. Mr. Spencer, the 2016 DOD Arctic Strategy states that the “DOD will preserve the global mobility of United States military and civilian vessels and aircraft throughout the Arctic, as in other regions. This includes conducting Freedom of Navigation operations [FONOP] to challenge excessive maritime claims when and where necessary.” How would you propose to give the President the option of conducting a surface FONOP—in all weather conditions during all times of the year—to challenge if Russia decided to deny access to vital United States/international shipping in the Arctic region?

Mr. SPENCER. With the briefings received to date, I understand that the Department of Defense (DOD) has several options to conduct Freedom of Navigation operations (FONOPS) in the Arctic. First, Navy submarines can and do conduct FONOPS, either undersea or by surfacing. Second, Navy surface combatants could conduct Arctic and sub-Arctic FONOPS in open water conditions during the summer melt season. Third, the DOD’s FON Program employs every branch of Military Service, including the U.S. Coast Guard (USCG). Thus, USCG cutters could conduct FONOPS in the Arctic and the new Heavy Polar Icebreakers are planned to have maritime security capability and the capability to provide assured year-round access to the Arctic. Fourth, the Arctic Strategy continues to prioritize and maintain the long-standing partnerships with other Arctic nations who have publicly committed to working within a common framework of international law and diplomatic engagement. FONOPS support international law. If necessary, FONOPS could be conducted by a partner nation, as is currently being done in the South China Seas.

9. Senator SULLIVAN. Mr. Spencer, the United States Navy Arctic Roadmap 2014 to 2030 discusses the need to “identify future platforms and their engineering requirements that will operate” in sea ice by the mid-2020s and the new DOD Arctic Strategy discuss the need to “Preserve Freedom of Seas in the Arctic.” However, last week the Navy responded that it “is not pursuing ice-hardened ships because there are no validated combatant commander requirements and we can do sub-surface FONOPS.” For a FONOP to have the intended effect, it must be visible. As the Navy begins its push towards 355-ships, what are your proposed solutions to the obvious gap that exists between DOD and Navy strategic requirements and actual capabilities?

Mr. SPENCER. The Navy’s undersea and air assets continue to fulfill current operational requirements in the Arctic. Advances in the Navy’s undersea technology and modernization of both undersea and aviation platforms (e.g. P-8A aircraft) will continue to provide greater capabilities for the Arctic region. DOD and the Navy con-

tinue to closely monitor the Arctic activity and will continuously re-assess requirements with Combatant Commanders.

10. Senator SULLIVAN. Mr. Spencer, the DOD Arctic Strategy and the Navy's Arctic Roadmap list numerous capabilities required for the Arctic. What are your plans to ensure that important Navy and Marine Corps Arctic capabilities supporting Arctic Strategy are fully synchronized?

Mr. SPENCER. If confirmed, I will work closely with the Department of Defense and the Department of Homeland Security to ensure the Navy, Marine Corps and Coast Guard are fully synchronized in supporting Arctic validated requirements, consistent with the 2018 National Defense Strategy.

QUESTIONS SUBMITTED BY SENATOR DAVID PERDUE

NUCLEAR SUBMARINE REPLACEMENT

11. Senator PERDUE. Mr. Spencer, our Nation's nuclear submarines are the most survivable leg of the nuclear triad. They carry about 70 percent of the Nation's deployed nuclear warheads. The Navy has begun acquiring the replacements for the *Ohio*-class ballistic missile submarines (SSBN). The new *Ohio*-class replacement boats (aka *Columbia*-class) lead ship is projected to cost \$8.2 billion and then an average unit cost of \$6.5 billion for ships 2 to 12 in fiscal year 2017 constant dollars. The Navy has stated publicly that it could not afford to buy both the new SSBNs and maintain other required procurements under the DOD top lines that would be consistent with the defense budget caps under the Budget Control Act. What priority would you place on the *Ohio*-class replacement program in relation to other acquisition programs?

Mr. SPENCER. If confirmed, I will support the *Columbia*-class Submarine Program as the Navy's top acquisition priority.

12. Senator PERDUE. Mr. Spencer, do you think this needs to be a whole-of-DOD approach for procurement (i.e. beyond Navy budget)?

Mr. SPENCER. If confirmed, I will work with Congress to determine the best approach to funding the *Columbia*-class SSBN program. I do support and appreciate the acquisition authorities provided by Congress, which are helping the Navy build the *Columbia*-class SSBNs more affordably.

13. Senator PERDUE. Mr. Spencer, do you think the Navy can expand to a 355-ship fleet, while also procuring the *Ohio*-class replacement SSBNs?

Mr. SPENCER. The shipbuilding industrial base, with predictable, stable and sufficient budgets can support increased procurements while also procuring the *Columbia*-class SSBNs. However, increasing ship construction funding during the years of *Columbia*-class SSBN procurement will be required. This is consistent with previous SSBN procurement periods, where ship construction funds were increased significantly to account for SSBN procurement. As discussed in the confirmation hearing, the BCA provides severe limitations on our ability to grow the force.

14. Senator PERDUE. Mr. Spencer, if confirmed, will you ensure/commit to us that the *Columbia*-class ballistic missile submarine will stay on schedule and at the current cost?

Mr. SPENCER. Yes. As the Navy's top modernization priority, the *Columbia*-class SSBN program must stay on schedule in order to meet USSTRATCOM requirements for first patrol in fiscal year 2031. The program currently remains on budget and the Navy continues to aggressively investigate further cost reduction efforts.

AUDIT OF THE DEPARTMENT OF DEFENSE

15. Senator PERDUE. Mr. Spencer, the Department of Defense has failed in their ability to achieve a clean financial audit. In your advance policy questions, you stated, quote, "If confirmed I will broadcast a tone from the top that auditability of the Department of Navy is a priority for every member of the leadership team and ensure that Flag/General Officers/Senior Executives understand and are engaged and accountable for their role in moving the Department toward its audit goals." As you know, the Chief Financial Officer's Act of 1990 (CFO Act) mandates the preparation of audited annual financial statement for certain funds and accounts from executive agencies, including DOD. Yet DOD is the only Federal agency who has not received an unqualified (clean) audit opinion on your annual financial statements. That's 27 years overdue. I fail to understand how the Department of the Defense can possibly

know how much funding it needs if its senior leaders don't understand where 100 percent of their budget dollars are spent from year to year, so I am glad that you are changing that tone and culture. We need to be accountable to the American taxpayer, and an audit is the first step in finding where we're spending too much, or spending on the wrong things.

Last month, Acting Navy Secretary Stackley, said in his written testimony that, quote, "given the complexity and size of our operations, we anticipate that an unqualified audit opinion will be several years away." The Navy has had 27 years to get ready for this. Why do you think more time needed?

Mr. SPENCER. As I understand it, the Navy followed the OSD Financial Improvement and Audit Readiness (FIAR) framework and the requirement to meet critical audit capabilities to enter into a Full Financial Statement Audit in fiscal year 2018, which has been achieved. If confirmed, I will continue these efforts to ensure compliance with audit requirements. While the Department of the Navy will produce an audit in fiscal year 2018 it will be qualified. This will be an iterative process and I would not expect the Department to produce a clean, non qualified audit in the immediate future.

16. Senator PERDUE. Mr. Spencer, haven't recent NDAA's required you to be audit-ready sooner?

Mr. SPENCER. The National Defense Authorization Act of 2010 mandates that the Department of Defense (DOD) have audit ready financial statements by 2017. Audit ready means the Department has strengthened its internal controls and improved its financial practices, processes, and systems so there is reasonable confidence the information can withstand an audit by an independent auditor.

17. Senator PERDUE. Mr. Spencer, what actions do you think need to be taken to ensure the Department of the Navy can achieve a clean audit opinion the end of fiscal year 2017, as is required by law?

Mr. SPENCER. The law requires that the Department of the Navy have audit ready financial statements by 2017. If confirmed, I will focus on meeting that requirement and on clear alignment of Navy's business processes and enforcement of accountability across the Flag/SES community to ensure the capability to sustain an audit environment. It is unrealistic to expect the Department to produce a clean audit in the immediate future.

