

## CONGRESSIONAL TRANSCRIPTS

Congressional Hearings

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House Armed Services Committee Holds Hearing on FY2008 Budget Request

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SKELTON:

Good morning.

Let me welcome today's witnesses to our hearing on the 2008 budget request for the Department of the Navy. And we welcome the secretary of the Navy, Dr. Donald Winter; Chief of Naval Operations, Admiral Michael Mullen; the Commandant of the Marine Corps, General James Conway.

And we appreciate your appearance, and we thank you for your testimony.

We will ask that your testimony be placed in the record in total, and hopefully you'll be able to condense your remarks somewhat.

And our hearing is to consider your department's position of three separate requests: the fiscal year 2007 supplemental, the fiscal year 2008 main budget request, and the 2008 war budget request.

The request for the department in 2008 is \$139 billion. When we add funding for the two wars -- or, I should say, the two additional requests, it totals \$159 billion.

In size and content, these budgets are all very serious matters. It's the military -- a military at war. Our Marines are on the front line, and many sailors, naval officers, are serving in front-line roles as well as providing critical support.

Before delving too deeply into the budget before us, let me first mention a personal note, if I may, which I know is familiar with the admiral. I represent the great state of Missouri in the middle of the country. My hometown of Lexington is on the major body of water, the Missouri River. It's not quite navigable for capital ships, but yet I've always been very proud that my father served aboard the battleship the USS Missouri, a ship of the great white fleet that predated the battleship, made famous for the signing of the end of the Second World War.

My personal experience, my study of history underscore the importance of a strong and vibrant navy. Our interests are deeply tied to the maritime, especially international trade, and I believe that our country can only remain a great power if we maintain a strong navy. We must be able to project power and to maintain presence in order to deter potential adversaries and reassure our friends.

It's without question certain of Admiral Mahan's key insights remain equally valid today as they did when he wrote them at the turn of the century.

These beliefs about the need for a navy able to help achieve our range of national security goals drive my concerns about the shrinking size of our ship force structure.

I feel like a bit of a broken record. And I know, Mr. Secretary and Admiral, you've heard me make that point at earlier hearings.

We need to understand what the plan is to accelerate the effort to increase the size of our Navy and to ensure the effort -- make sure that it stays on schedule.

This month, the Navy will get down to a low of 274 ships. Members such as I remember participating in the drive to build up our Navy to a 600-ship navy. Two-hundred-seventy-four is a shocking number.

I'm encouraged that in 2008 the Navy will commission seven more ships than it decommissions. It will budget for seven more new- construction ships in 2008. And I appreciate the fact that this year's budget request is consistent with the CNO's long-range ship- building plan, which I'm sure he will discuss.

But I still remain concerned that cost growth in ship construction could cripple the plan as early as this year.

I know that three of the ships in this year's request are littoral combat ships, a ship class which recently experienced cost growth so severe that our Navy issued a stop-work order to the contractor.

And despite a cap of \$220 million for each sea frame this committee imposed beginning on the fifth LCS in an effort to control costs, the budget request appears to ask for about \$300 million per LCS ship, number seven through number nine.

If this is right, simply put, the budget plan doesn't comply with the law. Given that 55 of the ships in the long-range ship-building plan are littoral combat ships, it's critical that we get back in control of the cost.

Turning to our Marine Corps, our Marines remain deeply embroiled in combat in several locations around the world while still providing a significant portion of the Navy's 9/11 capability to respond to unexpected events around the world.

This committee is deeply committed to ensuring that the United States Marine Corps receives all of the resources it needs. And we stand ready to hear about the Marine Corps's budget, and especially its unfunded priorities. All of these total over \$3 billion.

On a happier note, I'm very pleased to see an increase in the size of the Marine Corps funded in 2008 budget request, and I've been calling for an increase in the size of our ground forces for a number of years, in particular the Army. And I'm pleased that both the Army and the Marines hopefully will be beneficiaries.

Our main concern about the impact of current operations, especially the troop increase in Iraq, on Marine Corps readiness this committee remains deeply committed to meeting our need of our Marines deployed to combat.

We are especially interested in your need for the reset of equipment, which is fast wearing out in the Middle East. This committee, in a bipartisan effort, added almost \$6 billion to last year's budget for the Marine Corps equipment reset. We look forward to hearing about what your reset needs are for the coming year.

Let me, lastly, mention the desire of this committee to do whatever we can to improve force protection. We have focused, among other things, on the mine resistant ambush protected vehicle, known as MRAP, a program which we believe can be accelerated significantly.

With that, let me recognize my friend -- instead of our ranking today, our colleague from New Jersey, who is serving as ranking member today, Jim Saxton, for comments he would like to make.

SAXTON:

Mr. Chairman, thank you very much. I appreciate being recognized at this time.

Secretary Winter and Admiral Mullen, General Conway, thank you for being with us this morning. We appreciate you being here. And needless to say, we appreciate your service to the country as well as all of those you lead in the Navy and Marine Corps.

It is a pleasure to have you here today to learn more about the fiscal year 2008 budget for the United States Navy and Marine Corps. While hearings like today's may seem pro forma because we do them each year, I believe it is critical for members serving on this committee to have the opportunity to review the budget, then ask the tough questions that we must ask about it so we can ensure that we make the right decisions for not only the 50,000 sailors and Marines serving in the Central Command but also for the Navy and Marine Corps as a whole.

Budgets also tend to serve as signals for policy shifts. Today I hope that you will elaborate on a few key areas of interest to this committee in order to help us understand how the Department of the Navy is addressing some of the tough challenges and how we might see those decisions reflected in the budget.

First, I am pleased with Secretary Gates's decision to increase the Marine Corps end-strength to 202,000. This is a great thing that he has recommended. As a matter of fact, this committee examined the end-strength needs of each of the services last year during our committee's defense review. As a result, we became convinced that such an increase was necessary to relieve stress on the force and enhance the ability of the Marine Corps to effectively respond to any contingency.

Today, Secretary Winter and General Conway, I hope you will expand upon the areas within the budget above and beyond additional personnel costs which reflect funds necessary to ensure that you can accomplish this goal.

Second, I would like you to address the acquisition process from requirements definition through fielding and sustainment. The question is the same today as it was last year: Why can't we identify a requirement, develop a solution and get it to the war-fighter in a reasonable period of time and at a reasonable cost?

The most frustrating part of this problem is that it seems like we identify the same deficiency on nearly every program that runs into trouble, whether it's requirements creep, failure of the contractor to perform, or unrealistic schedules.

Two glaring examples of this, as the chairman pointed out, the littoral combat ship and also, I might add, the expeditionary fighting vehicle. The third ship in the LCS class has been under a stop-work order, as we all know, since January due to cost growth on the first hull. It is unclear at this time what sort of cost risk we should have on the second LCS.

It appears that the major cost drivers in this program were the parallel development of design requirements with the detailed design itself; the drive to meet, launch, and delivery dates over all else; and the lack of qualified Navy technical personnel to oversee the program.

The cost growth of LCS has major impacts on other Navy programs, as well.

Admiral Mullen, as you have told us, that you need support to sustain funding for our ship-building account consistent with the 30-year plan. But you can't get there if every ship in the Navy buy is over-budget. Congress set cost caps on several key ship-building programs for this explicit purpose, to help the Navy control cost.

LCS is nearly 20 percent of our 313-ship Navy. Mr. Secretary, we are waiting to hear what course of action you plan to take on this vital program.

Today I hope our witnesses will tell us how the budget for 2008 reflects their attempts to get this right. What are we going to do in order to change how the Department of the Navy does acquisition? How are you applying lessons learned to another important program, the mine resistant ambush protected vehicle, MRAP?

Once more, you have a program that is attempting to fulfill a critical war-fighting gap, and you have an aggressive schedule to achieve this goal. What steps are you taking to ensure that the same kinds of stumbling blocks -- requirement change, imbalance in priorities -- leading to poor contractor performance and lack of technical oversight? And we want to make sure that we won't impede your progress with these kinds of problems.

Lastly, I would like to hear about how the Navy is taking ownership of the missile defense mission. The missile and nuclear developments in Iran and North Korea are a clear and present reminder of the need to get our nation's missile defense capabilities built, tested and fielded in sufficient numbers and as soon as possible.

Last October, in the wake of the North Korean nuclear test, we sent a letter to the president urging him to further accelerate the schedule for fielding Aegis ballistic missile defense capabilities, including SM-2 and SM-3 interceptors. What options were considered, and what acceleration decisions are reflected in the budget request?

I've been particularly concerned about the transition of missile defense capabilities from the Missile Defense Agency to the services. I am pleased that, starting this year, the Navy has committed operations and sustainment funding for Aegis ballistic missile defense. However, no missile procurement funds are requested in the budget.

I'm a strong supporter of Aegis ballistic missile defense. As such, I would encourage the Navy to identify its Aegis BMD force structure requirements and the resources needed to build these requirements.

With that, Mr. Chairman, I'd like to conclude by thanking our witnesses for being here today and, again, for their great leadership capabilities as we move forward.

Thank you, sir.

SKELTON:

Thanks so much, Mr. Saxton.

And welcome, gentlemen.

Secretary Winter?

WINTER:

Thank you very much, Chairman Skelton, Congressman Saxton. Thank you for the opportunity to appear this morning before this committee.

Today I am joined by Admiral Mullen and General Conway, two outstanding leaders whose dedication to the Navy and Marine Corps is apparent to all who have had the pleasure of working with them.

Each of us has prepared a statement for the record, which we respectfully submit. These documents outline in detail this department's priorities, the strategic thinking behind them, and the funding requests that are necessary to support them.

Our priorities presented in the FY 2008 budget request encompass both long-term and short-term requirements.

The short-term imperatives include supporting Marines and sailors in the field, funding the urgent requirements such as the mine resistant ambush protected vehicle program,

and making up for the losses of vehicles, equipment and aircraft that have been incurred in combat operations.

At the same time, we must provide for the critical needs of the Navy and Marine Corps of the future. To that end, the Department of the Navy is pursuing an unprecedented modernization program across the full spectrum of our weapons platforms in both the Navy and Marine Corps. This drive to transform the force is necessary and vital to our national security.

The current transformation entails a shift from a blue-water- centric fleet to one with greater brown- and green-water capability. This shift in focus reflects a greater demand for expeditionary capability, a capability that will allow us to operate in the littorals. The broad transformation now under way includes a new generation of ships, submarines and aircraft, with programs in development production already in operation with the fleet.

Some of the department's new programs have encountered significant challenges. The Navy's littoral combat ship program and the Marine Corps's expeditionary fighting vehicle program are both innovative weapon platforms incorporating new technologies. We are working on solving the problems that have arisen so that we can deliver vitally needed capabilities to our war-fighters.

Both of these programs represent the kinds of capability that the future Navy and Marine Corps will need to fight and win the wars of tomorrow. Faced with a dangerous, uncertain world, with terrorist enemies, states that actively support or condone them, and rising powers with intentions and capabilities that lack transparency, we have no choice but to improve our own capabilities.

Mr. Chairman, in addition to addressing current and future needs, there are two outstanding issues from last year that I would like to bring to your attention.

