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ARMED SERVICES COMMITTEE

STATEMENT OF

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ON NAVY READINESS

SUBMITTED ON BEHALF OF

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AND

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AND

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AND

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**BEFORE THE
HOUSE ARMED SERVICES COMMITTEE
SUBCOMMITTEES ON
SEAPOWER AND PROJECTION FORCES
AND READINESS**

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Chairman Forbes, Chairman Wittman, Ranking Member Courtney, Ranking Member Bordallo, and distinguished members of the House Armed Services Subcommittees on Seapower and Projection and Readiness, and other distinguished members, we appreciate the opportunity to testify on the current state of Navy readiness and the challenges to that readiness in the Fleet of the Future.

Internationally, the 21st century has seen a proliferation of diverse threats to our national security. For the first time in twenty-five years, the Navy is facing a return to great power competition at sea. Russia and China have a growing arsenal of high-end warfighting capabilities, engage in coercion and competition and have global reach. Provocation from Iran and North Korea continue to create instability in the Middle East and the Western Pacific. Terrorist organizations such as ISIS remain a significant threat to U.S. interests, our allies and the homeland. Domestically, we are operating in a resource-constrained environment, under an uncertain and unpredictable budget process.

In these conditions, all of us share a duty to make our Fleet, and the Sailors who serve, ready to fight and win, both today and in the future. Powered by the exceptional Sailors and Civilian Professionals we are proud to represent here today, your Navy is the world's finest, and we are committed to retaining our margin of advantage over our adversaries, but that margin could be lost if we do not achieve stable budgets and make deliberate investments in future readiness. We will only maintain our status as the world's greatest Navy if we are vigilant around the globe and dedicated to restoring our future readiness and capability. Our testimony today will focus on the current readiness of your Fleet, as well as some of the key challenges we face in delivering future readiness.

Ready to Deploy Today

The demand for naval assets by Geographic Combatant Commanders (GCCs) remains high, and Navy continues to provide the maximum sustainable global presence it can generate to support a diverse array of GCC missions. Today, we have three aircraft carriers forward deployed – *Harry S Truman*, *John C Stennis*, and *Ronald Reagan* – with one, *Dwight D Eisenhower*, about to deploy. The *Stennis* Carrier Strike Group (CSG) will also support the Rim of the Pacific Exercise (RIMPAC) 2016 this summer. This is the first year since 2009 that Navy has been able to provide a CSG to U.S. Pacific Command while the forward-deployed CSG was

in maintenance. Over the past twelve months, three CSGs conducted strike missions against ISIS in support of Operation INHERENT RESOLVE. Four Amphibious Readiness Groups (ARGs) with embarked Marine Expeditionary Units (MEUs) supported a wide range of missions including maritime security operations, strike missions against ISIS, and maritime interdiction support off the coast of Yemen as part of Operation RESTORE HOPE. Closer to home, Fleet Ocean Tug *USNS Apache* embarked a deep-water search and salvage team and successfully located the U.S. flagged merchant vessel El Faro after her sinking off the coast of the Bahamas during Hurricane Joaquin. Across the globe, the Navy supported other critical GCC missions such as theater security cooperation, counter-piracy, counter-drug, ballistic missile defense, freedom of navigation, strategic deterrence patrols, and Intelligence, Surveillance, and Reconnaissance missions. These missions not only demonstrate our responsiveness and warfighting prowess, but also maintain our Sailor proficiency, a key aspect of readiness bought only with time at sea.