18. Senator PERDUE. Mr. Spencer, if confirmed, do you think the Department of the Navy will have a clean audit opinion by the end of this fiscal year, as required by law? If not, when?

Mr. SPENCER. The law as I understand it requires the Department have audit ready financial statements by 2017. Due to the size and complexity of DON, I do not believe that an unqualified opinion is likely for several years.

THREATS OF FOREIGN SUBMARINES

19. Senator PERDUE. Mr. Spencer, citing public remarks by the Russian Navy chief, Admiral Viktor Chirkov, Admiral Mark Ferguson, Commander Naval Forces Europe, said in late-2015 that the intensity of Russian submarine patrols had risen by almost 50 percent over the last year. Russia has increased its operating tempo to levels not seen in over a decade. Russian Arctic bases and their \$2.4 billion investment in the Black Sea Fleet expansion by 2020 demonstrate their commitment to develop their military infrastructure on the flanks, he said. Russia planned to start construction on 5 nuclear submarines in 2015, compared to 2 in United States shipyards. These submarines are quieter and more advanced than we've seen previously from Russia. We're also seeing China work to advance their submarines, and the Chinese are now on the cusp of taking the lead in a cutting-edge propulsion technology (which would make the engines ultra-quiet with stronger stealth capability). Do you think the Navy is providing enough assets to track and maintain awareness of Russian, Chinese, and other foreign submarine activity for the foreseeable future?

Mr. SPENCER. I understand that U.S. Navy's deployed forces remain fully ready to respond to any crisis, provocation or great power conflict. The Navy routinely assesses its readiness in force structure, capability, and the ability to execute operational plans against all potential adversaries. That assessment includes how well and how fast adversaries are advancing existing and new capabilities. If confirmed I will ensure that you have my unbiased assessment of Navy capabilities as compared to our adversaries.

20. Senator PERDUE. Mr. Spencer, if confirmed, how would you work to address this threat?

Mr. SPENCER. Addressing the threat is a team effort and will require us to leverage all of our strengths across the warfighting spectrum. If confirmed, I will work with all Executive and Legislative Branch agencies to ensure we collectively understand the threat and develop solutions to defeat the threat.

21. Senator PERDUE. Mr. Spencer, what is your assessment of the probability Russian submarines could surprise us and pop up near the East or West Coast within cruise missile range, today and in the future?

Mr. SPENCER. My understanding is that the threat is growing with the transfer of technology across the globe. I have not been briefed on specific details on Russian capabilities, if confirmed keeping United States Naval forces the preeminent force is my goal. I will work with all Executive and Legislative branches to ensure that we avoid a scenario as described.

ATTACK SUBMARINE FORCE

22. Senator PERDUE. Mr. Spencer, Admiral Harris told us earlier this year that approximately 230 of 400 foreign submarines worldwide are located in the Indo-Asia-Pacific. Of these, 160 belong to China, Russia, and North Korea. He told us that as a combatant commander, he only gets 50 percent of the submarines he needs, based on our 52-submarine force (attack sub force). By the end of the 2020s, the Navy projects that the attack submarine force will go down to 42. If confirmed, do you expect to add more submarines in your new 30-year shipbuilding plan?

Mr. SPENCER. The Navy's 2016 Force Structure Assessment increased the requirement for attack submarines from 48 to 66. With sufficient and stable funding from Congress, I expect to add more submarines in the 30-year shipbuilding plan based on the 2018 National Defense Strategy.

23. Senator PERDUE. Mr. Spencer, do you think that 42 attack submarines would be acceptable in 2020, when our combatant commanders aren't getting what they need today, and threats are only growing?

Mr. SPENCER. I agree that this is an unacceptable risk and I know the Navy is pursuing several efforts to mitigate this shortfall, including increasing attack submarine procurement (the fiscal year 2018 President's Budget added one additional SSN in fiscal year 2021), extending the service life of current attack submarines as feasible, developing the *Virginia* Payload Module to increase undersea strike capacity, and developing a family of unmanned undersea vehicles to support undersea missions and capabilities.

24. Senator PERDUE. Mr. Spencer, if confirmed, will you commit the Navy planning to mitigate the attack submarine shortfall in the 2020s?

Mr. SPENCER. If confirmed, I commit to continuing the mitigation efforts described above and pursuing the development of additional efforts.

25. Senator PERDUE. Mr. Spencer, what role can autonomous unmanned vehicles (AUVs) play as a part of our future undersea capabilities?

Mr. SPENCER. AUVs will be able to operate independently from or in cooperation with manned vehicles, conducting tasks in support of maritime missions such as Intelligence, Surveillance, and Reconnaissance (ISR), Seabed Warfare, and Deception. AUVs and undersea fixed systems will operate where manned submarines and ships can't or shouldn't. If confirmed, know that I am committed to growing both the size and composition of the AUV force.

QUESTIONS SUBMITTED BY SENATOR JACK REED

INDUSTRIAL SCIENCE

26. Senator REED. Mr. Spencer, in your testimony you noted the value of industrial science in improving the efficiency and business processes of large organizations. Section 217 of the Fiscal Year 2016 NDAA mandated that DOD access talent in industry and academia through a variety of mechanisms to support management innovation and business process reengineering efforts. To date, the Navy has not established any significant efforts in this area, despite the numerous management challenges it faces. This is in contrast with Navy research efforts with academia and industry to support development of Navy warfighting and combat support capabilities. If confirmed, will you direct the Office of Naval Research and other appropriate

entities to work with the Navy's Chief Management Officer to establish efforts in industrial science, management science, operations research, and data analytics to address Navy business and management challenges?

Mr. SPENCER. If confirmed, I will meet with both the Navy's Research Organization Team and Chief Management Officer to address Navy's business and management challenges.

CLIMATE CHANGE

27. Senator REED. Mr. Spencer, Secretary Mattis has publicly acknowledged that climate change is impacting our Armed Forces, military infrastructure, and the physical operating environment. If confirmed, as Secretary of the Navy, how would you make sure the Navy addresses this risk?

Mr. SPENCER. The Department of the Navy should be prepared to mitigate any consequences of a changing climate or extreme weather events, including ensuring that our shipyards and installations will continue to function as required. If confirmed I will ensure that we are so prepared.

28. Senator REED. Mr. Spencer, will you explain how, if confirmed, you would intend to ensure the Navy has every possible means of support and opportunity to plan, prepare and implement solutions to ensure local, regional, national, and global resilience to climate change risks?

Mr. SPENCER. Climate change is a challenge that requires a broader, whole-of-government response. If confirmed, I will ensure that the Department of the Navy plays its appropriate role within such a response by addressing national security aspects.

29. Senator REED. Mr. Spencer, if confirmed, how would you ensure that the surrounding communities of Department of the Navy installations are included in climate adaptation planning/preparations?

Mr. SPENCER. If confirmed, I will ensure that the Department of Navy plays its appropriate role with the other Services and the Department of Defense within a broad, whole-of-government response.

30. Senator REED. Mr. Spencer, faced with a melting Arctic, in your view, what is the role of the Department of the Navy in overseeing the United States Arctic Policy?

Mr. SPENCER. I agree that the effects of a changing climate—such as increased maritime access to the Arctic, rising sea levels, desertification, among others—impact our security situation. If confirmed, I will ensure that the Department of the Navy continues to be prepared to conduct operations today and in the future, and that we are prepared to address the effects of a changing climate on our threat assessments, resources, and readiness.

HYBRID ELECTRIC DRIVE

31. Senator REED. Mr. Spencer, as you know, years ago the USS *Cole* was bombed while refueling. Today, the Navy and Marine Corps have focused operational energy improvements toward improving combat capability and reducing logistical vulnerability for its sailors and marines. Technologies like the hybrid electric drive (HED) that increase ship range, endurance, and enable a guided-missile destroyer to remain on-station for longer periods of time on the same amount of fuel are essential to the Navy's mission. Giving a ship the added ability to have an unpredictable refueling schedule is an added benefit against our adversaries. If confirmed, will you commit to funding HED installs throughout the Future Years Defense Plan (FYDP)?

