

NOT FOR PUBLICATION UNTIL
RELEASED BY THE HOUSE
SUBCOMMITTEE ON MILITARY CONSTRUCTION,
VETERANS AFFAIRS, and RELATED AGENCIES,
COMMITTEE ON APPROPRIATIONS

**STATEMENT OF
VICE ADMIRAL DIXON R. SMITH
DEPUTY CHIEF OF NAVAL OPERATIONS FOR
FLEET READINESS AND LOGISTICS
U.S. NAVY**

BEFORE THE

**HOUSE SUBCOMMITTEE ON MILITARY CONSTRUCTION,
VETERANS AFFAIRS AND RELATED AGENCIES,**

OF THE

COMMITTEE ON APPROPRIATIONS

APRIL 12, 2018

NOT FOR PUBLICATION UNTIL
RELEASED BY THE HOUSE
SUBCOMMITTEE ON MILITARY CONSTRUCTION,
VETERANS AFFAIRS, and RELATED AGENCIES,
COMMITTEE ON APPROPRIATIONS

Chairman Dent, Ranking Member Wasserman Schultz, and distinguished members of the Committee, it is an honor to appear before you representing the thousands of Navy Sailors and civilians at our seventy-one installations worldwide. Thank you for the opportunity to testify about the Navy's Fiscal Year (FY) 2019 budget request for our shore readiness and infrastructure programs.

The President's National Security Strategy, clearly sets forth our priorities directing our Navy to protect the American homeland, promote American economic prosperity, and advance American influence throughout the world. Further, the National Defense Strategy (NDS) articulates our plan to compete, deter and win in the new competitive security environment of our time. The Navy is supporting the NDS with the "Navy the Nation Needs," which further details the Navy's role as part of the broader military joint force.

Our shore infrastructure is an integral component to achieving the Navy the Nation Needs. It is an enabler to helping us achieve (1) a bigger, (2) better, (3) networked, (4) agile, (5) talented, and particularly (6) ready fleet. To enable that ready fleet, the Navy has a nearly \$1 billion increase in infrastructure to fund 33 Navy military construction projects – the largest such request in over a decade, and more than double the FY 2018 budget request. The shore enables military readiness, combat power projection, and the security of personnel, family members and equipment. Importantly, the shore is foundational to the fight, as many of the Navy's platforms plan, train, launch and reconstitute from our installations, and some perform their entire mission from our bases. Increases in the Navy's FY 2019 budget request begins to improve the infrastructure necessary to support a more lethal and resilient Fleet.

We thank the Congress for enacting the FY 2018 Appropriations Act and for the additional funding for facilities sustainment, restoration, and modernization (FSRM) to address pressing shortfalls, additional BRAC funds to address Hunter's Point and perfluorinated chemicals, and other additional funding that supports key areas of shore readiness. We also thank the Congress for passage of the FY 2018 Hurricane Amendment earlier this year that provided critical funding for Navy installations in Florida, Georgia, Texas, and Puerto Rico to enable repair and replacement of facilities damaged or destroyed by hurricanes.

Military Construction

For 2019, the Navy made a deliberate investment in military construction (MILCON) to increase lethality, capacity and capability. The FY 2019 MILCON budget request includes 33 projects, planning and design (P&D), and unspecified military construction at a value of nearly \$2 billion.

Nearly half of the MILCON program (\$824M) is in direct support to the National Defense Strategy's highest priorities of increasing lethality with new platforms and strengthening alliances through the European Deterrence Initiative. This program also invests in restoring warfighting readiness and further advancing the restoration of our Naval Shipyards and support the Navy Reserves.

Increasing Lethality / New Platform (\$609M, 14 projects)

- Missile Assembly Building and High Explosive Magazine – San Nicholas Island (\$31M)
- Directed Energy Systems Integration Lab – Naval Base (NB) Ventura County (\$22M)
- F-35 Maintenance Hangar – Naval Air Station (NAS) Lemoore (\$113M)
- CMV-22B Airfield Improvements – NB Coronado (\$78M)
- Full Motion Trainer Facility – Marine Corps Base (MCB) Camp Pendleton (\$11M)
- Electrical Upgrades – MCB Camp Pendleton (\$4M)
- Littoral Combat Ship (LCS) Support Facility – Naval Station (NS) Mayport (\$82M)
- LCS Operational Training Facility Addition – NS Mayport (\$29M)
- Submarine Propulsor Manufacturing Support Facility – Philadelphia Navy Yard Annex (\$71M)
- D5 Missile Motor Receipt/Storage Facility – Utah Test and Training Range (\$106M)
- Fleet Support Facility – NAS Whidbey Island (\$19M)
- Next Generation Jammer Facility – NAS Whidbey Island (\$8M)
- Fleet Maintenance Facility & Tactical Ops Center – Naval Support Activity (NSA), Bahrain (\$26M)
- Tactical Operations Center – Commander Fleet Activities Okinawa, Japan (\$9M)

Strengthen Alliances / European Deterrence Initiative (EDI) (\$215M, 5 projects)