The Optimized Fleet Response Plan (OFRP), in conjunction with ongoing Fleet material condition reset efforts, is designed to support Navy's overall readiness recovery goals and maximize the employability of our operational units for both presence and contingency response. To date, three CSGs and four ARGs have been inducted into OFRP. Very shortly, the *Eisenhower* CSG will be the first to deploy under the OFRP construct. Fleet implementation of OFRP for CSGs is scheduled to be complete in Fiscal Year (FY) 2021 with the deployment of the *Gerald R Ford* CSG. While it is difficult to pinpoint an exact readiness recovery timeframe for each of our force elements given the array of factors involved, we predict CSG readiness recovery will occur slightly outside of the Future Year Defense Program (FYDP). ARG recovery will remain constrained until we complete modernization of our large deck amphibious ships to include the capability to operate the F-35B. Key to our success is operating the battle force at a sustainable level over the long term. Readiness recovery requires a commitment to protect the time needed to properly maintain and modernize our capital-intensive force and to conduct full-spectrum training. Achieving full readiness also requires us to restore capacity and throughput at our public shipyards and aviation depots, primarily through hiring and workforce development. Successful efforts in meeting hiring goals have been largely achieved.

OFRP has to do three things for the Fleet to be ready to fight and win: (1) it has to ready Fleet units for routine deployments, (2) it has to surge much of the Fleet in times of war or

significant crisis and then reset it in stride after that crisis, (3) it has to maintain and modernize Fleet units so they are viable until the end of their planned service lives. And it has to do all three of these things within the resources that the nation provides. After more than a decade of high operational tempo, sequestration, and workforce challenges, we are aggressively addressing the resultant maintenance and modernization backlog through this evolutionary process.

Future Readiness Challenge – Ship and Aircraft Maintenance

As you have heard in recent testimony from the Vice Chief of Naval Operations Admiral Michelle Howard, the Navy maintenance budget requests are built upon independently certified models, reflecting engineered maintenance plans for each ship class and aviation type/model/series. Our shipyards and aviation depots have been challenged by emergent work beyond that expected, associated with a decade of high tempo operations and additional wear on assets. The workforce behind our public and private depots is no longer sufficient for these emergent projects and is still in the midst of rebuilding and training new workers.

Resetting our surface ships and aircraft carriers after more than a decade of war led to significant growth in public and private shipyard workload. The Navy baseline budget request funds 70% of the ship maintenance requirement across the force, addressing both depot and intermediate level maintenance for aircraft carriers, submarines and surface ships. Overseas Contingency Operations (OCO) funding provides the remaining 30% of the baseline requirement and allows for the continued reduction of surface ship life-cycle maintenance backlogs. The FY 2017 budget relies slightly more on OCO than our traditional 80% base, 20% OCO allocation. For the second year, the additional OCO request to support Navy's maintenance reset (\$625M) includes funding for aircraft carriers in addition to other surface Fleet assets, to address increased wear and tear outside of the propulsion plant. Since much of this reset work can only be accomplished in a drydock, the maintenance schedule needs to be closely managed, as reset is expected to continue across the FYDP.

To address the increased workload in our public shipyards and improve on-time delivery of ships and submarines back to the Fleet, the FY 2017 budget promotes growth in our shipyard workforce, sustaining 33,500 Full Time Equivalents (FTE) in FY 2017, with additional investments for workforce training and development. Additionally, two attack submarine (SSN) availabilities were moved to the private sector in FY 2017 to help level load shipyard workload.

The Fleet Readiness Centers (FRCs) and Navy's aviation depots have been challenged to recover full productivity after hiring freezes, furloughs, and overtime restrictions in FY 2013. Through a concerted hiring effort with the support of congressional budgetary increases, the recovery in maintenance capacity is in progress. However, the FRCs face a significant backlog of work, particularly for the service life extension of our legacy F/A-18 Hornets. FRCs hiring progress returned to pre-sequestration manning levels in FY 2015 and they continue to adjust hiring in order to ensure the workforce can meet the workload demand. In an effort to improve throughput, FRCs are increasing engineering support to address the work required to reach as high as 10,000 hours of service life, reallocating some of the existing workforce, and contracting additional private sector support. Navy has increased its number of field teams to improve flight line maintenance and ensure there is a clear understanding of the material condition of airframes heading to the depots. FRCs have also developed repair kits that ensure long-lead parts are readily available as repair parts are identified.