Mr. SPENCER. If confirmed, I will review the Navy's plan for HED installations.

OPERATIONAL ENERGY IMPROVEMENTS

32. Senator REED. Mr. Spencer, earlier this year, Secretary Mattis told this Committee that "the Department's acquisition process should explore alternate and renewable energy source that . . . can relieve the dependence of deployed forces on vulnerable fuel supply chains." If confirmed, will you commit to continuing to make other operational energy improvements such as solid state lighting, stern flaps, thermal control systems, variable speed drives, shipboard energy data information systems like Global Energy Information System (GENISYS)?

Mr. SPENCER. I will enthusiastically encourage the pursuit of technologies that enable combat capability, improve readiness, or have a sound business case.

EXPEDITIONARY ENERGY OFFICE

33. Senator REED. Mr. Spencer, as you know, the Expeditionary Energy Office is dedicated to making operational energy improvements such as more efficient environmental control systems, mobile electric hybrid power systems, expeditionary renewable energy generation assets, fuel efficient upgrades for ground vehicles, and the development of energy command and control systems to improve awareness of battlefield energy use and operational reach. If confirmed, will you commit the funding this office and its critical programs through the FYDP?

Mr. SPENCER. The E2O is funded across the FYDP through the Marine Corps POM process. If confirmed, I intend to maintain their funding at historical levels.

INSTALLATION ENERGY RESILIENCE

34. Senator REED. Mr. Spencer, you have likely already seen the press reports that hackers possibly connected to the Russian Government have cyber malware, specifically named "CrashOverride" which may have disrupted the utility grid in Ukraine last December, and has the potential to be deployed to attack the United States electric grid. If confirmed, what will you do to ensure installations, shipyards, and other assets are resilient against potential power outages, and how will the Navy have access to resilient energy sources in the event the grid is attacked and goes down?

Mr. SPENCER. I believe the Navy is aggressively implementing a plan that identifies cyber risks in utility and industrial controls, provides protection to these systems and gains certified cyber Authority to Operate. The DON has instituted a holistic Energy Security Framework that focuses on reliability, resilience and efficiency. Should an event occur where the electrical grid is brought down, the DON has implemented multiple solutions across its installations to assure continuity of operations. I will continue to focus on mitigating this threat through targeted investments in infrastructure and systems with the highest performance and mission risk.

AIRCRAFT READINESS

35. Senator REED. Mr. Spencer, as you know, legacy F/A-18 (the A through D models) have suffered from significant readiness problems over the last several years after they were flown well beyond their expected service-life of 6,000 flight hours. While service life extension programs (SLEP) can offer some relief, such efforts take extensive time and resources for repairs to occur at our fleet readiness centers. The Navy has requested 10 additional F/A-18 Super Hornets (models E and F) to mitigate its fighter shortfall. However, the first Super Hornets are expected to reach 6,000 flying hours in 2018. If confirmed, what will be your depot maintenance plan to prevent a repeat of the readiness crisis in legacy F/A-18 fighter aircraft?

Mr. SPENCER. We must leverage the lessons learned from the legacy F/A-18A-D experience. If confirmed, my intent, beginning in fiscal year 2018, will be to fully fund in strike fighter depot maintenance to address the gap between strike fighter inventory forecasts and the Global Force Management Allocation Plan demands. In addition if confirmed, I will oversee the ongoing F/A-18E/F Service Life Assessment Program to analyze actual Fleet usage vs. structural test data to support the design of Service Life Modifications (SLM) that will ultimately extend the F/A-18E/F service life from 6,000 hours to 9,000 hours.

GUAM REALIGNMENT COST AND SCHEDULE DELAYS

36. Senator REED. Mr. Spencer, with respect to the strategic realignment on Guam, if the H-2B visa issues is not resolved, what would be the consequences in terms of potential cost increases and military construction delays?

Mr. SPENCER. I understand, based on briefs received to date, that failure to extend the Guam and CNMI H-2B visa worker cap exemption, which currently expires on December 31, 2019, would result in significant cost increases to a program that is congressionally capped at \$8.7 billion, and create schedule delays that could negatively impact long standing international agreements with the Government of Japan regarding Okinawa land returns. Construction contract cost increases are estimated to be \$1.2 billion. Schedule delays are harder to estimate, and in order to meet land return commitments made to our strategic partners, the Department would attempt to mitigate schedule impacts by spending even more to compete for the qualified work force on Guam (negatively impacting the construction economy on Guam). As the Government of Japan's cost is capped by International Agreement

at \$3.1 billion, this additional funding would necessarily have to come from Congressional appropriations, requiring relief from the Congressional cost cap.

QUESTIONS SUBMITTED BY SENATOR BILL NELSON

JOINT GULF RANGE COMPLEX

37. Senator NELSON. Mr. Spencer, the Joint Gulf Range Complex in the Gulf of Mexico is heavily used for test and training missions of the Navy and other Services in the Department of Defense. Currently, the range is protected from encroachment by a moratorium on incompatible oil and gas activities east of the military mission line established by the bipartisan Gulf of Mexico Energy Security Act of 2006. Secretary Mattis, through the Under Secretary of Defense for Personnel and Readiness, has said that the “moratorium is essential for developing and sustaining our Nation’s future combat capabilities” and that the Department “cannot overstate the vital importance of maintaining this moratorium.” The Chief of Staff of the Air Force, General Goldfein, implored Congress to extend the moratorium now “to guarantee long-term capabilities for future tests.” Will you commit to joining the Department of Defense and the Department of the Air Force in protecting this vital national asset from encroachment from oil and gas activities east of the military mission line through an extension of the moratorium?

Mr. SPENCER. It is vital to maintain our ability to conduct testing and training operations in the Eastern Gulf of Mexico without encroachment, and we support maintaining the Military Mission Line moratorium. The Department of the Navy supports domestic energy development that is compatible with the military mission, and is willing to explore opportunities to develop energy without encumbering military readiness activities.

STRATEGIC DISPERSAL AND LAYDOWN PLAN

38. Senator NELSON. Mr. Spencer, the Navy has long held the belief that strategic dispersal of capital ships—particularly the aircraft carrier—is important. In the Pacific Fleet, our carriers are dispersed between Washington, California, and Japan. In the Atlantic Fleet, all of our nuclear carriers—including new carriers under construction—are stationed in Hampton Roads. Do you believe there is a need to disperse our carrier fleet on the East Coast to reduce risk from natural or man-made disaster?

Mr. SPENCER. I believe that we must look at all factors in making homeport decisions for all of our forces, to include our CVNs. The Navy routinely assesses the strategic environment to determine if a homeport change is required. If confirmed, I will be an active part of this ongoing process to ensure that we make the best homeport decision to reduce risk and maximize the warfighting readiness of our force.

39. Senator NELSON. Mr. Spencer, if the issue with strategic dispersal of our East Coast nuclear carrier fleet is one of prohibitive cost, is there savings to be had by reducing risk in dispersing our non-nuclear capital ships—namely amphibious assault ships, which are virtually co-located with our aircraft carriers in the Hampton Roads area?

Mr. SPENCER. Although an element of any future strategic dispersal decision, cost should not be the driving factor. Maximizing warfighting readiness should be the driving factor, while looking at risk to the force. If confirmed I will be actively involved in the Navy’s Strategic Laydown and Dispersal Planning to ensure we reduce risk and maximize warfighting readiness to our force, to include our amphibious assault forces.

NAVY RESERVE AVIATION

40. Senator NELSON. Mr. Spencer, Navy Reserve aviation hardware units—squadrons flying tactical air, maritime patrol, and rotary wing platforms—have been systematically disestablished over the last 5 years. With the exception of HSM-60, these units are all flying the oldest variants of their aircraft in the fleet—F/A-18A, HH-60H, and P-3—with no plan to transition them to more current series. This reduction severely limits opportunities for aviators to serve at a cost effective level of readiness, whether they be selected reserve or full time support personnel. Further reduction of communities limits the professional opportunities for full time support personnel. What would be your plan to retain qualified, experienced aviators in the ready reserve?