- Marathi Logistics Support Center –NSA Souda Bay, Greece (\$6M)
- Joint Mobility Processing Center – NSA Souda Bay, Greece (\$42M)
- P-8A Taxiway and Apron Upgrades – NAS Sigonella, Italy (\$66M)
- Port Operation Facilities – NS Rota, SP (\$22M)
- P-8 Base Improvement – Lossiemouth, UK (\$79M)

Restore Warfighting Readiness (\$709M, 9 projects)

- Causeway, Boat Channel & Turning Basin – Naval Weapons Station Seal Beach (\$118M)
- Harbor Drive Switching Station – NB San Diego (\$48M)
- Pier 8 Replacement – NB San Diego (\$108M)
- Master Time Clocks & Operations Facility – NSA Washington, DC (\$116M)
- Water Transmission Line – Joint Base Pearl Harbor-Hickam (\$78M)
- Transit Protection System Pier and Maintenance Facility – NB Kitsap (\$89M)
- Unaccompanied Enlisted Housing – NB Guam (\$36M)
- Solid Waste Management Facility – NS Guantanamo Bay, Cuba (\$85M)
- AUTECH Austere Quarters – Andros Island, Bahamas (\$31M)

Shipyards Investment (\$221M, 4 projects)

- Dry Dock Waterfront Facility – JB Pearl Harbor-Hickam (\$45M)
- Dry Dock #1 Superflood Basin – Portsmouth Naval Shipyard (NSY) (\$110M)
- Extend Portal Crane – Portsmouth NSY (\$40M)
- Ships Maintenance Facility – NS Norfolk (\$26M)

Supporting the Navy Reserves (\$14M, 1 project)

- Reserve Training Center – Fort Benning (\$14M)

Facilities Sustainment, Restoration, and Modernization (FSRM)

The FY 2019 budget requests \$2.1 billion to sustain infrastructure, and improves our facility sustainment from 78% of the Department of Defense (DOD) model in FY 2018 to 80% in FY 2019. This is the third straight year the Navy has increased this funding level in its budget

request, demonstrating our commitment to a more balanced investment to support Navy wholeness.

That said, persistent reduced-resourcing of our shore infrastructure has taken its toll, resulting in a significant facilities maintenance backlog. The Navy has strived to mitigate this backlog by implementing a facility investment strategy that ensures our most critical facilities and components are maintained and secure. While this has allowed us to triage our facility requirements, it has accelerated degradation of the majority of our facilities across the Navy. Deferring maintenance on important, but not mission-critical facilities, impacts Sailors' ability to train, their quality of life, and often requires operational workarounds, such as waivers, temporary facilities, or inefficient processes. While the Navy will begin to reduce the facilities maintenance backlog with the FY 2019 budget request, maintaining the path to full readiness recovery will take a long-term commitment of resources, predictable funding and time.

Family Housing

The Secretary of the Navy has stated that we must make strategic investments in recruiting and retaining our Sailors, and our FY 2019 budget request supports this by providing Sailors and their families the opportunity for suitable, safe, and affordable housing. The Navy continues to rely on the private sector to house Sailors and their families, and when options are not available or are insufficient, Navy provides government-owned, leased, and privatized housing.

The FY 2019 Family Housing budget request provides \$279.7 million for the operation and maintenance of almost 7,100 government-owned homes, leases for approximately 1,700 units, replacement and renovation of approximately 490 units, and oversight of nearly 40,000 privatized housing units. In addition, the Family Housing construction request of \$87 million will assist in the elimination of inadequate units at Naval Support Activity Andersen, Guam by replacing 96 homes.

Base Operating Support

Our FY 2019 budget request invests \$4.5 billion in base operating support, remaining flat since the enactment of the Budget Control Act in 2013. This funding level provides minimally compliant outputs and service levels at our installations, and we prioritize resources to minimize

impact to mission, force protection, and quality of life at the expense of other base operating support functions. This long-term pressurization of base operating support has translated into higher assumed risk. As this risk becomes normalized over time, it continues to compound and accumulate. The Navy remains committed to deliberately and effectively managing these accumulated risks within available resourcing.

Base Realignment and Closure (BRAC)

The Navy's FY 2019 budget request includes \$152 million for installations closed in previous BRAC rounds; \$142 million of this is for environmental cleanup. The Navy has completed disposal of 94% of property (178,531 acres) with the remaining 6% representing 11,254 acres at 16 installations. Over 50% of the remaining property is at two BRAC 2005 installations (NAS Joint Reserve Base Willow Grove, PA, and NWS Concord, CA). The majority of the remaining property transfers are planned to occur by 2026. There are 28 installations with no property remaining for transfer, but still require environmental cleanup or monitoring.

Conclusion

As CNO has articulated, a fundamental principle of our budget request is that naval power is about maintaining balance across all six dimensions of naval power. The readiness of the shore is integral to achieving the Navy the Nation Needs. Further, we seek to optimize the balance among all six of our pillars – to ensure support to the fleet and the warfighter to maneuver, respond and win in a short or prolonged fight. Our shore investments strategy enables and underpins these investments to increase naval power in a balanced approach to meet our national strategic objectives. Thank you for your steadfast support of Navy's shore readiness and infrastructure programs and your unwavering commitment to our Sailors, Navy civilians and their families.