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RELEASED BY THE
HOUSE ARMED SERVICES COMMITTEE
SUBCOMMITTEE ON READINESS

STATEMENT OF

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BEFORE THE

**HOUSE ARMED SERVICES COMMITTEE
SUBCOMMITTEE ON READINESS**

ON

**THE EFFECTS OF REDUCED INFRASTRUCTURE AND BASE OPERATING
SUPPORT INVESTMENTS ON NAVY READINESS**

JANUARY 8, 2016

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Chairman Wittman, Ranking Member Bordallo, and distinguished Members of the Committee, I appreciate the opportunity to discuss the impact of reduced infrastructure and base operating support investments on Readiness. I would like to thank the Members of the Committee for your steadfast support of Navy's shore readiness programs and your commitment to our Sailors, Navy civilian workforce and their families.

Impact of Sequestration and Funding Shortfalls on Shore Readiness

For the last three years (FY 2013-2015), the Navy has been operating under reduced top-line budgets totaling \$25 billion less than the President's Budget requests. Sequestration in FY 2013 deeply affected the Navy, and we have not yet fully recovered. Although the Bipartisan Budget Act of 2013 provided some budget stability for FY 2014-2015 and limited relief from the Budget Control Act of 2011 (BCA) sequestration funding levels, the Navy was compelled to continue to further delay upgrades to all but the most critical shore infrastructure. The Navy's 70 installations across eleven regions enable the Navy's worldwide operational and warfighting readiness and are essential to the quality of service for our Sailors, civilian employees, and their families. Yet budget shortfalls over the last three years have compelled the Navy to reduce our investment in shore readiness to preserve the operational readiness of our Fleet. As a result, many shore facilities are degrading at an accelerated rate.

The Navy is appreciative of Congress' passage of the Bipartisan Budget Act of 2015, providing budget stability for FY 2016-2017; the FY 2016 National Defense Authorization Act; and the Consolidated Appropriations Act of 2016. However, shore readiness funding continues to be challenged. A return to sequestration levels in FY 2018 would further exacerbate the condition of our shore infrastructure as it further erodes piers, runways, and mission-critical facilities, potentially leading to aircraft damage from foreign object ingestion on deteriorated runways, inadequate shore support for ship berthing and movements, and degraded communications within command centers.

Military Construction

The Navy appreciates Congress' support of Navy's military construction budget requests. The President's Budget request for FY 2016 (PB-16) included 38 Navy Military Construction (MILCON) projects valued at nearly \$1 billion to invest in our worldwide infrastructure, all of

which were authorized and appropriated in FY 2016. For the past several years, the majority of Navy's MILCON funding has focused on enabling the initial operating capability of new platforms and systems, supporting Combatant Commander operational requirements, recapitalizing Naval Shipyards, upgrading critical infrastructure, and modernizing utility systems. As we prioritize Military Construction to enable operational readiness, we reduce needed investment in supporting infrastructure – such as barracks, administrative buildings, and research and development facilities – all of which support future readiness, improve the quality of life for our Sailors, and enhance the working conditions of all our personnel.

Base Operating Support

The Navy remains committed to adequately funding Fleet operations, Sailor and family support programs, and child development. However, due to funding shortfalls, we continue to accept a deliberate level of risk for the remainder of our Base Operating Support functions such as facility services, grounds maintenance, and administrative support. Although we will not accept risk when it comes to the safety of our people, we have asked them to adjust to lower levels of administrative support and facility services. While these situations are not ideal, they are necessary in today's fiscal environment. And I am proud to say that the Sailors and Navy civilians working on our bases continue to excel at their tasks in support of the Fleet.

Facility Sustainment, Restoration and Modernization

PB-16 funded the sustainment, restoration, and modernization of our facilities only enough to maintain the overall condition of our most critical infrastructure for the short term, and the Navy appreciates Congress's support of our budget request in the FY 2016 appropriations bill. Since PB-12, the Navy has funded facilities sustainment below the Department of Defense goal of 90 percent, meaning our facilities do not receive the preventative maintenance they need to meet their expected service life. This lack of sustainment will cause our facilities to deteriorate faster.