Mr. SPENCER. Navy Reserve aviation is an invaluable part of the total force. Navy Reserve provides both operational support and strategic depth across the entire spectrum of Naval Aviation mission sets. As an example of efforts put forth to retain qualified and experienced aviators, Navy Reserve recently released its Officer Bonus policy, aligning it with section 332 of title 37 of the U.S. Code, and offers a bonuses to Naval aviators who affiliate with the Navy Reserve. If confirmed, I will continue to monitor this area closely and recommend adjustments where necessary to ensure an effective total force.

NAVY ROTARY WING SUPPORT TO SPECIAL OPERATIONS

41. Senator NELSON. Mr. Spencer, previously, the Navy had two dedicated special operations helicopter squadrons, HSC-84 and HSC-85, both units part of Naval Air Forces Reserve. The Navy retrograded these squadrons from deployed positions in Central Command (CENTCOM) and Pacific Command (PACOM) respectively in order to disestablish them. After Congressional intervention, HSC-85 was not disestablished, and has returned, after more than a year recovering from diminished resources, to the PACOM area of operations in support of Special Operations Command (SOCOM) Pacific. With HSC-84 disestablished, rotary wing support for special operations forces (SOF) training has drastically diminished, especially for Naval Special Warfare Command. Additionally, several combatant commander requests for forces (RFF) for rotary wing support of component SOF have gone unfilled. Despite this reduction in rotary wing support from the Navy to SOCOM, the Navy has not published a plan for recapitalization of HSC-85's aging HH-60H helicopters. Are you concerned about the Navy's lack of a sustainment plan for their single helicopter squadron dedicated to SOF support, on whom SOF forces have heavily depended for training and operational support since September 11, 2001?

Mr. SPENCER. The Navy is committed to sustaining HSC-85 and dedicated helicopter support to Special Operations Forces. The HH-60H will continue to meet current operation requirements but will require modernization to operate through the 2020s. It is my understanding that the Navy is analyzing options for continuing this capability through future investments in HH-60H modernization or platform transition. If confirmed, I will advocate for modernized and relevant systems to support our warfighters.

AMPHIBIOUS ASSAULT OPERATIONS

42. Senator NELSON. Mr. Spencer, for the past 16 years, the Marine Corps has focused on counter-insurgency operations, largely in landlocked locations. As you prepare for potential future conflicts, like in Asia-Pacific, the Marine Corps is returning to its amphibious roots. What are you most concerned about in conducting amphibious assault and other maritime operations in an anti-access area-denial (A2/AD) environment?

Mr. SPENCER. If confirmed, I will give my full support to the Navy and Marine Corps team. I believe in order to serve as the nation's force deployed force, and to remain agile and responsive, that Marines still need amphibious shops with the capability to launch forces and project them ashore. I also believe the Navy and Marine Corps team must work closely to explore innovative concepts described in the Marine Operating Concept and Joint Concept for Access and Maneuver in the Global Commons. I understand these concepts drive experimentation and new methods of employment are being explored through demonstrations and Advanced Naval Technology Exercises.

QUESTIONS SUBMITTED BY SENATOR CLAIRE MCCASKILL

OVER THE HORIZON MISSILE ACQUISITION AND COMPETITION

43. Senator MCCASKILL. Mr. Spencer, the acquisition of DOD systems is predicated on the free and fair competition for the best design following a clear statement of needs by DOD. The Navy recently drove away two United States-based competitors for the new Over the Horizon anti-ship missile by constantly changing the top-level requirements in an apparent effort to drive the award of the weapon system to a foreign defense contractor, Kongsberg. I would like your commitment to:

a. Streamline the Navy's acquisition process to ensure that requirements statements are produced in a way to ensure that our sailors get the quality equipment that they need, at the best price possible, rather than a defense contractor gets what it wants.

Mr. SPENCER. If confirmed, I will commit to reviewing the Navy's acquisition processes and procedures to ensure our sailors are getting the quality equipment they need at the best price possible.

b. Look into this particular contract award process for the Over the Horizon anti-ship missile system as to how it proceeded and report back to me on how the process went and whether there were any irregularities in the way it was handled.

Mr. SPENCER. If confirmed, I will review the process the Navy followed in awarding the contract and report back to you.

QATAR SITUATION AND IMPACT ON NAVAL OPERATIONS

44. Senator MCCASKILL. Mr. Spencer, what is your assessment of the impact of the decision by the Gulf Cooperation Council to sever diplomatic relations with Qatar, along with other related actions, on naval operations in the Gulf region?

Mr. SPENCER. It is my understanding that the rift within the GCC has not affected U.S. military operations in the region. However, we continue to press for a resolution to this conflict. Our common security is a top priority, and our Gulf partners, to include Qatar, play important roles in the region by hosting our forces and providing support to the D-ISIS coalition. US efforts to resolve this crisis are being led by the US Department of State, with the Department of Defense playing a supporting role.

QUESTIONS SUBMITTED BY SENATOR KIRSTEN E. GILLIBRAND

MILITARY JUSTICE

45. Senator GILLIBRAND. Mr. Spencer, the Marines United scandal threatens readiness and our national security, yet not one servicemember has been court martialed for this misconduct. It was reported on July 12, 2017 that one marine was sent to a summary court-martial. A conviction at a summary court-martial is not a criminal conviction and the maximum punishment is 30 days in jail, with no ability to adjudge a punitive discharge. That marine leaves the Service with nothing on his record. Do you believe this punishment is sufficient?

Mr. SPENCER. I am not familiar with the facts of this particular case. However, if confirmed the appropriate accountability at all levels is of paramount importance to me. I firmly believe it is necessary to hold accountable those who attack, harass, or otherwise betray their fellow marines' and sailors' trust. As an institution, our goals must be to support those who have been harmed and to hold offenders accountable in balance with the due process rights accorded our servicemembers.

COMBAT INTEGRATION

46. Senator GILLIBRAND. Mr. Spencer, in your advance policy questions, you were asked whether you believe "it is necessary for improved military readiness to allow women to serve in the combat arms?" You responded, "I believe without reservation that every patriot, with a desire to serve, should be afforded that opportunity, with the singular caveat that all must meet the standards of the Navy and Marine Corps ... I believe the Department of the Navy is committed to allowing all applicants to compete for any combat arms position if they have the propensity and are fully qualified. If confirmed, I will support that commitment." During your confirmation hearing, however, you told Senator Cotton, "I testified before this Committee, I believe in 2015 that it was my belief that the Department of Defense—specifically, individual Services—was not to be a Petri dish for social experiments ... We have to work together ... so readiness is the key and lethality is the product." Which specific policies of the Department of Defense did you view as representing "a Petri dish for social experiments"?

Mr. SPENCER. I used the term "a Petri dish for social experiments" in prior testimony before the Senate Armed Services Committee to refer to Service specific initiatives to change ratings designators and MOS titles that were without, from my perspective, adequate input from the force, or proper consideration of DOD-wide policies.

47. Senator GILLIBRAND. Mr. Spencer, do you believe the opening of all military occupational specialties to women represented a "social experiment" or a threat to "lethality"?

Mr. SPENCER. I do not.

48. Senator GILLIBRAND. Mr. Spencer, under what circumstances, if any, would you support the rolling back of combat integration?

Mr. SPENCER. I do not foresee any circumstances that would lead to my support for a rollback in combat integration.

TRANSGENDER SERVICE

49. Senator GILLIBRAND. Mr. Spencer, as Secretary of the Navy, you would play crucial role in working with the Secretary of Defense and senior military leaders to shape personnel policy. In late June, Secretary of Defense Mattis announced a 6-month delay in the implementation of the Pentagon's transgender accessions policy following requests from Army, Air Force, and Navy leaders. Congress has not heard of any specific incidents or problems from the Military Departments since the decision to retain openly transgender servicemembers took effect in October. Do you believe this policy is a "social experiment"?