First, the basic allowance for housing shortfall must be remedied, for it represents a shortfall of over \$500 million and has a direct impact to our sailors, Marines and their families.

Second, the Department of the Navy was given a mandate to execute the BRAC directives, but the BRAC appropriation contained in the revised continuing appropriations resolution for fiscal year 2007 did not include adequate funding to support BRAC activities.

We owe it to the sailors and Marines and their families to find a speedy resolution of these issues.

Mr. Chairman, the Department of the Navy's fiscal year 2008 budget request is critical to both the short-term and the long-term national security of the United States.

Thank you for your continued support for our efforts to meet our constitutional obligations to provide for the common defense of the American people. I look forward to answering your questions.

Thank you very much.

SKELTON:

Mr. Secretary, thank you very much.

America's number-one sailor, Admiral Mullen?

MULLEN:

Mr. Chairman, Mr. Saxton, members of this committee, thank you for your continued support of our men and women in uniform and for the opportunity and privilege to appear before you today.

I'm honored to join Secretary Winter and General Conway here and consider myself fortunate to serve alongside them at this critical time in our nation's history.

And it is a critical time, Mr. Chairman. As you said and the secretary said, we are a nation at war, and a maritime nation at war, fighting an elusive and adaptive enemy bent on using terror and irregular tactics to spread hatred and fear across the globe. At the same time, we are confronted by potentially hostile nation-states determined to develop and use sophisticated weapons systems.

Your Navy is ready to meet these challenges. In fact, I would argue that it is more ready, more capable than I have ever seen it in my 38 years of active service.

Through our fleet response plan, we continue to meet the demands of the combatant commanders for trained, flexible and sustained forces with six carrier strike groups available on 30 days' notice and an additional carrier strike group ready to serve within 90 days.

Indeed, nearly 100 of your ships and submarines are at sea today deployed, and more than 60,000 sailors are forward. Fully half of these men and women serve in the Middle East, and almost half of that number are on the ground, in combat and combat support roles. They are performing magnificently, each and every one.

I had the opportunity to visit with many of them over the holidays in the Persian Gulf and Iraq, Afghanistan, Bahrain and the Horn of Africa. I can tell you they are focused, well-trained and well-led. They are proud of what they are doing, still prouder of the difference they know they are making.

The best readiness we have ever achieved, the best sailors we have ever recruited, the very best support from absolutely remarkable families -- it's an unbeatable combination, sir.

But we have to work hard to sustain this readiness. I remain concerned about high OPTEMPO and certain shortfalls among our expeditionary forces, SEALs, explosive ordnance disposal personnel, our Seabees, our medical corps, and our naval intelligence community. And, as I testified to the House Appropriations Subcommittee on Defense last month, the accelerated wear and tear on systems and equipment in a harsh physical environment requires immediate attention, especially our C.B. equipment and older models of our expeditionary aircraft.

The sound investments we've made in recent years to improve fleet capacity and capabilities have paid off. We must now re-energize our procurement accounts to maintain those capabilities in the future.

Our fiscal year 2008 budget request helps us do that, calling for the construction of seven new ships, including a Virginia-class submarine, an LPD, and the continued construction of a new aircraft carrier, as well as the addition of 188 new operational aircraft to the inventory -- nearly 40 more than we ordered last year.

As you know, we submitted a ship-building plan to Congress last year that will produce a fleet of 313 ships by 2020, a fleet size and balance to meet the challenges we face at the maximum acceptable risk. That plan, submitted again to you with this budget, has not changed.

Still centered on 11 aircraft carriers and a battle force of 48 submarines and commensurate surface combatants, it will provide the nation more options and more flexibility than ever before, particularly in core war-fighting competencies like mine and undersea warfare and anti-ballistic missile defense.

I appreciate the support we've received from this committee in developing this plan and in building the fleet. It is important that we sustain it.

We continue to evaluate, as we must, the impact global developments have had on the plan's original risk assumptions. The security environment is too dynamic and the pace of change too rapid for us not to do so. But I assure you I remain committed to a stable ship-building program and to pursuing, with our partners in industry and you on the Hill, the efficiencies required to make it affordable.

Three things have definitely not changed, Mr. Chairman: my priorities to sustain combat readiness, build a fleet for the future, and develop 21st-century leaders. I know the role our Navy must play in helping win the war on terror, while providing a powerful deterrent and meeting our commitment as a vital element of this nation's strategic reserve.

I know, and I know you know, that a maritime nation such as ours depends in great measure on the overmatching capability, global reach, persistent presence, agility and lethality of a strong navy. We are that Navy, Mr. Chairman. And with your continued support, we will remain that Navy.

Again, on behalf of your sailors, Navy civilians, and their families, I thank you for the opportunity to appear before you and stand ready to answer your questions.

SKELTON:

Admiral Mullen, thank you very much.

The commandant of the Marine Corps, General Conway?

CONWAY:

Chairman Skelton, Congressman Saxton, the distinguished members of the committee, thank you for the opportunity to report to you today on the status of your Marine Corps.

I pledge to provide you with frank and honest assessments, and I come here today with that thought again in mind.

In the past five years, your Marine Corps has been immersed in what we believe are the first battles of the Long War, a generational struggle against Islamic extremists. The Marines in our operating forces are being pushed hard, strained by the operational tempo and the frequency of combat deployments. But their morale has never been higher, because they believe they're making a difference.

Over two-thirds of our Marines have enlisted or re-enlisted since 9/11. They know full well what the Nation expects of its Marines in a time of war, and they're shouldering that duty with selflessness and courage.

They also believe that, through its elected government, the people of the United States are behind them. The evidence of that support is everywhere: tangible support in the fielding of new materiel, the latest equipment to protect them in harm's way, the reset of the force to accomplish follow-on missions throughout the globe, and most recently the proposal to grow our end-strength.

Increasing to 202,000 Marines will greatly reduce the strain both on the individual Marine and on our institution as a whole. The end strength increase will gradually

improve the deployment-to-dwell ratio in some of our most critical units. Currently many of these units are deployed for seven months and home for only seven months, some even less time, before they return to combat.

Our Corps is, by law, to be “the most ready when the nation is least ready”: the nation's shock troops. These additional Marines will allow us the dwell time needed to train and sharpen the skills that will be required of us in the next contingency, thereby reducing future operational and strategic risks.

Over 70 percent of our proposed end-strength increase is comprised of first-term Marines, so we are making the necessary increases in recruiting and retention. This will be a challenge, but our standards will remain high. We will need your continued support for enlistment bonuses and other recruiting programs, such as advertising, which are essential for us to continue to bring aboard the best that America has to offer.

Turning to the plus-up operations in Iraq, we have approximately 4,000 Marines affected. First, I would like to correct the misunderstanding by some in the media that our end strength increase is directly tied to the plus-up in Iraq. This is not the case. Our request for additional Marines is separate from -- indeed, it predated by several weeks -- the announcement of the plus-up operation.

I also want to assure you that all Marines going into the Al Anbar province will be properly trained. Units that have been accelerated in the rotation have indeed had their training schedules adjusted. But those schedules include all five phases of our predeployment training package. They will be properly equipped. We have identified their only equipment shortfalls, which is a result of manufacturer nonavailability, and those are the latest generation sniper and spotter scopes.

Ladies and gentlemen, your Marines recognize that this is an important time in history to serve our country. They are truly a special breed of America's warriors. It is on their behalf that I come before you today to answer your questions and help all understand how we can best support these tremendous young Marines and sailors in combat.

I look forward to your questions.

SKELTON:

General, thank you very much.

And, Mr. Secretary, before I ask any questions and turn it over to the members, I think it's incumbent upon me to note that there are so many here on this committee that represent port cities. And what they don't know is that I represent a port city. Lexington, Missouri, was the largest port in western Missouri during the latter part of the '30s and the '40s and the '50s. And it was the war between the states that shut down our port operations. So I think that those that represent port cities should take note of my nautical interest along the Missouri River.

(LAUGHTER)

I will reserve my questions for a moment later.

Mr. Ortiz?

Let me mention this. The five-minute rule is still in effect. Everyone's doing well. Please do your best to abide by it, we appreciate it, so everybody can get their questions in. Thank you.

Mr. Ortiz?



ORTIZ:

Thank you, Mr. Chairman.

Mr. Secretary, Admiral, General, thank you so much for joining us today.

Admiral, in your testimony you state, "Within our own hemisphere, some leaders have become increasingly vocal in their opposition to policies of the United States."

Now, I would like to know, how does the Navy's strategy plan, given that after BRAC there will be no longer Navy ships in the Gulf region -- you know, we have a lot of refineries, we have the commercial sea lanes, we have a lot of Gulf oil-drilling. And how do you address that?

MULLEN:

Clearly...

ORTIZ:

Let me, before I finish, because we are limited. And then I saw in some testimony that we're about to give some minehunters ships to Lithuania, which I think is good, to Turkey, which is good. They might be old, but we're not going to have anything on the Gulf Coast. And that concerns me, and I hope that you can address this question, Mr. Admiral.

MULLEN:

Certainly. I understand the concern, Mr. Ortiz. And the statement in my testimony was focused on certain evolving events and rhetoric coming from the countries south of us.

We have ships in that AOR routinely. They come from our ports on both coasts. And the way they are both dispersed and operated right now, I'm not overly concerned that they can't respond to the need in that part of the world.

My general philosophy there is to engage these countries both militarily and diplomatically. And so, my take on that is we're a long way from any kind of military engagement, based on what's going on in that part of the world.

With regard to the minehunters, the ships to which I think you are referring, we've decommissioned those and recommended they be transferred based on the fact that I don't have a capability requirement for hunting mines. My warfare problem is in sweeping mines right now, as far as ships are concerned, which is why we both decommissioned them and are recommending they be transferred.

Their original mission was tied to port breakout, which would be applicable were we to be concerned about getting out of our ports. I don't see that as a concern in the near term or the far term, which is why I think those ships should be transferred.

ORTIZ:

We're still having problems with Katrina on the Gulf Coast. And the first ship that responded was from our home port, which was Ingleside. We were on the verge of developing some new technology to do away with the minehunters and put them on the ships, you know. Where is that technology today? Have they been -- do we have it?

MULLEN:

Sir, the future mine warfare plan integrates many of the capabilities that we're developing on the littoral combat ship, the mine warfare module. And clearly the response of the ships, the minehunters in particular in Katrina, which was terrific in clearing ports, shows the flexibility that we have in platforms which go to sea, whether they're Navy or Coast Guard. But it has not been their principal mission.

And as I try to balance the books overall, that's with the -- what is the current war-fighting requirement? That's why we made the decision to decommission those ships.

ORTIZ:

But that's the future plan. I'm talking about now, what do we have. I mean, we're still waiting on the technology, because you're talking about a future plan. Am I correct?

MULLEN:

In terms of mine warfare?

ORTIZ:

Yes, sir.

MULLEN:

Yes, sir, we're actually fielding that plan right now. I mean, we've developed a number of technologies over the last 10 years which we'll field in the next couple of years. And the modules coming with LCS are a significant part of that. But it's not just on ships; it's in aviation as well.