When restoring and modernizing infrastructure, we prioritize life/safety issues and focus on repairing only the most critical components of our mission-critical facilities. By deferring less critical repairs, especially for facilities not directly tied to Navy's warfighting mission, we

allow certain facilities to degrade and accept that our overall facilities maintenance backlog is increasing.

Naval Nuclear Enterprise and Naval Shipyard Support

The Navy's top priority is to maintain a credible, modern, and survivable sea-based strategic deterrent, which includes the security and reliability of our nuclear weapons facilities. We have fully funded the infrastructure at our strategic weapons facilities and have accelerated Naval shipyard infrastructure improvements. Naval Shipyards and Depots are critical to maintaining the warfighting readiness of our Force, and the Department remains committed to meeting the minimum 6 percent investment in Naval Shipyards and Depots described in 10 USC 2476. We focus our shipyard investments to address the most critical safety and productivity deficiencies in Controlled Industrial Areas, which primarily include production shops, piers, wharfs and dry docks.

Housing

Navy housing programs support readiness by providing Sailors and their families the opportunity for suitable, affordable and safe housing worldwide. We rely on local communities to house Sailors and their families as well as provide housing through government-owned housing, leased housing, or Public-Private Venture (PPV) housing projects. We continue to see success with our privatized family housing communities in the continental United States and Hawaii. For our government-owned units, predominately located overseas, we continue to renovate family housing once they degrade into poor condition. This inventory is currently classified as 77% "adequate" condition. At current funding levels, Navy is able to make steady improvement in our government-owned housing and we project we will meet DOD's adequacy goal in 2021.

The Navy continues to manage housing for our unaccompanied Sailors within today's fiscal constraints by carefully monitoring the safety of our barracks and prioritizing funds for the buildings in the worst condition. Unfortunately, investment levels in FY2015 and FY2016 are not sufficient to offset the steady degradation of facilities and improve the overall condition of our unaccompanied housing inventory. At current funding levels, Navy's unaccompanied housing will remain at approximately 50% adequacy.

Managing Risk in Infrastructure

To ensure our shore infrastructure is mission-ready, resilient, sustainable and aligned with Fleet priorities, the Navy has taken several near-term and enduring actions to mitigate the negative effects of reduced funding where possible.

- We have standardized the facility inspection process and are transitioning to a Facility Condition Index (FCI) that quantifies the financial liability of needed maintenance and repair work for each facility. This metric will better position Navy to direct our limited facility funds to the most critical repairs. This information is also being used by facility professionals to develop short- and long- range maintenance and repair work plans.
- Navy is incorporating the principles of condition-based maintenance across all buildings, utilities and structures. This means we will prioritize work on only the most critical components (e.g. roofs and exterior walls) at our most critical facilities or on components that relate to life, health and safety. This strategy enables us to focus resources on specific building components and systems where failure jeopardizes personnel safety or a warfighting mission.
- Navy will continue our successful process of leveraging a single integrated forum to receive and adjudicate demand signals from the Fleet and every enterprise across the Navy to identify the judicious infrastructure solutions and optimally time our investments.
- We will maintain our focus on reducing footprint by demolishing or divesting unneeded buildings as funds are available, and recapitalizing existing facilities in lieu of new construction when possible. Where appropriate, we apply austere facility criteria to minimize the size and finishes required to meet the mission.

Conclusion

Navy installations provide the platform to train and prepare our Sailors, deploy our ships and aircraft, and support our military families. Underinvestment in shore infrastructure takes a toll on our ability to support deploying forces. In this challenging fiscal environment, the Navy will – and must – continue to carefully and deliberately manage the risk we are taking in

our shore enterprise. Thank you for the opportunity to testify, and I look forward to working with Congress to deliver an innovative, resilient, and sustainable shore infrastructure that enables Navy's mission success.