Mr. SPENCER. I do not.

50. Senator GILLIBRAND. Mr. Spencer, do you believe the Navy requires additional time to prepare for the accession of openly transgender individuals into service?

Mr. SPENCER. I believe that a delay would enable the Department of the Navy to assess the effectiveness of the policy to evaluate, treat and integrate transgender servicemembers. Additionally, I believe a delay would provide the ability to identify any potential impacts of transgender service on readiness and deployability while standardizing and clarifying Department of the Navy policies and procedures as necessary to preclude such impacts.

51. Senator GILLIBRAND. Mr. Spencer, what do you believe the Navy needs to examine about transgender service that the Department has not already learned during the past year of transgender retention?

Mr. SPENCER. I believe that more medical readiness data would be valuable to validate an accessions policy for transgender applicants. This additional data would enable the Services to recruit and access talented individuals who desire to serve and who will enhance the readiness and lethality of the military. The Services have been in implementation for less than 1 year for currently serving members and believe there would be benefit from applying the experience of these efforts to fully understand any potential impacts.

52. Senator GILLIBRAND. Mr. Spencer, how would you recommend the Navy execute this continued examination of transgender accessions?

Mr. SPENCER. If confirmed, I will recommend the DOD include impact to combat readiness as a factor in the examination of transgender accessions.

PERSONNEL

53. Senator GILLIBRAND. Mr. Spencer, the Navy has been forward leaning on personnel reforms with programs such as Sailor 2025 and the Career Intermission Program, which attempt to address the needs and lives of a 21st Century workforce and their families. As Secretary, will you support and build on these efforts?

Mr. SPENCER. I will.

54. Senator GILLIBRAND. Mr. Spencer, what other changes to personnel policy would you implement to strengthen the Navy and the Marine Corps?

Mr. SPENCER. I understand the Department of the Navy is taking a holistic approach in improving personnel policies and programs to make the Department an employer of choice for current and prospective sailors and marines. To attract and retain the very best sailors, marines, and civilians, in an increasingly competitive talent market will require continued flexibility and opportunity in our policies and practices. If confirmed, I will assess existing personnel policies for their effectiveness in strengthening the Navy and Marine Corps and will make recommendations for further reforms to the Secretary of Defense in cases where I find such reforms to be advisable. I will also look to high performing private sector organizations in order to potentially adopt their best practices to cultivate and retaining exceptional talent.

QUESTIONS SUBMITTED BY SENATOR JOE DONNELLY

NUCLEAR MODERNIZATION

55. Senator DONNELLY. Mr. Spencer, the Navy in the midst of modernization of the sea-based leg of our nuclear triad. This is a massive undertaking, and it comes with a heavy—but necessary—price tag. There is strong bipartisan support for modernizing our nuclear deterrent, but we all need to work together to find ways of re-

ducing cost and risk in these programs. One approach is by enhancing commonality and collaboration across the Services—sharing parts, expertise and even personnel when it makes sense. If confirmed, how will you approach the need to maximize efficiency in nuclear modernization not only in the Navy but across the Department of Defense?

Mr. SPENCER. Nuclear modernization across the Department of Defense is of highest priority and fundamental to deterring our adversaries and assuring our allies. I agree that seeking opportunities within the Navy and across the Services to leverage technologies, particularly niche capabilities that are unique to our strategic weapon systems, is key to reducing overall programmatic risk and cost of modernizing our nuclear triad. If confirmed, I commit to investigate opportunities to further collaborate across the services and maximize efficiencies while also ensuring essential diversity in our nuclear triad to hedge against any unforeseen technical risk.

56. Senator DONNELLY. Mr. Spencer, our nuclear weapons have some truly unique requirements—like electronic parts that are hardened to withstand the radiation levels of a nuclear event. I am concerned that today we are down to just one U.S. industrial base supplier for these rare parts. One significant challenge in maintaining industrial base capabilities to meet these requirements is the variable demand from year to year. We have not planned our procurement of high reliability, radiation-hardened microelectronics strategically across nuclear modernization efforts in the various Services. If we lose this capability, we may face significant growth in both cost and risk in our nuclear modernization programs. What do you think about collaboration at the Service Secretary level or above to coordinate acquisition efforts across different programs with this kind of problem in mind?

Mr. SPENCER. The industrial base for certain critical capabilities unique to strategic weapon systems faces challenges. Meeting the requirements associated with radiation hardened electronics in our strategic weapon system is critical. If the industrial base loses this capability it will certainly introduce cost, schedule, and technical risk to our modernization programs. If confirmed, I commit to investigate this issue, including opportunities to potentially coordinate acquisition efforts across different programs at the appropriate level.

HYPERSONICS

57. Senator DONNELLY. Mr. Spencer, conventional prompt strike (CPS) is DOD's most advanced hypersonic development effort. Testifying to this Committee earlier this year, the Commander of Strategic Command (STRATCOM) advocated for fielding a CPS capability by the mid-2020s. I believe the Navy has a vital role to play in fielding CPS. If confirmed, will you commit to getting read-in on this defense-wide program quickly and coming back to me for another conversation on it?

Mr. SPENCER. I agree that conventional prompt strike (CPS) is vital capability and the Navy can contribute to the development the capability. If confirm, I commit to getting read-in on this program, updated on the Navy's role to-date, including the status of the upcoming flight test Navy Strategic Systems Programs is leading in coordination with the Office of the Secretary of Defense (OSD), and continuing an open and productive dialogue on the capability with the Committee.

MENTAL HEALTH

58. Senator DONNELLY. Mr. Spencer, I've been pleased to see the Navy's commitment to improving the mental health and resiliency of our servicemembers and families. I share that commitment. Congress passed the Sexton Act as a part of the Fiscal Year 2015 NDAA, requiring that every Service provide a robust annual mental health assessment for every servicemember—Active, Guard or Reserve. That legislation was named after my constituent Jacob Sexton, who was lost to suicide in 2009. If confirmed, will you uphold the commitment to implementing the Sexton Act requirement for annual mental health assessments no later than October of this year?

Mr. SPENCER. Yes, if confirmed, I will uphold the commitment to ensure annual mental health assessments are performed for all sailors and marines. I would ask the Committees indulgence for me to explore the reasonableness of the action date to be no later than October of this year.

QUESTIONS SUBMITTED BY SENATOR MAZIE K. HIRONO

ACQUISITION REFORM

59. Senator HIRONO. Mr. Spencer, the Senate Armed Services Committee consistently hears about program cost overruns and schedule delays on some of our high-

profile weapons systems. Cost overruns and delays are not new to DOD. We have had many panels and commissions provide recommendations over many decades and yet we still have problems. Why do you think the problem has not been solved?

Mr. SPENCER. There are many variables that contribute to cost growth and schedule delays on programs including the level of technical risk in a program as well as the timing of program funding. If confirmed, I will apply my skills in managing large, complex programs and work with the Congress to attain the dedicated funding needed to efficiently deliver programs on time and within budget.

60. Senator HIRONO. Mr. Spencer, what will you bring to the table that is different from what has been called “acquisition reform” over the past 40 or 50 years?

Mr. SPENCER. Over the past 36 years, I have successfully led large, complex operations, honing my ability to identify critical issues, provide the vision to organize people and large organizations toward development of solutions and, ultimately to be personally responsible for outcomes. If confirmed, I will apply these skills to the acquisition process. Programs will be closely managed with a clear alignment of authority, responsibility and accountability. I am the accountable person ensuring that the Department of the Navy has accountable leaders and adequately trained, accountable acquisition personnel to manage, execute, and oversee its programs will be a priority for the Department.

ENERGY EFFICIENCY

61. Senator HIRONO. Mr. Spencer, the Navy has made significant progress in the area of energy efficiency. What are your initial thoughts for this area and do you intend to build on the success the energy policies currently in place?

Mr. SPENCER. Energy efficiency is an important pillar in our Energy Security program.