The Aviation Depot Maintenance program is funded to 76% in baseline and 85% with OCO for new work inducted in FY 2017. This funding level supports repairs for 583 airframes and 1,684 engines/engine modules. Ensuring the Aviation Maintenance Depots are adequately funded will support Navy and Marine Corps' ongoing effort to deliver sufficient aircraft inventory. Currently, over 50% of our F/A-18A-D aircraft inventory is out of reporting due to needed service life extensions to ensure adequate numbers of aircraft are available to meet operational requirements.

Today's Readiness Challenge – Operating and Maintenance Accounts

Following midyear analysis of overall Navy FY 2016 funding execution and requirements, the Navy identified unfunded readiness requirements totaling \$848M, 2% of the enacted readiness accounts (\$46B). Root causes for the shortfall include FY 2016 Bipartisan Budget Act fiscal pressure resulting in a \$400M reduction in readiness buying power; unbudgeted cost growth in the resetting of ships following sustained wartime operational tempo and in funding cyber programs to address an evolving threat; and extending the deployment of the *Truman* CSG.

The Navy will closely manage the shortfall throughout the remaining four and a half months of FY 2016, be prepared to execute additional funds should they become available, and be prepared to remain within enacted funding levels as necessary by:

- Restricting flying hours associated with Carrier Air Wing 1 (up to four months no fly, deploys in 2019) and constraining other Flying Hour Program costs
- Deferring into FY 2017 five ship maintenance availabilities planned for the Fourth Quarter of FY 2016
- Deferring into FY 2017 continuous maintenance for the *Makin Island* ARG, the *America* ARG, and the *Vinson* CSG
- Deferring various other operating and maintenance contracts

The \$848M shortfall will have no impact to our forces currently deployed, but deferring depot and continuous maintenance availabilities would likely delay a number of deployments. The overall mitigation actions reduce our ability to respond to crisis as recovery from our lowest readiness point in many years is slowed.

Future Readiness Challenge – Shore Infrastructure

The Navy's seventy installations worldwide provide the platform to train and prepare our Sailors, deploy our ships and aircraft, and support our military families. Nevertheless, fiscal constraints over the past several years have caused Navy to take deliberate risk in shore infrastructure in order to sustain Fleet readiness today.

As you have heard from other Navy leaders, the Navy's Military Construction program is resourced at the lowest level since 1999. It is prioritized to support Combatant Commander requirements, and it is shaped to enable new platforms/missions, upgrade utility infrastructure, and recapitalize our Naval Shipyards. Navy is still taking some risk in the sustainment, restoration, and modernization of our existing buildings, piers, runways, hangars, utilities systems, and support facilities. Our FY 2017 facilities sustainment account is resourced at 70% of the OSD facilities sustainment model, which falls short of DOD's goal of 90% for the sixth year in a row. Navy's FY 2017 request for restoration and modernization funding is roughly half of FY 2016 levels. This is only enough to address the most critical deficiencies for the naval shipyards, nuclear enterprise, piers and runways, and to renovate a small portion of inadequate barracks for our junior Sailors. We are mitigating the risk in our infrastructure sustainment by

prioritizing life/safety deficiencies and repairs for our mission-critical buildings and structures. At the same time, we are deferring less-critical repairs, and upgrades for the vast majority of our infrastructure, including utilities systems, waterfront structures, airfields, laboratories, administrative buildings academic institutions, warehouses, ordnance storage, roads, and other shore infrastructure. Long term underinvestment in these facilities will take an eventual toll on our ability to support deploying forces.

Despite these challenges, the Navy is committed to improving the condition of our Naval Shipyards, which are critical to maintaining the warfighting readiness of our force. The Department of the Navy will again exceed the mandated capital investment of 6% across our shipyards and depots described in 10 USC 2476 with an 8.1% total investment in FY 2017. 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.

Conclusion

We are still paying down the readiness debt we accrued over the last decade of combat operations, and those effects have been compounded by the cumulative effect of budget reductions and four consecutive years of continuing resolutions. The Navy continues readiness recovery through the implementation of OFRP, but continued shortfalls in ship and aircraft maintenance and shore facilities sustainment will eventually have effects on our long-term readiness, and failing to plan for these necessary investments will prevent our future recovery.