ORTIZ:

I just want you all to know that I'm very concerned. Some of this fuel, as you well know, is used by our military. And all this takes is one strike, and then with nobody protecting the Gulf Coast and the Gulf of Mexico -- I am very, very concerned about this. And I just wanted to mention this to...

MULLEN:

Yes, sir. I understand.

ORTIZ:

... our leadership this morning today. So thank you so much. I'm running out of time.

MULLEN:

Thank you, sir.

SKELTON:

I thank the gentleman.

In lieu of the ranking member, Mr. Saxton?

SAXTON:

Thank you, Mr. Chairman.

Admiral and General Conway, you both made reference in your opening statements to something that I would just like to make note of, particularly General Conway, when you said that we're in the first few battles of this long struggle. And it reminded me of some thoughts that have been occurring to many of us, to some of us at least, in the last period of time.

And that is this: As time goes on and technology changes, our war-fighting capabilities change and the threat changes. And we're going to talk today about LCS and the mine resistant ambush protected vehicle and probably some other things. And that's because warfare has again changed. And the weapons being used against us have changed. We hear about IEDs.

But maybe one of the things that we haven't realized sufficiently is that our enemies are using a different kind of weapon against us today, different types of weapons that we ourselves developed and made available to them: information technology and television.

Let me point out what I think is the best example of their smart use of this. Vice President Cheney went to Afghanistan recently. He stayed overnight at Bagram Air Force Base. He had in tow a contingent of the press. The bad guys decided they could make a statement. They got a guy with a suicide vest. He found his way to the gate of Bagram military base, or at least near it, got himself ensconced among 20 civilians and one American soldier, and pulled the cord on his vest. It was the biggest story in this country this week: an attempt on the vice president's life.

I'm pretty much convinced that wasn't an attempt on the vice president's life. I am convinced that that was a statement and a story sent to the American people. Bad news. And so, this information-technology world that we live in today is being used as a weapon to try to convince the leaders of this country and the American people that this war is not worth fighting. And I'm here to say that we have no choice but to fight it successfully.

Now I'd like to talk about LCS.

Mr. Secretary, at the time that the 90-day stop-work order was issued for LCS 3, you told the committee that you were targeting 45 days for the review. And that time, of course, has now passed.

What is the current status of your review, and when do you expect to resolve the stop-work order? And is the Navy Program Management Assist Group's assessment complete?

WINTER:

Sir, we've made I think very good progress, in terms of the overall assessment. There are a few other data requests that I had made and a few additional briefings that will take us on through the better part of next week. But that should complete the period of assessment.

And I believe that, with the data that I'm being provided, at that time we'll be in a position to make a rapid assessment of the appropriate courses of action for at least the flight zero, the first four of the LCS vessels. I intend to take that immediately to the undersecretary for AT&L and the DEPSECDEF, get their approval, and then come back here to you, to Congress, to inform you of what I would like to do on the LCS program.

SAXTON:

Do you have a timeframe by which you'll be able to make that information available to us?

WINTER:

Sir, I expect that that will be in the next two to three weeks.

SAXTON:

Very good.

Let me go on here a little. A highly puzzling set of press stories on the LCS program appeared yesterday, in which "high-ranking Navy sources," quote/unquote, first predicted the second LCS ship being built by General Dynamics at its Austal shipyard would cost in the neighborhood of \$350 million, which is close to the estimated cost of the LCS 1, being built by Lockheed Martin.

Then later in the day, we saw a sort of retraction, implying the Navy misstated the cost estimates of both LCS 1 and LCS 2 and is apparently unsure of what the General Dynamics ship will cost.

Please help us understand, is the second contractor's ship coming in at costs similar to LCS 1, which led you to issue the stop-work order? Or is the Navy again unaware what the true cost is for the ship that is approximately 40 percent complete?

WINTER:

Sir, we're watching it very carefully. As you've just indicated, LCS 2 under construction under General Dynamics' prime contract is only 40 percent complete, as opposed to LCS 1, the Lockheed vessel, which is around 75 or 80 percent complete at this point in time.

We obviously have a little bit better understanding of the cost posture on LCS 1 as a result of that advanced stage.

On LCS 2, the indications right now are that there are some increases in cost. But we have not seen anything approaching the numbers that were indicated in the press. The numbers are significantly less than that. But it is a matter that we want to watch very carefully.

I would also note that we have not seen certain specific issues that have been problematic with LCS 1. We do not have an issue with the reduction gear. LCS 2 also is manufactured principally out of aluminum as opposed to steel and, as a consequence, has experienced less of a cost growth in raw materials. And also, because LCS started a bit later, it has not suffered from the same degree of concurrency in the design and construction activities.

We're hopeful that those factors will contribute to a lower cost than we're experiencing on LCS 1. We will watch this very, very carefully, sir. And I expect to get further cost estimates in the week to come.

SAXTON:

What is your current estimate of the cost of the first LCS ship?

WINTER:

At this point in time, we believe, assuming we're able to continue the current progress, in the \$350 million to \$375 million range.

SAXTON:

Finally, if both contractors' ships appear to experience cost growth, are you concerned that the problem may lie with how the Navy is managing the program?

WINTER:

I think the cost growth is due to several factors. First of all, a general over-optimism at the beginning of the contract, regarding both cost and schedule. And that was exacerbated, if you will, by the use of a cost-reimbursable contract. This was further complicated by some limitations in Navy oversight and some performance issues on the part of the contractors.

That is something we're going to have to look at. And, in particular, in terms of future acquisitions, I expect to make some significant changes to the overall acquisition process.

SAXTON:

Thank you, Mr. Secretary.

Mr. Chairman, I have some other questions, but I'll be glad to withhold them until later in the day.

SKELTON:

You bet. Thank you very much.

The gentleman from Mississippi, Mr. Taylor, Gene Taylor?

TAYLOR:

Thank you, Mr. Chairman.

I want to thank all of you gentlemen for being here.

Secretary Winter, I'm, for one, particularly disappointed in the whole design build concept. I think it's been a miserable failure. I think it's completely contrary to the investment our nation makes, starting with sending young people to Annapolis, working on their advanced degrees. It completely ignores the life skills that these young ensigns, who become lieutenants, who become commanders, who become captains -- they're the ones who ought to be coming up with the plans for the next generations of ships.

And I would hope that you would take to heart the failure of this program, not let it be repeated in the DD(X) program or any other program.

I'm also disappointed -- although I understand you have to tow the company line, as an appointee of the president -- that once again the president of the United States is asking for seven ships. Even in the best of times, when ships lasted for 30 years, seven times 30 would translate to a 210-ship fleet.

Given that many of these ships, including the coastal minehunters that are included in your testimony, the block-1 cruisers, are being retired at less than 20 years, this 7-ship acquisition times 20 would lead us to about a 140-ship fleet. And that's unacceptable.

I'm very pleased that our colleague on the Appropriations Committee has expressed an interest in trying to fund 12 ships this year. If the Bush administration won't ask for them, then Congress is going to fulfill our constitutional responsibility to build a navy.

Given the willingness of the appropriators to make that happen, given that you've only asked for five, if we are able to find the funds -- which is going to be a challenge; we're going to have to find about \$5 billion -- what would you like to see those other five ships look like?

WINTER:

Congressman, thank you for the question.

If the additional funds are made available -- and I have to emphasize that, because I think within the current funding we have made a proper optimization of the overall department's budget. But if the additional funds are available, I will note, first of all, that CNO has indicated his highest priority is for an additional LPD-17.

And I would support that from a requirements perspective, although I will note that it may create some issues in terms of the workforce availability down at Pascagoula, given the post-Katrina issues that have been faced by that yard.

TAYLOR:

Let's worry about the fleet.

WINTER:

Yes, sir.

TAYLOR:

We'll make everything else fall in place.

WINTER:

I understand.

TAYLOR:

Good.

WINTER:

The second item that I would note, perhaps the easiest one to work, would be to accelerate the additional production of TAKEs (ph). We have, in the past, produced those at a two-a-year basis. The current plan is a one-a-year basis. And so, given the yard capability there, accelerating that production back up to two would appear to make sense.

One of the other areas of particular interest, I recognize, on the part of many of the members of this committee has to do with the Virginia class. There we are right now at a one-per-year production rate with a plan to go to two a year in 2020.

The Virginia-class submarines require us to start with a two-year advanced procurement, to be able to provide for the nuclear power plant that supports them. So we would need to start two years in advance. What that says is, if we were able to start in '08 with advanced procurement, we could accelerate, potentially, the two a year to 2010.

I would make two specific requests, however, relative to any acceleration in Virginia class. First of all is we've been working very, very hard to provide a degree of stability for the shipyards. If we're going to go to two a year in 2010, we really need to go to two a

year for 2010, 2011 and out from there on. We don't want to go to two a year and then back to one a year. I think that would create too much stress into the workforce there.

The other thing is that we do need to have multi-year approval on the Virginia class to be able to achieve the efficiencies that we're looking for, in terms of that class of vessels. And that multi-year would have to encompass any additional vessels here.

TAYLOR:

Commandant, your force has taken a very ambitious stance toward the MRAP. It is my understand that they're going to try to have 4,000 of those vehicles in the inventory sometime around the first of the year.

I want to applaud the Marines. I would hope that you would encourage your colleagues in the Army to work with you on that. And I would ask for your personal involvement in this, to see that the ambitious goals that have been set by the Marines are fulfilled.

CONWAY:

You have it, sir.

TAYLOR:

Thank you, sir.

SKELTON:

Thank you.

Mr. Forbes, the gentleman from Virginia?

FORBES:

Thank you, Mr. Chairman.

And, first of all, let me thank you, Admiral and General and Mr. Secretary, for the great job you do in defending our country and keeping us free.

As you know, I have the privilege of serving with my colleague from California as one of the co-chairs of the Navy-Marine Corps Caucus. She's a great champion for your issues.

And we understand that -- and we respect your integrity, first of all, as you come before us and thank you for that. We also know you have enormous competing demands that you must reconcile. And we just wish we had a day that we could do nothing but bring in all the wonderful, good things that you do, so that we could make sure that they were clear to the American people.

But today, I'd like to ask you just three questions, and I'll just throw them out there and then see if you have time to answer them.

One of the things that continues to just worry me is what we're seeing with asymmetrical warfare challenges, especially situations like we had with the Cole and the recent ASAT situation from the Chinese and looking at the destruction of our communications capability.

And the first question I'd ask you is, do you feel comfortable with our response to those asymmetrical threats? Is there anything that we don't have in the budget that you need to be able to deal with those threats, number one?

The second one, I continue to be concerned -- and I know it's just a difficult situation -- but how we deal with the escalating cost of ships. We're continuing to price ourselves out of the market. That is something that I know requires a partnership, that we kind of put our arms around and see what we can do. Is there more that we can do in that area?

And the third thing -- and, General, this is yours -- with the MRAP, as Mr. Taylor mentioned, I know that we've got a shortfall there. And if you get the funding for that, are you able to obligate that funding in '07? And the last part of that, how are we working to make sure that the interoperability of those units function?

And so, with those three questions I'd just ask your insight.

MULLEN:

Thanks, Mr. Forbes.