I will ensure the DON intends to continue investments in energy where it helps the warfighter, improves readiness and has a defensible return on investment.

62. Senator HIRONO. Mr. Spencer, based on your experiences in the private sector, how can the Department of Navy strengthen partnerships with industry through diverse contracting mechanisms such as Energy Savings Performance Contracts, Power Purchase Agreements, and others, to achieve even greater savings through improve energy efficiency and energy resiliency?

Mr. SPENCER. If confirmed, I will continue to seek out opportunities in targeted locations to maximize mission and economic benefits. I will insure that we will continually query the energy community as to developments that will enhance our readiness.

63. Senator HIRONO. Mr. Spencer, in your opinion, does the Department of Navy adequately calculate lifecycle energy costs in the cost estimate for major acquisition programs?

Mr. SPENCER. Yes, major acquisition programs consider many factors, of which energy is one. If confirmed, I will also insure that we are continually looking for best practices within the Department and the private sector in order to generate the best lifecycle costs for our invested resources.

64. Senator HIRONO. Mr. Spencer, do additional opportunities exist to achieve significant savings on platforms and weapons systems if lifecycle energy costs are a central consideration in cost estimates?

Mr. SPENCER. Yes.

SOUTH CHINA SEA FREEDOM OF NAVIGATION

65. Senator HIRONO. Mr. Spencer, at the Shangri-la Dialogue Summit, a number of defense ministers from allied countries called for the continuation of United States Navy freedom of navigation patrols in the South China Sea. What are your thoughts on conducting freedom of navigation exercises?

Mr. SPENCER. Freedom of Navigation Operations serve the U.S. national interest in preserving the freedom of the seas—which includes all of the rights, freedoms, and uses of the sea and airspace recognized in international law—and reinforce the international rules-based order that benefits all countries. If confirmed, I will support United States forces operating wherever international law allows including in the South China Sea.

66. Senator HIRONO. Mr. Spencer, if they should be continued, are there opportunities to collaborate with allies in conducting them?

Mr. SPENCER. To my knowledge, however, no other countries have a Freedom of Navigation policy or program similar to the United States. That being said, I do believe there opportunities to collaborate with our allies in this effort.

67. Senator HIRONO. Mr. Spencer, at what level should the decision to conduct freedom of navigation patrols be delegated to ensure that these operations are effective and responsive?

Mr. SPENCER. Geographic Combatant Commanders are responsible for Freedom of Navigation Operations (FONOPs) in their respective geographic areas of responsibility. If confirmed, I will support policy measures that ensure U.S. forces can conduct FONOPs in a routine manner throughout the globe to preserve the global mobility of U.S. forces.

DEFENSE INDUSTRIAL BASE

68. Senator HIRONO. Mr. Spencer, to ensure our projection of power as we seek to increase the size of our Navy, not only must future budget planning include additional funding for the ships, but also stronger support to the industrial base that builds them. Is the Navy postured to respond to possible significant challenges for the industrial base as it increases the fleet to roughly 355 ships?

Mr. SPENCER. If confirmed, I will ensure that the Navy is ready to respond to industrial base challenges as it increases the fleet. The Navy is engaging shipbuilders and suppliers on ways to increase shipbuilding capacity, increase employment levels, promote retention of critical skills, and evaluate capital expenditures and other investments to address facility requirements. The Navy has utilized multi-year procurements, block buy contracts, and economic order quantity buys to provide a stable commitment to its industry partners.

69. Senator HIRONO. Mr. Spencer, as the Navy looks to expand its fleet size, what steps should the Government take to facilitate such a ramp up in construction for the industrial base?

Mr. SPENCER. If confirmed, I will ensure that the Navy takes the proper steps for the industrial base to facilitate ramping up construction. The shipyards constructing these vessels have a vast infrastructure of suppliers supporting them and we must appreciate the need for supply chain management. Stable, consistent funding is by far the most critical factor in supporting industrial base ramp up. This would include amending the defense spending caps and ending the defense sequester.

70. Senator HIRONO. Mr. Spencer, how can the Navy get involved in workforce development and expansion, particularly for shipyard who are having a difficult time build and maintain a qualified work force?

Mr. SPENCER. If confirmed, I will ensure that the Navy continues to maintain stability and build relationships with our industrial partners. The Navy is engaging shipbuilders and suppliers on ways to increase shipbuilding capacity, increase employment levels, promote retention of critical skills, and evaluate capital expenditures and other investments to address facility and process requirements.

PUBLIC SHIPYARDS

71. Senator HIRONO. Mr. Spencer, the Navy is currently assessing the requirements of all public shipyards as it pertains to dry dock capacity and infrastructure needs. In addition to the public yards, the surface ship requirements are also being reviewed. The Navy is also looking at right sizing the shipyards for both manning levels and facilities for both the current and future size of our ship fleet. These seem to be separate and related efforts. If confirmed, how will you ensure that these processes and assessments are being aligned in a seamless effort?

Mr. SPENCER. Ensuring the required capacity in public and private shipyards to maintain the fleet we have today and the expanded future fleet is critical. The Navy must look holistically across all of the shipyards (both public and private) to ensure that they have the required infrastructure and workforce to meet the capacity of a growing fleet. If confirmed I commit my personal involvement in understanding the challenges present to ensure that we have one approach that maximizes the capacity resident in our public and private shipyards.

72. Senator HIRONO. Mr. Spencer, which Navy entities are responsible for each effort and who is responsible for integrating the information to form a holistic view of our shipyard requirements?

Mr. SPENCER. It is my understanding that Naval Sea Systems Command, in coordination with the Fleet Commanders, Commander, Naval Installations Command,

and Navy Staff, is the lead to develop a holistic view of shipyard requirements to meet Fleet demand.

73. Senator HIRONO. Mr. Spencer, what are the details on the timing of each of these assessments and how and when they will correlate into budgetary requirements and requests?

Mr. SPENCER. It is my understanding that the Naval Sea Systems Command is currently working a detailed plan that provides the necessary resources to recapitalize, where required, our public shipyards, and to implement yard design changes to improve productivity and workflow. This will not happen overnight and will be phased in over time. Some of these recommendations are included in the Navy's PB-18 submission. If confirmed I will continue to examine what resources are required in future budgets to ensure our public yards have the resources required to support the fleet. In addition, I will ask my team what steps Navy can do, in partnering with Congress, to ensure the private yards are incentivized to improve their infrastructure to better support the Fleet.

PACIFIC MISSILE RANGE FACILITY

74. Senator HIRONO. Mr. Spencer, over the past few years, Congress has taken note of the unmatched and critical role the Barking Sands Tactical Underwater Range (BARSTUR) at Pacific Missile Range Facility (PMRF), plays in sustaining the Navy's superiority in the undersea domain. BARSTUR is now almost 3 years past its 20-year service life and the range components are visibly degrading. In fact, Congress provided \$9 million in fiscal year 2017 to jump start the recapitalization and modernization of this critical training element. Please detail the Navy's plan to rapidly and responsibly recap BARSTUR without incurring any gaps in usage. How long will this plan take and how much will it cost?

Mr. SPENCER. The Navy is currently developing and refining a plan to replace BARSTUR and Barking Sands Underwater Range Expansion (BSURE) in-water-system (range tracking instrumentation) as well as the shore based controls and displays that directly support it. As part of the planning process, we will do our best to minimize unavailability of the range and limit any impacts to the training community. The Navy plans to leverage lessons learned from the in-progress installation of the Undersea Warfare Training Range (USWTR) off the coast of Jacksonville, FL to fully inform modernization requirements. Because BARSTUR and BSURE ranges are adjacent, it is my understanding that the Navy plans to conduct concurrent repair of the BARSTUR range instrumentation and BSURE communications suite to achieve significant cost avoidance over separate repair efforts.

75. Senator HIRONO. Mr. Spencer, how is the Navy budgeting for this recap?

Mr. SPENCER. I believe that as part of the budgeting process, the Navy assesses training requirements to ensure fleet readiness. The Navy has been allocated \$9 mil of RDT&E in fiscal year 2017 to begin BARSTUR improvements. Due to fiscal constraints, the full redevelopment of BARSTUR and BSURE is not currently funded though it will continue to be evaluated in future budget cycles.

76. Senator HIRONO. Mr. Spencer, could the Navy expedite the recap over 3 years potentially creating savings over the life of the project?

Mr. SPENCER. As we refine the plan to recapitalize BARSTUR, we will try to minimize the time and costs to complete the effort. At this point in time, it would be difficult to commit to a specific time frame but I can commit to you that we will attempt to do this in the most expeditious and practical manner. The Navy is committed to providing the Congress a detailed plan in October of this year.

77. Senator HIRONO. Mr. Spencer, can you provide the Committee with an explanation of how a modernized underwater training range is crucial to sustaining our tactical superiority over our near-peers and adversaries?

Mr. SPENCER. It is my understanding that a modern underwater training range is critical to performing operationally realistic training. It has the instrumentation and data collection systems required to safely conduct operations and to provide to the training community the data needed to assess training exercises, Tactics, Techniques & Procedures (TTPs) and concept of employment/operations.

78. Senator HIRONO. Mr. Spencer, if confirmed will you keep me informed on the status of the recapitalization and modernization of this important asset?

Mr. SPENCER. Yes. The Navy has already committed to provide a report on the BARSTUR redevelopment and modernization to satisfy the previous House and Senate requests to Congress by 13 October 2017.

CORROSION PREVENTION

79. Senator HIRONO. Mr. Spencer, estimates show that corrosion costs the Department of Defense over \$21 billion dollars annually. Reports show that over half of the Marine Corps' F-18's are not fit to fly because of corrosion issues. The Navy has similar issues. The Department of Defense has a Corrosion Policy and Oversight Office and the Services are required by law to have corrosion executives but I am not convinced that adequate progress is being made. As such, this Committee has some provisions in the NDAA related to the corrosion functions within the Departments as well as a Government Accountability Office (GAO) review of DOD's corrosion activities. What are your thoughts on the issue of corrosion control and the \$21 billion annual price tag?

Mr. SPENCER. I believe that the Navy is aware it needs to address corrosion concerns while still utilizing some of the resources on warfighting capabilities. If confirmed, I will review Navy's current policies and processes and work across the Department of Defense, other Agencies and with Industry to determine how it might reduce such a large capital expenditure made on corrosion.

80. Senator HIRONO. Mr. Spencer, as acquisition processes are being refined, if confirmed, will you ensure that corrosion prevention measures and processes are fully considered throughout the acquisition process for Navy weapons systems including aircraft?

Mr. SPENCER. Yes.

81. Senator HIRONO. Mr. Spencer, if confirmed, will you fully support DOD and Navy efforts in corrosion control?

Mr. SPENCER. Yes.

QUESTIONS SUBMITTED BY SENATOR ANGUS S. KING, JR.

DDG-51 MULTIYEAR PROCUREMENT STRATEGY

82. Senator KING. Mr. Spencer, in every previous DDG-51 multiyear procurement—as pointed out by both GAO and the Congressional Research Service- the Navy built multiple ships of a new configuration before seeking and employing multiyear procurement. While some have argued that the DDG-51 Flight III merely represents an update to the current configuration, there are substantial changes to the design and to the ship well beyond combat system changes. Please explain your views on the Flight III acquisition strategy and how you plan to ensure this strategy complies with applicable laws and regulations, results in a stable design before multiyear procurement proposals are formally solicited or contracts awarded, prevents cost overruns and delays in this critical program, and ensures the health of the critical dual-source destroyer shipbuilding industrial base.

Mr. SPENCER. If confirmed, I will ensure the Navy continues to comply with all statutes in regards to the DDG 51 Flight III Multi-Year Procurement (MYP) contract. If the Committee would allow me the appropriate time to become educated on the subject matter I will respond with the Navy's decision. The decision will be made under the mandates that the ship will be produced in a competitive and cost effective manner.

QUESTIONS SUBMITTED BY SENATOR MARTIN HEINRICH

NAVY LAND TESTING AT WHITE SANDS

83. Senator HEINRICH. Mr. Spencer, the relationship between White Sands Missile Range in New Mexico and the Navy is outstanding. Right now, the Navy is investing in land-based testing infrastructure such as Desert Ship and other facilities at White Sands. Testing Navy weapon systems over land can reduce development and testing costs, and allow for better data collection. If confirmed, will you continue the Navy's strong relationship with White Sands to facilitate the development and deployment of new weapon systems?

Mr. SPENCER. Yes. The White Sands Missile Range plays an integral part in Navy test programs. It also provides capability not available at Navy test ranges and will continue to play an integral role in the future.

DIRECTED ENERGY

84. Senator HEINRICH. Mr. Spencer, the Navy has been very active in the area of Directed Energy Weapon Systems, and I applaud Admiral Richardson and the Navy for their forward-thinking. In this year's defense bill, this Committee established a program to accelerate the transition of these systems to the military. The provision authorizes specific funding to be used only for the purposes of prototyping and conducting demonstrations of high-energy-laser and high-power-microwave weapons that are furthest along in development. These systems have game-changing potential for ship-defense and naval base protection. Have you been briefed on the various directed energy weapon systems being developed by the Navy?

Mr. SPENCER. I have not been briefed on these weapon systems technologies.

85. Senator HEINRICH. Mr. Spencer, if you have, what are your thoughts?

Mr. SPENCER. I have not been briefed on these weapon systems technologies.

86. Senator HEINRICH. Mr. Spencer, if confirmed, will you work to accelerate the deployment of directed energy weapon systems and utilize the program required by this Committee?

Mr. SPENCER. Once briefed I look forward to speaking with the Committee on the status of these technologies.

"USS LOS ALAMOS"

87. Senator HEINRICH. Mr. Spencer, if confirmed as Secretary of the Navy, you would have the distinct honor of naming our Nation's submarines. Next year, 2018, will mark the 75th anniversary of Los Alamos National Laboratory. Los Alamos has made enormous contributions to the Navy through the sea-based leg of the nuclear triad and the nuclear propulsion systems on submarines and aircraft carriers. On behalf of the residents of Los Alamos and the State of New Mexico, I would request that you take a close look at their critical contributions to the Navy and the nuclear triad when naming the next submarine.

Mr. SPENCER. Duly noted.

ENERGY RESILIENCY

88. Senator HEINRICH. Mr. Spencer, section 2805 of the Fiscal Year 2017 NDAA gave the Department new authority to plan and fund military construction projects directly related to energy resiliency and mission assurance. This Committee provided a \$10 million increase for this effort in this year's defense bill. What are your thoughts on energy resilience, and how will you invest Navy resources to ensure Navy assets are more agile and energy resilient?

Mr. SPENCER. The DON will explore and execute energy resilience projects that support the warfighter, improve readiness or have a good business case. We have initiated a holistic Energy Security Framework that sets resilience benchmarks, enables system gap analysis and prioritizes projects that address DON energy resilience concerns.

[The nomination reference of Mr. Richard V. Spencer follows:]

NOMINATION REFERENCE AND REPORT

AS IN EXECUTIVE SESSION,
SENATE OF THE UNITED STATES,
June 6, 2017.

Ordered, That the following nomination be referred to the Committee on Armed Services:

Richard V. Spencer, of Wyoming, to be Secretary of the Navy, vice Raymond Edwin Mabus, Jr.

[The biographical sketch of Mr. Richard V. Spencer, which was transmitted to the Committee at the time the nomination was referred, follows:]

BIOGRAPHICAL SKETCH OF MR. RICHARD V. SPENCER

Education:

- Rollins College
 - September 1972 to June 1976
 - BA Economics

Employment record:

List all jobs held since college including title or description of job, name of employer, location of work, and dates of employment.