On the asymmetric piece, and, clearly, in some of the previous testimony today, there's been discussion about force protection. And that generally, these days, is focused on ground forces. But it is equally of concern to me, and Cole would be an example of that. And we've continued to invest in the technology and in the procedures and exercises, if you will, to make sure that we get that right for the future.

We're going to talk, probably a lot, about LCS today. But LCS, the urgency of that need was generated by the Navy because of the asymmetric kinds of threats that it can address, not exclusively, but it clearly allows us to address, for instance, the waves-of-small-boats kind of attacks that could be loaded with explosives, as well, as an example.

And so, we are working on the Navy side to transform how our people are trained and what their skill sets are for the future, how our ships are both put to sea and the technologies that are inserted in them, as well as expanding from the blue water to the brown water, which gets to -- we are deploying our first riverine squadron literally this month to Haditha Dam to relieve the Marines. But we've not got three squadrons, and you've supported that well, and we need that continued support.

So there's a people piece of this, a capability piece, and a technology piece. Which we find ourselves in the middle of transforming, literally, in so many ways, to meet the threat.

Networks are also a concern and how we operate with them and without them, for instance, is another one.

So your concern is well-founded. We're in pretty good shape in this budget, with respect to the investment to get where we need to go.

WINTER:

Sir, regarding the escalating cost of ships, I would just identify three specific items that we're trying to work on right now, one of which is the stability to plan.

And you heard today that we're very pleased that the 30-year ship-building plan that we just submitted to you is the same exactly in '08 and '09 and almost the same in the out-years as what was submitted last year. And this gives the industrial base the opportunity to properly plan for those activities.

Second of all, we're making a greater attempt to stabilize the requirements. We clearly need to make a great investment in working these requirements up front, so that we have a definitive set of requirements before we start a program and then we manage any changes very carefully once the program has initiated.



Third, we're looking very, very hard at the actual contract process here. And, in this regard, I fully expect that we will make a material change in our contracting approach, going further in terms of the requirements maturation process before we go into the actual construction, and then use a different contract vehicle, most likely a fixed-price incentive contract vehicle, for the actual construction phase.

Relative to the MRAP activity, I will just say that we are initiating activities with nine vendors to acquire test articles so that we can develop a great industrial base than we've currently used to date. And these additional test articles will be used to evaluate both the operability characteristics and the survivability characteristics of their proposed offerings and give us the opportunity to flex in terms of our production capability as the requirements continue to evolve.

SKELTON:

I thank the gentleman.  
Dr. Snyder from Arkansas?

SNYDER:

Thank you, Mr. Chairman.

I wanted to ask several questions but one quick question to our service chiefs, Admiral Mullen and General Conway.

Starting with you, Admiral, and you can answer this very briefly: Goldwater-Nichols did a lot of good things. There are some that feel we need to revisit -- there's a lot of frustration in this town and country about our acquisition process and procurement process.

Do we need to revisit the provisions in terms of the participation of the service chiefs in the acquisition process?

MULLEN:

The short answer is yes. Although, clearly, in the team that I'm in right now with Secretary Winter, the service chief is very much included. But that's because of this leadership team. It isn't always the case, in terms of service chief inclusion from beginning to end.

SNYDER:

Statutorily you have some restrictions, in terms of being in the sign-off process on some of the acquisitions.

MULLEN:

Yes, sir.

SNYDER:

Is that the problem?

MULLEN:

Yes, sir.

SNYDER:

General Conway, have you formed an opinion about that issue?

CONWAY:

Sir, I agree with the CNO. That's been my observation in the short three months.

SNYDER:

And, again, a question for our service chiefs: There's a lot of attention, and will be on months and years to come, on the events at Walter Reed and the fact that -- I think probably driven by medical holds, people get past their acute phase but then weeks and months go by as things are trying to be determined by outpatient care.

Have you all looked at what's going on at Camp Pendleton and other places and the different hospitals that you all are responsible for, in terms of being sure that you don't have similar situations of people being, kind of, caught in a limbo?

Again, Admiral Mullen and General Conway?

MULLEN:

Certainly the articles that have been out there and this issue, which has been widely spoken to, was a concern to me immediately. Although I personally have made many visits to Bethesda and have not seen those kinds of things.

That said, we did take a very rapid look to see if we have the same problems, and we don't. We have very few that are in that after-care kind of -- on the Navy side, and I'll let General Conway speak for the Marine Corps.

That said, the secretary has directed an assessment over the next couple of months to make sure that through the Department of the Navy institutions that we have this right. It's a big organization, and we want to make sure that we get it right for those who serve so nobly and, when they get hurt, to make sure they are cared for exceptionally well throughout the system.

SNYDER:

General Conway? And, of course, not just at Bethesda. You've got medical facilities at Camp Pendleton. Have you all looked at this issue?

CONWAY:

Yes, sir. And it's been one of my priorities, sir, in the short time, again, I've been the commandant, to get around a visit these facilities.

And I think what is being presented with regard to Walter Reed is an anomaly. I don't see that same kind of issue anywhere else in the country in the hospitals that I've visited.

And I would add that Marines who go to Walter Reed for treatment do not stay in Building 18, but they're generally pretty pleased with the quality of the work, primarily prosthetics, that they receive there.

SNYDER:

The issue that has been of concern -- we had this several years ago with Reserve component folks -- is when they get in some kind of a medical hold status. Everybody

agrees the acute case is excellent. It's what happens after that. And I assume you all have a process of making sure you don't have enclaves of people at Camp Pendleton or other places that...

CONWAY:

Sir, we're creating in the Marine Corps what we call the Wounded Warrior Regiment, with battalion headquarters on both coasts, that are going to get after the organizational aspect of what you're describing. The battalions in particular will have a tracking responsibility for Marines, wherever they are in the country — be it in a hospital, be it on convalescent leave, perhaps even if they're out of the service and have needs. We want to understand what those needs are and try to match up the generosity we see in the country with these people.

SNYDER:

We need you to keep us informed about that.

General Conway, one final question. I have heard the description of what's going on with our troops in Iraq now is that you, the troops, our fighting men and women, are like the offensive line in a ball game, but other government agencies are like the backfield.

A high-ranking officer described it to me, "It's great, great people, but it's like we've got soccer players coming in that weren't really trained and equipped to play football," that the State Department and other agencies are really having trouble fielding the kind of team that you all need to be doing the redevelopment and political stuff.

Is that a fair metaphor for what you're seeing in western Iraq?

CONWAY:

Sir, I think it's close. My concern is more with quantity than quality. Those individuals that I worked with in Iraq really were pretty good at what they did; there just was not nearly enough of them from the various agencies.

SNYDER:

Not enough, yes.

Thank you.

SKELTON:

I thank the gentleman.

Before I call on Mr. Kline, let me ask Secretary Winter: As I understand it, the Navy seeks to cut 901 medical personnel, 100 of which are doctors. Is that correct?

WINTER:

Sir, are you referring to the civilian conversion process?

SKELTON:

Yes.

WINTER:

I don't know the exact numbers offhand, but that sounds directionally correct.

SKELTON:

Well, think on these things. We'll discuss it a bit later. All right?

WINTER:

Yes, sir.

SKELTON:

Mr. Kline?

KLINE:

Thank you, Mr. Chairman.

Thank you, gentlemen, for being here.

I have so many questions. But I want to pick up where Dr. Snyder left off, if I could, General Conway, with the Wounded Warrior Regiment.

I heard you explain this at an earlier caucus briefing or something a couple weeks ago. I think it's a terrific idea. But we clearly have a horrific disconnect in our care for soldiers and Marines that are coming back from Iraq. And sometimes it's in the hand-off between the Navy-Army medical system and the V.A.

We had just a horrific, tragic case occur in Minnesota in the last few weeks. A Marine reservist had been to Iraq, come back, had difficulties, was in the V.A. medical system, and yet he committed suicide. And the V.A. has got an I.G. investigation going now, as they should, to see if there's something, a process particularly, that needs to be corrected.

And so, I'm very excited about this Wounded Warrior Regiment and the battalions.

The question is, not for you to explain the whole system -- I think it's terrific, and if you'd like to add anything you can -- but is there something that you need from us? Money I'm sure, but if there's something you need from us in the way of statute or authority or anything we can do to make that better, because if it's in my head what is in your head, it's absolutely the model for what we should be doing in all the services everywhere.

What do you need?

CONWAY:

Sir, I've taken a brief at Quantico about two weeks ago, and there were some costs associated with the requirement. It involved principally new construction. And I'm just not sure, at this point, that we have to have what's being requested in order to satisfy the requirement.

We selected this week the commanding officer of the regiment. He is a regimental commander currently in Hawaii, coming this way. I'm going to toss this football to him and have him to give me a second analysis, if you will.

At this point, I think we can field the requirements within our own resources. But I would like to put a raincheck on the table and say we might be back to you asking for some more.

KLINE:

When you say field it, when do you expect this to take place? You've got the regimental commander inbound; he's obviously not briefed up and ready to go yet. When will you have these two functioning battalions...

CONWAY:

Sir, I think by the end of spring we'll be fully operational. Elements of it are in place right now in our Wounded Warrior Barracks on both coasts. And I suspect, at least in one case, a lieutenant colonel operating there will be named as that battalion commander, simply because of his expertise.

What we will need are the organization aspects of assigning our wounded Marines to a battalion headquarters, the methodology for checking on them weekly and that manner of thing to see what their needs are.

I think where we drop, sir, is really when a Marine goes out on convalescent leave. And he then has to go to the local medical facility for his treatment. There's not a Marine in the chain. I don't know that they receive the priority we'd like to see them have. And those are some of the things we're going to work on.

KLINE:

Well, I think it's absolutely outstanding. And if it does not continue the tracking through convalescent leave and then as they are taken up in the V.A. system, then it will not have done what I think you have in mind and certainly what I have in mind.

CONWAY:

I agree with you.

KLINE:

We owe it to these Marines, to all the service men and women, we owe it to them to make sure they're not falling through the cracks. And clearly, they are falling through the cracks.

It's been my belief for a long time, maybe because I served all my life on active duty, that when the Marine stays on active duty he's got a family there with him, he stays, in the case of the Marines, in the Navy medical system, and he's got a lot of support built right in. It's the Marine reservists and the Marines who are leaving where the problem occurs.

And if this Wounded Warrior Regiment does what you've envisioned, I think it's terrific, and I hope it will be the model for everyone.

And, Mr. Chairman, I have a lot of questions having to do with reset and MV-22s and things, but I'll just defer than and yield back my time. Thank you.

SKELTON:

I thank the gentleman.

The gentlelady from California, Ms. Davis?

S. DAVIS: Thank you. Thank you, Mr. Chairman.

Thank you to all of you for being here, Mr. Secretary, General Conway and Admiral Mullen.

And I just wanted to thank you, as well, for being so responsive to the Navy-Marine Caucus. I appreciate the kind words of my colleague, Mr. Forbes. And that does give us a chance to, really, in a very informal way, not quite this setting, to talk about the issues that are of concern to all of us. And I appreciate that. Thank you.

I wanted to turn for a second, General Conway, because I have actually had some concerns about the battalion aid stations at Camp Pendleton. And so, I would just ask you to take a look at that.