- United States Marine Corps, Quantico, VA
 - 2ndLt, The Basic School
 - June 1976 to January 1977
- United States Marine Corps, Pensacola/Milton, FL
 - 2ndLt. Naval Flight School
 - February 1977 to May 1978
- United States Marine Corps, MCAS Tuslin, CA
 - 1stLt/Capt, HMT-301/HMM-161, H-46 Pilot
 - June 1978 to June 1981
- Spirit Airways, San Francisco, CA
 - Operations Officer/Pilot
 - July 1978 to January 1981
- Bank of Boston, Boston, MA
 - Assistant Vice President, Municipal Finance
 - February 1981 to June 1982
- AG Becker & Company, New York, NY
 - Vice President, Corporate Debt Origination
 - June 1982 to January 1984
- Paine Webber, Inc., New York/Atlanta
 - Vice President, Corporate Debt Banking
 - January 1984 to February 1986
- Goldman Sachs & Company, New York/Los Angeles
 - Vice President, Debt Capital Markets
 - February 1986 to December 1988
- Bear Stearns & Co., Boston, MA
 - Director, Investment Banking Division
 - December 1988 to November 1990
- First Chicago Corp., Chicago, IL
 - Vice President, Institutional Banking
 - November 1990 to April 1994
- Merrill Lynch & Co., Atlanta, GA
 - Director, Private Equity Group
 - May 1994 to December 1996
- Donaldson, Lufkin, Jenrette, Atlanta, GA
 - Managing Director, Private Equity Funds Group
 - December 1996 to December 1998
- Crossroads Group LLC, Atlanta/Dallas
 - President, Private Equity Fund of Funds
 - December 1998 to September 2001
- Intercontinental Exchange, Inc., Atlanta, GA
 - Vice Chairman/Chief Financial Officer, Electronic Securities Exchange
 - October 2001 to December 2007
- Fall Creek Management, LLC, Wilson, WY
 - Managing Director, Investment Company
 - January 2008 to Present

Honors and Awards:

- Federal Civilian Awards—DOD Exceptional Public Service Award—April 2015

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the

advice and consent of the Senate to complete a form that details the biographical, financial, and other information of the nominee. The form executed by Mr. Richard V. Spencer in connection with his nomination follows:]

UNITED STATES SENATE
COMMITTEE ON ARMED SERVICES

ROOM SR-228

WASHINGTON, DC 20510-6050

(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF
NOMINEES

INSTRUCTIONS TO THE NOMINEE: Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e. A-9, B-4) to which the continuation of your answer applies. Unless otherwise required, an answer of yes, no, or not applicable is appropriate.

PART A—BIOGRAPHICAL INFORMATION

INSTRUCTIONS TO THE NOMINEE: Biographical information furnished in this part of the form will be made available in Committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **Name:** (Include any former names used.)

Richard Vaughn Spencer

2. **Position to which nominated:**

Secretary of the Navy

3. **Date of nomination:**

June 6, 2017

4. **Address:** (List current place of residence and office addresses.)

[Nominee responded and the information is contained in the Committee's executive files.]

5. **Date and place of birth:**

1954, Waterbury, CT

6. **Marital status:** (Include maiden name of wife or husband's name.)

Married, Sarah Pauline Finch Spencer

7. **Names and ages of children:**

Averil Dickinson Spencer

Pierce Carlyle Spencer

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.

- Brooks School, 1972 (High School Diploma)
- Rollins College, 1976 BA Economics

9. **Employment record:** List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment.

- Intercontinental Exchange, Inc., Atlanta, GA
 - Vice Chairman/Chief Financial Officer, Electronic Securities Exchange
 - November 2001 to December 2007
- Fall Creek Management LLC, Wilson, WY
 - Managing Member, Consulting, Investing and Charitable Giving
 - January 2008 to Present

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.

- Vice Chairman (2014), Defense Business Board, Department of Defense, January 2010 to December 2014
- Member, CNO, Executive Panel, February 2016 to December 2016
- Corporate Advisor, Chief of Naval Operations, December 2016 to Present

11. **Business relationships:** List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

- Board Member, CX Technologies, LLC, Atlanta, GA
- Board Member, 86 Borders LLC, Atlanta, GA
- Board Member, StarPound Technologies, LLC, Atlanta, GA
- Board Member, Global Atlantic Financial Group, New York, NY
- ENGAGEcx, Atlanta, GA
- Global Financial Life Limited, Hamilton, Bermuda
- Ariel Re Limited, Hamilton, Bermuda
- Commonwealth Annuity and Life Insurance Company, Southborough, MA
- First Allmerica Financial Life Insurance Company, Southborough, MA
- Accordia Life and Annuity Company, Des Moines, IA
- Forethought Life Insurance Company, Batesville, IN
- Forethought National Life Insurance Company, Houston, TX

12. **Memberships:** List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable and other organizations.

- Chairman of the Board, Veterans Campaign, Washington, DC
- Board Member, Honoring Our Veterans, Jackson, WY
- Board Member, Community Foundation of Jackson Hole, Jackson, WY
- Board Member, Teton County Search & Rescue Foundation, Jackson, WY
- Vice Chairman, Marine Corps Heritage Foundation, Quantico, VA

13. **Political affiliations and activities:**

(a) If you have ever been a candidate for or have been elected or appointed to a political office, list the name of the office(s), whether you were elected/appointed/candidate, the year(s) the election was held or the appointment was made, and the term of office (if applicable).

No.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.

None.

(c) Itemize all individual political contributions of \$100 or more to any individual, campaign organization, political party, political action committee, or similar entity of \$100 or more for the past 5 years. List each individual contribution and not the total amount contributed to the person or entity during the year.

- Rob Portman for Senate Comm. \$1,300 09/30/2014
- Allen Weh for Senate, \$500 02/11/2014
- Allen Weh for Senate, \$2,000 07/24/2014
- Allen Weh for Senate, \$2,700 09/08/2014
- Angus King for Senate, \$333.33 09/10/2012
- Romney Victory, Inc., \$250 05/16/2012
- Romney Victory, Inc., \$2,500 05/30/2012
- Rep National Comm., \$250 05/30/2012
- Romney for President, Inc., \$250 05/12/2012
- Romney for President, Inc., \$2,250 05/30/2012
- Rep. National Comm., \$500 07/19/2016
- Donald J. Trump for President, \$2,000 06/14/2016
- Ben Carson for President, \$2,000 03/24/2016

14. **Honors and Awards:** List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

- Office of the Secretary of Defense Medal for Exceptional Public Service
- For exceptional public service as a Member of the Defense Business Board
- January 2010 to December 2014 and as Vice Chairman from March 2014 to December 2014

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

None.

16. **Speeches:** Provide the Committee with two copies of any formal speeches you have delivered during the last 5 years of which you have copies and are on topics relevant to the position for which you have been nominated.

- Testimony to Senate Armed Services Committee November 2015
- “Managing the Department of Defense”

17. Commitments regarding nomination, confirmation, and service:

(a) IF CONFIRMED, WILL you adhere to applicable laws and regulations governing conflicts of interest?

Yes.

(b) Have you assumed any duties or undertaken any actions which would appear to presume the outcome of the confirmation process?

No.

(c) If confirmed, will you ensure your staff complies with deadlines established for requested communications, including questions for the record in hearings?

Yes.

(d) Will you cooperate in providing witnesses and briefers in response to congressional requests?

Yes.

(e) Will you promise to enforce or ensure whistleblower protections for all those witnesses?

Yes.

(f) Do you agree, if confirmed, to appear and testify upon request before this Committee?

Yes.

(g) Do you agree to provide documents, including copies of electronic forms of communication, in a timely manner when requested by a duly constituted committee, or to consult with the Committee regarding the basis for any good faith delay or denial in providing such documents?

Yes.

[The nominee responded to Parts B–F of the Committee questionnaire. The text of the questionnaire is set forth in the Appendix to this volume. The nominee’s answers to Parts B–F are contained in the Committee’s executive files.]

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

RICHARD V. SPENCER

This 7th day of June, 2017

[The nomination of Richard V. Spencer was reported to the Senate by Chairman McCain on July 13, 2017, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on August 1, 2017.