One of the concerns is that the corpsmen there do not have access to the technology that they need to track many of the Marines there. And the other concern is that they're using Marine Corps dollars as opposed to Navy medical dollars to treat many of the folks there. And if you could take a look at that, that would be helpful.

CONWAY:

I'm sorry, can you clarify? Are you talking battalion aid stations in the various regiments, or are you talking about the hospital per se?

S. DAVIS: Well, we're hearing this from the corpsmen at Camp Pendleton.

CONWAY:

OK. Got it.

S. DAVIS: Thank you very much.

I think the other concern, really, is the fact that -- I think that the chairman has touched on it -- that, in fact, we're decreasing medical professionals and the numbers in the Navy, while the Marine numbers are going to be going up.

And I'm wondering how that increased requirement, really, on the Navy is going to be played out as the Marines will have, certainly, more need for medical, even chaplains, in the services that are going to be required.

How are you dealing with that balance, if you will?

MULLEN:

From the medical perspective, I think the concern is a legitimate concern. And I just actually returned earlier this week from a trip out in Lemoore, California, near Fresno, which we have a big naval air station there. And there is concern about the ability to hire certain specialty skills in that area if we were to convert. We're actually short out there in some of the specialties right now.

So I think we have to be very careful about how much military/civilian we do. And as we do it, we're very precise in making sure that, as we distribute those conversions, they're distributed in a way where we can actually hire the care, have the skills on the medical side that would be able to take care of our troops and their families.

And that's probably my biggest concern writ large across all the medical kinds of capabilities that we...

S. DAVIS: Is it also a legitimate concern that, in fact, the Navy is having difficulty recruiting physicians, bringing people I guess into the pool essentially, to go on and perform that very important...

MULLEN:

There are some key areas that we are experiencing difficulties in: anesthesiologists, general surgeons, psychologists, psychiatrists, to name four. There's one more, I just can't recall what it is right now.

And we've been supported before and asked for support this year for expanding the bonus incentive pool to attract these kinds of individuals for scholarships and also to retain the ones who are with us right now.

S. DAVIS: Well, I think, in that regard, we are all interested in how we can be more helpful to try and help out in that area.

If I could turn for a second, I know that we were discussing yesterday the role that many of our airmen are playing in lieu of positions. And you mentioned and we all know how magnificently the Marines are performing. And, in many ways, they're essentially in their role there. But I think for some of the Navy, perhaps, not necessarily in what they actually were trained to do.

Could you respond to that? And are we putting people in positions that puts them more at risk because of that training?

MULLEN:

Certainly being in a combat environment ashore where a war is going on, versus being at sea, there's more risk.

We've generated a tremendous amount of effort to make sure they are trained for where they're going. And the Army, in particular, has worked with us very carefully. And our training is conducted down at Fort Jackson. And I visited there and have been impressed with the -- getting our people trained right.

I just, as I indicated in my opening statement, came back from overseas, was ashore. The Navy's got over 5,000 sailors on the ground in Iraq right now in combat support and combat service support roles. They're using about 80 percent of the skills they have in the roles in which they're functioning. So, by and large, we're taking advantage of their skill set. Obviously it's a different environment.

They've had a big impact. General Conway will tell you that; General Schoomaker will tell you that; I get that feedback all the time.

S. DAVIS: Thank you, Mr. Chairman.

SKELTON:

Thank you.

That's in addition to the 7,500 that the Air Force has doing Army duties?

MULLEN:

Well, I've got 10,500 on the ground -- I'm sorry. I've got almost 13,000 on the ground in CENTCOM AOR. That's Iraq, Afghanistan, the Horn of Africa, throughout. So it is in addition to, clearly, the ones that the Air Force...

SKELTON:

Hopefully the increase in the size of the Army and the Marines will help put more of them at sea.

Mr. Conaway, to be followed by Mr. Courtney. Mr. Conaway of Texas?

CONAWAY:

Thank you, Mr. Chairman.

I'm assuming from your opening remarks that you're trying to get a carrier based down in the Missouri River.

(LAUGHTER)

SKELTON:

We're working on it.

CONAWAY:

OK, good. You and Madam Bordallo are neck and neck for the next carrier.

SKELTON:

I claim seniority on that one.

(LAUGHTER)

CONAWAY:

I like your position.

Thank you, gentlemen, for coming.

A couple questions on the BRAC funding that was -- the C.R. that was stripped out, the impact that that's going to have on those issues as it relates to the Navy.

The F-35, lengthening out when we're going to take delivery on that, what impact that has on our carrier wings and how we're going to maintain all the airplanes we need for the carriers that we've got.

And then, Mr. Secretary, the tension that I think is always there between what's on the unfunded list and what's in the baseline, and how do you mitigate, or at least tell us you mitigate, how you put things in the baseline that you have to have and you put things on the needs list that are not necessarily wants but don't fit in the have- to-have category.

Because there's a game we can play by putting the things that you know we'll fund on the needs list and funding things that you want in the baseline budget.

Could you talk to us a little bit about that tension and how you mitigate that?

WINTER:

Let me go through these rather quickly here, if I could.

On the BRAC, there's about a \$3 billion DOD shortfall. The allocation of that will be made by the OSD, the secretary of defense. We have not seen the specific allocation yet, so it's a little hard for us to assess the specific impacts it will have. It is likely to have an impact on our ability to meet the prescribed schedule in the BRAC law. The extent of that and the particular areas it would impact I can only speculate on at this point in time.



In terms of the JSF program, the F-35 program, we're watching that very carefully. We're managing that very carefully.

As you probably note in the budget request, we have six of the STOVALs requested for '08. We're looking for the first flight of the STOVAL configuration coming up here in June of '08. That will give us the opportunity to go ahead and initiate the first phase of the procurement after that. We're roughly two years away, at this point in time, from the projected first flight of the carrier version of that.

We are managing that activity very carefully. We are looking at what is a prudent acquisition strategy there, given the current, as-experienced development schedule for JSF and also looking at the budgetary constraints on the overall top line.

We're dealing with some of the shortfalls there based on the continuing acquisition of the Super Hornet line. And I'd like to say a "no comment" on the overall impact of that, and then perhaps we can get back to the baseline budget, unfunded priority list after that.

MULLEN:

I just want to strongly reaffirm the need for that airplane. It's a very critical airplane to us. And I'm anxious to have it deliver on its current schedule and at its current cost.

In the interim, we clearly have accepted some risk, in terms of a shortfall in our F-18 inventory. And, in fact, on the reset requirement, the supplemental, we've asked for additional F-18s. Because our oldest F-18s are now, on average, our legacy F-18s are 16 years old on what is typically about a 20-year expected service life.

And we're buying F-18s E's and F's, which were the new versions now, and there's a balance between purchasing those up to a point and getting them in the fleet until we start JSF. And there's tension there and trying to keep that balance where we are.

I've got additional F-18s that I've actually put in the program to mitigate what looks to be about a 50-aircraft shortfall in the strike fighter world that I can predict right now, based on when JSF comes in.

CONWAY:

Sir, I'd like to go back to your first question, if I can, and comment on the continuing resolution.

For my service, it's absolutely critical that we get that through. We, for two decades probably, have consciously not been able to prioritize barracks and living spaces for our Marines in lieu of other things that we simply had to have.

We find ourselves, at this point, pretty much against a wall, with a lot of our troops living in barracks that were built during the Korean era. We have a 108-barracks program through 2011. It'll bring us to a two-man room standard, not one, which I think is helpful in terms of conserving resources. But we really do need that kind of support.

WINTER:

Relative to the baseline budget and unfunded priority list, I'd just -- we can discuss that later.

SKELTON:

I thank the gentleman very much.

The gentleman from Connecticut, Mr. Courtney?

COURTNEY:

Thank you, Mr. Chairman.

I'd like to thank the witnesses for being here today.

Admiral Mullen, in the appendix of your testimony, you had some comments regarding the new submarines which have most recently been produced, the Texas and the Hawaii.

I actually visited the Texas back in December, down in Groton, and, like you, was very impressed with the quality of the boat and also the crew and the officers there.

The Hawaii was actually going down the Thames River, being delivered ahead of schedule, just a little bit, but nonetheless still ahead of schedule.

And I think the folks down there are very proud of the fact that there's a good story to tell the taxpayers about what's happening with the Virginia class. That last sub was produced with hundreds of thousands of fewer man-hours than the subs that preceded it.

And I just was wondering if you wanted to comment for a moment about whether or not -- I mean, obviously there are issues like energy costs, which are beyond the control of anyone, it seems, these days. But in terms of at least that program, I mean, it really does seem that we're making great strides in terms of getting closer to that target of a \$2 billion submarine. Would you agree?

MULLEN:

Yes, sir. We clearly are. Both the secretary and I have sat recently with the program manager and have great confidence in him and the PEO that are directing this program. And it is clearly a joint effort with industry in this. This is a very proud shipyard. I've visited it before; I know what they do. And they're on a path right now to make this work, so we can get to a submarine which is at \$2 billion and get to two (ph) in fiscal year '12.

And when I also think about this, obviously I have to think about cost, but I also think about this great capability. We need this capability out there. Texas and Hawaii and North Carolina to follow -- those are all critical assets for us in the future.

COURTNEY:

Admiral Haney actually just finished with the test runs on the Hawaii and was absolutely ecstatic about the performance of that ship.

MULLEN:

Well, I hope to get to sea on her pretty soon.

COURTNEY:

Right. But going back to your initial testimony, written testimony, where you talked about the fact that even in the last year there's been some changing threats across the globe. And one of them, obviously, is the Chinese navy's aggressive plans to increase submarine production.

And looking at the Navy's own stated goals of a 48-ship fleet, I mean, at some point, when you do the math, as Mr. Taylor did earlier, it's clear: If we wait until 2012 to go up to two subs a year, we are going to dip below 48 ships for a fairly substantial period of time.

And I'm just wondering how, given the demands already on the submarine fleet, how we're going to juggle that need with the changing situation, again, that you identified in your testimony.

MULLEN:

Sure. I talked about the criticality of the asset. If you look -- and I'm sure you have -- at that 30-year ship-building plan, you can see that from about 2020 to 2034 or so, based on getting two in fiscal year '12, we'll be below 48 submarines.

As I've previously testified, it's up to me to figure out how to mitigate that shortfall operationally, which is really the critical piece. We've recently completed a review looking at four different ways to do that, which would include things like building the Virginia submarines of the future in less time; changing our operational tempo, not unreasonably but in ways that would mitigate the shortfall forward, which is where you really want to be able to focus; and looking at possibly extending the service life of existing submarines, which has already been done once.

And, actually, I'm encouraged. And if we were to some of that, some or all of that, we'd greatly mitigate the years in which that shortfall would occur.

COURTNEY:

Well, again, like Mr. Taylor, I'm hoping that we can help you find a way to fill that gap. And certainly we feel that this program, again, is poised to move up its game and it really is ready to take on a different building schedule, as the secretary described earlier.

MULLEN:

Sir, I wouldn't push back on that at all, except to say that, as we look at this gap, as the secretary said, between now and 2012, that can be a bill as high as \$5 billion or \$6 billion to me inside the program. And we've worked very hard to stabilize this. And that can, if I have to pay that bill and come up with those resources, very badly destabilize that SCN plan.

COURTNEY:

I see my light's on here, so I'm just going to ask real -- was that the gavel? OK.

(LAUGHTER)

Thank you. I'll follow up later with some additional questions.

SKELTON:

Thank you.

The last person on the before-the-gavel list is Mr. Cummings. Then we go to the after-gavel.

Mr. Cummings?

CUMMINGS:

Thank you very much, Mr. Chairman.

I don't know how many of you all saw the Bob Woodruff piece on ABC News, but it was one of the most chilling things I've even seen, when he talked with people who had been brain-damaged in some way or another.

And, you know, when I think about all the things that we're doing trying to recruit, one of the things that I think that is so important to recruiting is for people to know that if they go into battle they're going to be equipped, they're going to be trained, and if they are injured, that they are going to be treated with the best of care.

One of the issues that came up during the Woodruff piece over and over again is that the soldiers might have brain damage; then they get treated, and they're treated pretty good. But then when they need follow-up and they go back to all of these rural areas, the care is not there.

And I'm telling you, I just think that -- and I'm just wondering, what are we doing about that?

I heard you, General Conway, talk about prosthetics and that your people were very pleased about, you know, if they were injured, they were taken care of.

But I'm talking about this, something that -- and a lot of these people had kids. And they were basically on -- they had one fellow on a farm, and there was just no way to get treatment. And it was clear that it was not an isolated incident.

And I guess I just want to make sure that we're doing the right things by our veterans -- not veterans, but, you know, folks that are injured. And I just want you all to comment on that, please.

CONWAY:

Sir, I'll comment. Your instincts were exactly right. I think, within the service and within the hospitals, certainly Bethesda but to include Walter Reed and other major facilities, we're doing pretty good. We may be understrength some in our psychologists and psychiatrists, but the counseling and that type of thing is a priority and is being worked pretty well.

As I commented, though, to Congressman Kline, I think that when that young Marine or soldier goes out to the farm, he's a long way away from that kind of support. The immediacy of the need, the availability of the counseling -- they get it, but they get it on a schedule months away. And I think it's widely believed that the sooner you get the counseling, the sooner you're going to get well. And there's a window there that should be taken advantage of.

So it is a shortfall. I don't know exactly how to address it from a service perspective, except to identify it and request that those follow-on agencies do a better job in providing counseling.

CUMMINGS:

General Winter, did you have a comment?

WINTER:

Sir, one of the items that we've put as a core aspect of the assessment that we're conducting internal to the Navy relative to this continuing care is to make sure that we have an understanding of how that care continues during and after various transitions of responsibility.

And I think many of the issues that you're addressing here right now, very correctly, are put of what we're trying to get at.

We think we've got a basic process established. We want to make sure that we're providing the best possible care. They deserve it; there's no question about that. We need to make sure we understand where and where we're not achieving the expectations.

CUMMINGS:

I think that program probably did substantial damage to recruiting efforts. You know why? Because it looked as if the person goes out there, he fights for his country, gives it everything they got; when they're injured, they're left alone. And I'm just telling you, that's how it came off.

And I talked to my staff and so many other people about it. And the reason why I'm bringing this up is because we can sit here and we can talk about -- first of all, I applaud our military for all you're doing.

But I'm telling you, I'm on the Naval Academy Board of Visitors, and when I sit with those young people this Monday after the board meeting and I look at those wonderful, brilliant, young people, I want to make sure that when they go on that field, go out there, that they're equipped, that they're trained and have got the best equipment possible.

Last question: As far as head injuries, is there anything else we can do? I know about the Humvees and all that, but, I mean, as far as head equipment? Is there anything that you need? Where's the technology with regard to that?

And then I'll...

CONWAY:

Sir, one of our largest R&D efforts, at this point, is to find a helmet that will take on a 762-caliber round and defeat it. And we're trying to look for that lightweight composite material that will give us that capacity.

People who work it say that, you know, we may be able to develop something, but at a 90-degree point of impact it'll break the man's neck. Well, that's better than the injuries I see week after week at Bethesda and Walter Reed.

CUMMINGS:

Thank you very much.

SKELTON:

I thank the gentleman for his inquiry.

May I ask, for the record, Mr. Secretary, as I understand it, there is an ongoing study of blast injuries on the brain at Bethesda Navy Hospital? A Dr. DeGraba is working on that issue.

May I make a formal request for an update of that study and the funding prospects and your recommendations for that continued study? The little I know about it, it's very, very important, and it's just along the line of what the gentleman from Maryland, Mr. Cummings, is inquiring on.

Would you do that for me, make a note?

WINTER:

Mr. Chairman, I'd be pleased to range that.

SKELTON:

I'd appreciate it very much.  
Mr. Bartlett from Maryland?

BARTLETT:

Thank you very much.

Thank you, gentlemen, for your service to your country and your testimony.

I'm a farmer, and the cattle on our farm are frequently constrained by electric fences. And I've watched them. And they touch the electric fence just once. I've never seen a cow that needed a second experience to convince them that they should stay away from the electric fence.

We've had a lot of different classes of ships, and every time we have a lead ship we have a pretty substantial growth in time and cost to complete that ship. And our newest ship, the LCS, is no exception. We missed pretty substantially how much it was going to cost and how long it would take.

So I'm in the process of re-evaluating the intelligence of my cows.

Frequently the analysts, like the Congressional Research Service, look at what we're doing and make comments on it. Have they done that for the LCS? And, if so, what are they telling us it's going to cost?

WINTER:

Sir, I believe they have looked at that. There have been estimates that they have provided which are higher than the original estimates that we had for the program. I don't recall the specific numbers here right now, though.

BARTLETT:

Do any of you recall the specific estimates that they have made, as to what the cost of the -- how they conform to our present knowledge?

WINTER:

We have looked at their estimates, and we have worked to compare our estimating methodology with them. That is part of the process that we engage in.

BARTLETT:

I know that your analysis is not complete, but I also know that you have done a lot of work in the last 45-plus days in looking at what went wrong.

Can you tell us what we have learned so far, recognizing that there will be additional knowledge that we gain with the studies that are now ongoing that you will receive the results of in about two weeks?

Can you tell us what we've now learned that we might use in the projections of what the next ship like the DD(X) will cost us and how we're going to avoid the, I think, consistent track record of never getting it right on the first ship?

WINTER:

Yes, sir, I think that the principal lesson learned here is that we need to continue on with the design activities prior to initiating the construction activities until such time as we have both a clear set of requirements and a design that is consistent with those requirements.

We have tended to initiate programs, design and construction activities, before we've finalized and settled on many of those requirements and design decisions. I think we also have to separate out the critical decisions of what it is that we want to buy, how we want to buy it, and who we want to buy it from.

Those changes are going to require a change in terms of the acquisition flow, the structure of the contracting, and the contract type. My hope is that it will enable us to use more fixed-price-type contracting, FPI-type contracting, in the actual construction. And that will motivate both the contractors and the Navy to get it right from the get-go, in terms of the overall cost estimates.

BARTLETT:

Are these causes of the overruns different than the cause of overruns in prior first-of-class ships?

WINTER:

I think some of them, sir, are common. I think there are a few unique issues here. We can talk about aspects like the naval vessel rules as being unique, but I would also categorize them as generic requirements that continue to evolve as the design and construction activities have already been started. It's part of the requirements stabilization that we just have to get right in the future.

BARTLETT:

Well, thank you very much.

Thank you, Mr. Chairman. I yield back.

SKELTON:

The gentlelady from Guam, Ms. Bordallo?

BORDALLO:

Thank you very much, Mr. Chairman.

And, gentlemen -- Secretary Winters, nice to see you again.

And, Admiral.

And of course, the commandant, thank you for coming to Guam. It was nice to visit with you last week.

Gentlemen, I represent Guam, and geographically Guam is a small island. Geopolitically, however, Guam would seem to be growing larger and larger in significance with the advent of each new crisis in the Asia Pacific region. That the Department of Navy is readying itself to move a significant number of Marines from Okinawa to Guam is indicative of our importance.

Could you share with the committee your thoughts on the role Guam will play in the next, say, 10 to 20 years? In particular, do you believe that Guam will grow in strategic importance to the Department of Navy, the fleet, the Marine Corps, and our country?

And I guess I would give you this question, Mr. Secretary: Is the Marine movement process on target, since it will be a very costly move?

WINTER:

Congresswoman, first of all, we are proceeding on the current plan. We have a plan in place in terms of the move of the Marines from Okinawa to Guam. As you know, this is also conditional on certain activities to be engaged in by the government of Japan. So we're watching that very carefully. So far, things seem to be moving on both sides properly.

Our first initial steps here, in terms of its implementation, have to do with the stand-up of the joint Guam program office, which will manage this activity both in terms of the Marines, the Navy move, and also some of the supportive activities from the Army and the Air Forces.

And the first activity for that group is the preparation of the environmental impact study. We're proceeding on that regard. We've asked for funds in this budget request to support that.

We think that that will enable us to make the moves of the Marines to Guam, as well as some of the other activities, such as a transient CVN berthing and other requirements that have been asked for by both the Navy and the Army to be implemented. And this will all enable us to use Guam in the more strategic sense that you referred to earlier.

CONWAY:

And I would add, ma'am, that I think Guam is going to be a centerpiece for our training in the Pacific. As you know well, there are some training opportunities on the island, but not sufficient for the numbers that would be there.

So I have met with my commander in the Pacific. He is developing what he would call the Twentynine Palms of the Pacific, which would incorporate what is available on Guam but also what we could do on some other island chains nearby. And it looks encouraging.

BORDALLO:

Very good. I'm very happy to hear that, because we do work as a region, and some of the other islands have made this request.

CONWAY:

Yes, ma'am.

BORDALLO:

Also, I am encouraged -- and I know this has been discussed -- about the LCS ships on Guam. At one time, the Navy was considering basing some of them on the island.

I'm concerned, however, about reports that the cost of these ships will likely rise to -- my figures here are \$350 million to \$400 million, compared to a much lower estimate initially.

Is Guam still being considered? Would you have to cut down the order? I know it's been discussed, but I just wondered if you have that information.

MULLEN:



As was indicated earlier, ma'am, the LCS is about 20 percent of the future ship-building plan, and it's still a critical requirement for us. So my expectation is, obviously within affordability constraints, is that the number 55 LCS is still out there, and we need to move forward to try to achieve that goal.

We've worked various concepts of operations for where LCS's will operate, and the western Pacific certainly is one of those theaters that remains vital both to us as a nation and, we think, to the world and certainly our regional partners there.

And so, we would expect LCS, certainly, to operate there. We haven't made the final decision about where those ships are going to be home-ported.

**BORDALLO:**

Thank you very much, Admiral.

Thank you, Mr. Chairman. I yield back.

**SKELTON:**

The gentleman from South Carolina, Mr. Wilson?

**WILSON:**

Thank you, Mr. Chairman.

And, Admiral, Mr. Secretary, General, thank you very much for being here today.

I'm very grateful. I have a son serving in the Navy. I'm very grateful that serving in my office several years ago is the late Colonel Train (ph) McLeod, a Marine, a very proud Marine. Indeed, I just feel like we've got the best people serving in the Navy and Marine Corps ever. And so, I'm very, very grateful for the difference that you all are making, protecting our country.

Additionally I'm very grateful that I represent -- I'm very fortunate to represent Parris Island, the Marine Air Station, the Beaufort Naval Hospital.

And, Mr. Secretary, we are looking forward to your visit. I can assure you that the rose petals have been prepared...

(LAUGHTER)

... and so, it'll be a very warm visit in a very beautiful and historic community of Beaufort.

As we look ahead, with the delay of the F-35 Joint Strike Fighter, it affects the Marines and Navy in different ways. With the Navy, the shortage, in terms of aircraft for the carrier wings, is this going to be made up by F-18s as an interim? How will this be addressed?

**MULLEN:**

The short fall that we project right now, out through the next four or five years, is about 50 strike fighters. And to fill in that shortfall, we're going to buy more F-18E/Fs. The exact profile -- I mean, there's a program to do this right now. So we put an additional 28 aircraft in our future-year defense plan in order to start to get at and mitigate that shortfall.

We're also wearing them out at a rate about 30 percent higher than we had expected to, which is why they're also in the supplemental request, because, obviously, at their expected service life, they're going to go away. That said, I'm encouraged by the early

results of a study to extend their life, to move them from 8,000 flight hours to 10,000 flight hours, which is another way to help mitigate that shortfall.

In addition to -- I need the F-35 as soon as we can get it.

So it's that balance that we're trying to hit, with all those factors in play.

CONWAY:

Sir, in our case, I think you know we have skipped a generation, if you will. We have not bought the E and the F. We waited for the arrival of the Joint Strike Fighter. We, too, have some risk in the out-years, '09, '10, '11, '12 or so, where we'll be about 45 to 50 aircraft short. So any movement of the JSF right puts us at even greater risk.

We are, as the admiral said, attempting to extend the life of the F-18s that we do have to hopefully mitigate that some.

WILSON:

And we're very pleased at the Marine Air Station; it's a joint base, Navy-Marine. Has there been any determination of where the F-35 Marine training facility will be?

CONWAY:

Not decided yet, sir. We're looking at various options, as you might imagine. A number of factors come into it. But we're still some ways out from making that determination fully.

WILSON:

Well, Beaufort comes to mind?

CONWAY:

Yes, sir, that's...

WILSON:

And additionally, I've had the privilege of landing on the Abraham Lincoln, the George Washington, in a C-2 COD. That is a very memorable experience.

And what is the status, Mr. Secretary, of the C-2? Is it being replaced? Are more being built? What's the status?

WINTER:

Sir, the C-2 COD replacement program is currently scheduled, I believe, for several years out yet.

And, CNO, maybe you can comment on that.

I believe we're outside of the current planning period there. But we have identified it.

MULLEN:

It's a very important asset. We have struggled, over the last decade or so, getting it in the program and sustaining it because of the other aviation requirements that are there.

One of my commitments over the next year or so is to, not unlike we did in ship-building, is to get an aviation plan stabilized so, one, people can depend on it, and also all-encompassing to these kind of requirements, again, within the limits of affordability.

But the CODs are not young airplanes. And old airplanes, just like old ships, take a lot of money and a lot of maintenance. And clearly we're going to have to get this right for the future as well.

WILSON:

And, again, I appreciate your service. And, as I visit with the troops, all of us have gone to encourage them, but it really is in reverse: They encourage us. And thank you very much for your service.

I yield the balance of my time.

SKELTON:

Before I call on the gentleman from Washington, Mr. Larsen, I might say that it appears that we will be having two votes shortly, one 15-minute vote, one five-minute vote. And in the event we don't get everyone called upon, I would hope that our witnesses could stick around until everyone has that opportunity, because we are moving along quite rapidly today.

Mr. Larsen?

LARSEN:

Thank you, Mr. Chairman.

And, recognizing the five-minute rule, I'll say: Investment in the E-18G, good; P-8A, good. Marine Corps prepositioned Norway, good. With a name like Larsen, I'm glad to see you mention that in your -- I think that the Norway-U.S. relationship is a very important one.

So that's the quick headline.

For the secretary, obviously, we know you're going through this decision on home-porting the Benson as it comes out, and I know you met with my colleague from Washington state yesterday. And, you know, a lot of people looking forward to that decision. If there's any advice that you can continue to provide, all the communities would appreciate taking it.

Now to a larger issue, and that's electronic warfare. And I've got questions for the admiral and the general on this.

First off, General, I note that on the aircraft utilization rates, hours per month, your program utilization for EA-6Bs is 29.6 hours and your actual utilization is 133.8 hours per month.

And then I also note that, at least from what I've seen, in your planning timeline, your EA-6B platform is disappearing at some point, but so far the Marine Corps hasn't yet developed what they're planning to do beyond that for an E.W. capability. And I was wondering if you could take a few moments to enlighten us a little bit about what you're planning to do with that.

CONWAY:

Sir, essentially what we've seen, starting with OIF really, is that our EA-6B squadrons became a national asset and were used very much in that regard. So that function of Marine aviation is increasingly being centralized and done more and more by Navy and Air Force. I think that they will come and we will not have the organic capability.

LARSEN:

You won't -- OK, well, then this makes it an even more interesting question for Admiral Mullen. Because, currently in OIF and OEF, the Navy is providing the E.W. capability not just from the air but on the ground as well. And I think, in the future, we may have a -- not a conflict, but I know the Army is considering developing a land-based E.W. capability for specific missions. Talking about it, thinking about it, but not quite -- sounds like not quite there to make a decision; still be relying on Navy.

How has the increased responsibilities for the Navy doing most of the E.W. capability, land-based and air-based, how has it impacted the E.W. community? Would you say it's strained or not strained?

MULLEN:

I think the community -- and when you use that word, I think more of the people, that...

LARSEN:

Yes.

MULLEN:

... they're pushed, but they're operational tempo is really pretty good. They're having a big impact. Alongside the Marine Corps...

LARSEN:

Huge impact.

MULLEN:

... these squadrons are centralized, and that the Navy and Marine Corps have the predominant capability for the nation. And that's going to continue to be the case for the future. That's why the roll-out of the Growler this year was so important. These aircraft are beyond their service life, typically about four years so far. So we have to move them forward in this mission very carefully, and it's a really vital mission.

That's why we've asked for additional E-18Gs in the SOC.

LARSEN:

Right.

MULLEN:

Because we need to replace these aircraft as rapidly as possible.

Of concern to me is, beyond those aircraft that are required for the naval assets, Navy and Marine Corps, is the national mission, which is an increased number of aircraft overall, long term, that we have not invested in yet. And there's a substantial investment that would be required to meet that, as the Navy and the Air Force will provide this requirement over the long run.

LARSEN:

I see the yellow light is on, so I'll try to wrap up here.

With regard to the Army -- and I'm not saying this, sort of, against the Army at all. It's just that with the IED work, the Navy's involved a lot with that obviously; the Army's getting more and more involved and sort of developing their own organic capability.

Can you comment on how that relationship is going and where you think there might be...

MULLEN:

Tremendous. We've had some 300 sailors embedded with the ground units from the Prowler community, from the surface community, from the submarine community. The Ops that enlisted over the last year, we're relieving them now. There isn't a ground commander that doesn't tell me, feed back to me what an impact they've had in positively effecting saving lives out there.

The Army is committed to stand this capability back up. They're going to do that over the next two to three years. And I suspect our requirement will be reduced, obviously, as they stand it up.

LARSEN:

Just a quick note, and then I'd like to at some point then talk to you about whether there needs to be a joint service component for that. Thank you.

Thank you, Mr. Chairman.

SKELTON:

Before I call on Ms. Drake, let me ask quickly: Are you cutting back, Admiral, on flying hours for the Navy? Training flying hours?

MULLEN:

Not overall, no, sir. My stressed airframes, P-3s, I'm managing each airframe by literally hours...

SKELTON:

That's not what I'm asking.

MULLEN:

No, sir. We're not.

SKELTON:

The Air Force is drawing down its personnel so they can invest more in assets -- I think that's the way they frame it -- things, physical things. Are you seeking a draw-down of any personnel?

MULLEN:

Mr. Chairman, you and I have talked about this before. We're in our fourth year of about 10,000 a year. We've come down about -- so that, at the end of '07, this year, we will have come down about 40,000. We're requesting to come down about another 12,000 and then level off, basically, shortly after that.

So I'm comfortable with that draw-down. That clearly has created resources. That isn't why we did it originally, to create resources so we could buy things. We really thought it was the right thing to do.

And, in fact, because of the cost of people, which I think is a huge challenge for all of us, I haven't really taken the resources that have come from the budget, which is over \$5 billion, and bought anything with it. In fact, my people costs are still going up very gradually. And that's a big concern that I have, near-term and far-term.

SKELTON:

Would that level-out show that kind of...

MULLEN:

Yes, sir, that will level out in the next two to three years. We'll level out somewhere between 320,000, 325,000 active-duty, uniformed sailors. There's a commensurate level-out on the reserve side.

SKELTON:

Thank you.

Ms. Drake?

DRAKE:

Thank you, Mr. Chairman.

Admiral Mullen, first I want to say to you that about two weeks ago I had the opportunity to talk to a Navy lieutenant who's assigned to the Theodore Roosevelt, serving in Iraq, working on the reconstruction team.

And what he told me in our conversation, which was just absolutely incredible -- and crystal-clear cell phone reception, which surprised me -- was about something called Iraq First, and how we are employing Iraqi companies and Iraqis first before they make other decisions. And that's not what we hear. And I wanted to thank you for that.

And I think Congressman Wilson's exactly right, that he may have been surprised to get a call from a member of Congress, but it was me that was really encouraged by the call and to hear what he's doing. So thank you for that.

My question goes to Secretary Winter.

You're aware that Virginia Beach has recently signed a memorandum of understanding to set forth principles with which the Navy can respond to development around Oceana. That memorandum of understanding clearly gives the Navy a seat at the table in the development process. And it also follows up on the joint land-use study, which ensures very early Navy participation and prohibits any new incompatible use in the APZ-1 in the Clear Zone. There are also financial incentives and a commitment of \$15 million annually.

I think this is a very serious long-term commitment to Oceana. And given this very significant effort on the part of Virginia Beach and the Commonwealth of Virginia, can you give citizens of Virginia Beach and Navy personnel that are stationed at Oceana an assurance that these efforts will satisfy the needs of the Navy?

WINTER:

Well, ma'am, we're very appreciate of the work that has been done to date. We appreciate the opportunity to engage through the MOU process that you just described. We're looking forward to working with the local communities and the commonwealth to continue to help manage that activity.

And we trust that if that activity continues to be as successful as people hope it will be, that we should be in a very good position for a long-term relationship there.

DRAKE:

Good. That's very good. Thank you.

And my second question is about, about a year ago the Naval Expeditionary Combat Command was set up with 15 people at Little Creek to train, organize and equip expeditionary forces. Today the NECC forces are deployed around the world and certainly playing a major role in Afghanistan and Iraq.

I believe the NECC is a success. So I wondered if you could share your observations concerning the NECC and tell us how we can better support this command to meet future requirements.

WINTER:

Well, ma'am, I actually would like to hand that over to CNO, if you would permit, because...

DRAKE:

That's fine.

WINTER:

... I think the major advantages of NECC are operational in nature and really have afforded us the opportunity to integrate and coalesce all the relevant components that are operating overseas on our behalf.

DRAKE:

And I would also tell Admiral Mullen that I visited Admiral Bullard this week and had a tour of what they're doing.

MULLEN:

Thank you, ma'am. First of all, I'd just like to say thanks for your support on the Oceana issue. I know you've been a very, very strong supporter in getting this right, and very consistent in your message. And I just echo what the secretary said, in terms of...

DRAKE:

Thank you.

MULLEN:

... the commitments, as these things continue to go well.

NECC is a very important new command tied to the world that we're facing now and I think we're going to face for the next couple decades. It also provides an organization

train-and-equip for our explosive ordnance people, for our naval coastal warfare, for our Seabees, for our security forces, in addition to our riverine force.

So when you talk with Admiral Bullard, he is commanding somewhere around 35,000 sailors right now. And the Navy wasn't organized to do this in the past. This is a big adjustment for us. But it gives us an ability to focus, provide resources, make sure that big Navy, as well as the Navy on the waterfront, is focused to make sure we can meet this capability for the future.

And, as you said, they're deployed all over the world. I'm concerned, in the case of the explosive ordnance personnel, about their OPTEMPO. They're in the fight every day. They're the ones that are out there before anybody else to see if there's an IED out there and then defusing it before anybody goes on the road, as an example.

So there's been a tremendously positive step forward in this area and one that I think is really relevant for the future. And it's been well-supported, as all things Navy are, in Norfolk and Little Creek.

SKELTON:

The gentleman from Georgia, Mr. Johnson?

JOHNSON:

Thank you, Mr. Chairman.

It is indeed a poor cow that can't lick its own calf. And in that regard, certainly we must have a military that is capable of protecting this country and its assets and its ability to positively influence policy around the globe. And so, I want to thank you for the work that you do in order to help us perform our constitutional duty, which is to provide for the common defense.

And it's my great pleasure to serve on this committee, to help America remain strong and free.

And of course the Navy helps us keep our shipping lanes free, so that we can protect against any aggression that may occur, and also provides us with the global reach to be able to project our power around this great earth.

And the Marines are our shock troops, to go in, it's kind of like the battering ram, and meet the threat head-on.

Now, what I would like to know today is, specifically General Conway, what types of injuries are we seeing predominantly as a result of the current wars in Iraq and Afghanistan?

CONWAY:

Sir, we would say that the signature weapon that the enemy is using is the improvised explosive device. I think, as a result of that, a lot of the wounds that we see are concussion-related, as Congressman Cummings talked about. We do have a lot of head injuries, traumatic brain injuries, and that manner of thing.

We see unconsciousness a lot, even when there's no other injury on the part of the Marines or sailors that may be in the vehicles or when they're struck on the ground.

We also see amputations. We have a goodly number of those.

I would say, though, just so there's a clear understanding, that the Navy medical support that the Marines, in particular, receive in the field is just tremendous. For every



11 Marines that are hit, one will be killed. And of the remaining 10, seven will be returned to duty.

And those that do survive very serious injuries do so with the quality of care on the part of a corpsman, a young corpsman that may be little more than 21, 22 years old, that I think used to be provided by doctors. And I've heard that said again and again, that this Marine would not have survived had it not been for that brave and able corpsman on the scene.

JOHNSON:

Once the person is damaged by the traumatic brain injury, if you will, they may also suffer some post-traumatic stress disorder as well, and even those who have not been injured can suffer post-traumatic stress as well. Are you seeing a large increase in the numbers of post-traumatic stress disorders?

CONWAY:

Sir, I wouldn't say it's a large increase. I think it happens with every major conflict.

We are aware that we have Marines suffering from it. We're taking every measure to try to diagnose it, understand it and treat it, even to the extent where we are sending people now into theater, so that they're there alongside the Marines at their base and station to examine.

The Navy is looking at a baseline program which will help us to determine, even if an individual isn't willing to admit it, that he doesn't test the same way he did before he was, perhaps, subjected to a blast or a concussion.

So we're taking every step that we can to try to get these young men and, in some cases, women back in battery as soon as we can.

JOHNSON:

Now, once a person suffered from post-traumatic stress disorder or a close-to-head injury, a blast injury, and they exit the Army or they exit the armed services, they don't receive free medical care at that point like they do when they were enlisted, is that correct?

CONWAY:

Sir, through the Veterans Administration, they can continue to get a level of medical care. We'll document, of course, the nature of their injury, and if it has resulted in a discharge or that type of thing, there's a hand-off there that takes place, and they can continue to get treatment.

JOHNSON:

Often, though, the treatment is not without cost to them, is that correct?

CONWAY:

Yes, sir, that's fair.

JOHNSON:

And so, they have various deductibles that they must then come forward with themselves, in addition to actually trying to get to the location where they can be treated.

Are we doing all that we can do to take care of our veterans, with respect to health care?

CONWAY:

Sir, I think the answer is, yes, we're doing all that we can. I think we can still do more. But within the confines of where we are now -- I don't know if you were here earlier when the question was raised and we talked about an assessment that the Secretary of the Navy has directed to examine further just where the weak linkages may be and how we can improve.

JOHNSON:

All right. Thank you.

SKELTON:

Thank you, Mr. Johnson.

We have one member left, and we do have two votes. I assume, from indications, that no one else wants to take a second round, so you can clean up, Mr. Sestak. You're recognized for five minutes.

SESTAK:

Thank you, sir.

Admiral, Mr. Secretary, General, I apologize, I wasn't here for all of it, particularly for the Department of the Navy's testimony. I had an appointment with my daughter at Children's Hospital. My apologies.

Question, Admiral Mullen: There's been a significant reduction in APN compared to last year. Between '08 and '11, we've taken out 125 aircraft. I gather that's to support the S.C. and the ship- building account. We've placed in the GWOT supplemental 43 aircraft, including, you know, the Prowlers and the F-18s and anti-submarine helicopters.

I know we've had some latitude of how we interpret what is for the global war on terror, but do you think this is the appropriate place to place these? Or does it help you permit to take some of the pressure off of the base budget that you have to undergo by putting this in the GWOT? In particular as this comes back into the regular budget process and the DON's (inaudible) begins to pop out and decline.

Sir, if you don't mind?

MULLEN:

I think it's a great question. It is one, as I know you know, it's one of trying to balance everything to get it right.

I think it's probably too harsh to say it's a direct result of the SCN plan. And clearly we have worked to balance those two. I'm committed this year to try to get stability in the APN plan, not unlike what we have put in place in the SCN plan.

Maybe a little different perspective is if I go back to the '03 budget, when we had 83 airplanes in the APN plan. We're at 188 this year. We're 40 more airplanes, I think it's 40 more airplanes, this year than we bought last year.

And so, the ramp is up. It's not up as rapidly as we would like it to be, and it does get to the heart of the shortfall, the strike fighter shortfall, which we also talked a little bit about earlier.

We're wearing them out...

SESTAK:

I'm sorry, I don't mean to interrupt. But do you think this is the appropriate place to place those 45 air...

MULLEN:

We're wearing them out pretty quickly, and we're wearing them out in Prowlers; we're clearly wearing them out in Iraq and Afghanistan. And actually, even the Hornets, you know, most of our support is there. So that's a factor of wearing out aircraft we can't replace.

SESTAK:

Sir, in steaming hours, last year you came in at 36 steaming hours per quarter. I gather potentially you were going to make it up in the supplemental. This year you've come in at 45 steaming hours per quarter for deployed units and state that the rest of it will come from the supplemental.

We historically have operated, or the DON has, at 51 days per quarter. Wouldn't you historically just operate at 51 days anyway? And is the appropriate use of GWOT funding?

MULLEN:

Part of the reason that we came in so low last year and obviously moved it up this year was that we looked at where we were steaming and what we were doing. And, in fact, our deployed steaming days were in the 60s and the 70s. And in the overall program, both the 36 -- and we probably went to low -- but the 45 is the same thing, just trying to balance on these.

And the last thing in the world I want to do is try to game the supplemental in that regard. What we find ourselves doing is we're steaming an awful lot while deployed.

SESTAK:

Mr. Secretary, I probably already missed this question, but just one more, CNO. The ADS, advanced deployable system, you stated we've canceled that in the budget, at calculated risk, and stated that we'll rely upon more traditional systems, platform systems.

This is a change from the ASW concept of operations of a few years ago, particularly with China now, by the end of next year, having 28 or 29 modern submarines -- the same amount of submarines, if not more, total that we have. And with submarines at \$2 billion and this platform, is this a significant change for the Navy?

And, if so, if we are relying upon systems that have been sufficient in the past -- that were sufficient in the past, now in the future, why did we go after this ADS and other systems then?

MULLEN:

It isn't a significant change, in terms of where we're headed. We still need distributed systems. We need remote sensors. We need the kind of queuing that I know you're familiar with in order to make this overall concept work.

What we found in the ADS in particular is it wasn't ready, technically really challenging, and very expensive.

SESTAK:

So the other systems of distribution...

MULLEN:

Yes, sir. The other systems are still working and for the future.

SESTAK:

Thank you.

Mr. Secretary, the last question: To some degree, there has always been just a conspiracy of optimism. We always hope that things are going to be well-done. CBO has said that the cost of the ship- building program of 30 years will be one-third higher than its projected. That's \$4 billion to \$5 billion more per year. To some degree, we're already facing this pressure by taking LHAR out in fiscal year '10, and we face this in the LCS overruns.

Are we facing a realistic budget that we really do think we're going to be able, at the procurement, a budget of \$14.5 billion per year -- that CBO projection that it will be 35 percent higher. We're already taken a \$3.5 billion ship out. Is that realistic?

Thank you, Mr. Chairman.

SKELTON:

Go ahead and answer the question.

WINTER:

Sir, I think that that is a matter that we're going to be looking at very carefully here in the aftermath of LCS. One of the critical issues that I need to understand is how much of this is really associated with lead ship-related activities and how much is more tied to production-related aspects. And that's something we'll be getting at here shortly.

SESTAK:

Thank you very much.

I'm sorry I went over.

SKELTON:

I might say something to my friend from Pennsylvania, that the spirit of optimism pervades all of the services, and, in many cases, that's a very, very good thing. Thank you for mentioning it.

Secretary Winter, Admiral Mullen, General Conway, we appreciate you being with us. We're going to be able to make our vote. And you thoroughly answered our questions, and we'll proceed from here. Thank you.

And we're adjourned.

CQ Transcriptions, March 1, 2007

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REP. K. MICHAEL CONAWAY, R-TEXAS  
REP. GEOFF DAVIS, R-KY.

WITNESSES:

SECRETARY OF THE NAVY DONALD WINTER

ADMIRAL MICHAEL MULLEN (USN), CHIEF OF NAVAL OPERATIONS

GENERAL JAMES CONWAY (USMC) COMMANDANT, U.S. MARINE CORPS

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