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UNTIL RELEASED BY THE HOUSE
SUBCOMMITTEE ON MILITARY CONSTRUCTION,
VETERANS AFFAIRS, AND RELATED AGENCIES
COMMITTEE ON APPROPRIATIONS

STATEMENT OF

ADMIRAL JONATHAN GREENERT

CHIEF OF NAVAL OPERATIONS

BEFORE THE

SUBCOMMITTEE ON MILITARY CONSTRUCTION,

VETERANS AFFAIRS AND RELATED AGENCIES

OF THE

COMMITTEE ON APPROPRIATIONS
ON

FORCE STRUCTURE CHANGES AND THEIR IMPACTS
TO THE MILCON PROGRAM

5 MARCH 2013

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Chief of Naval Operations

9/23/2011 - Present
Admiral Jonathan W. Greenert

Adm. Jonathan W. Greenert is a native of Butler, Pa. He graduated from the U.S. Naval Academy in 1975 and completed studies in nuclear power for service as a submarine officer.

His career as a submariner includes assignments aboard USS *Flying Fish* (SSN 673), USS *Tautog* (SSN 639), Submarine NR-1 and USS *Michigan* (SSBN 727 - Gold Crew), culminating in command of USS *Honolulu* (SSN 718) from March 1991 to July 1993.

Subsequent fleet command assignments include Commander, Submarine Squadron 11; Commander, U.S. Naval Forces Marianas; Commander, U.S. 7th Fleet (August 2004 to September 2006); and, Commander, U.S. Fleet Forces Command (September 2007 to July 2009).

Greenert has served in various fleet support and financial management positions, including deputy chief of Naval Operations for Integration of Capabilities and Resources (N8); deputy commander, U.S. Pacific Fleet; chief of staff, U.S. 7th Fleet; head, Navy Programming Branch and director, Operations Division Navy Comptroller. Most recently he served as 36th vice chief of naval operations (August 2009 to August 2011).

He is a recipient of various personal and campaign awards including the Distinguished Service Medal (6 awards), Defense Superior Service Medal and Legion of Merit (4 awards). In 1992 he was awarded the Vice Admiral Stockdale Award for inspirational leadership. He considers those awards earned throughout his career associated with unit performance to be most satisfying and representative of naval service.

Greenert became the 30th Chief of Naval Operations Sep. 23, 2011.

Updated: 23 September 2011



Chairman Culberson, Ranking Member Bishop, and distinguished members of the Committee, thank you for holding this hearing and for the opportunity to testify on our Military Construction, facility investment and Quality of Life programs. These programs ensure our ability to operate forward around the world, support our Sailors and their Families and maintain the readiness of our force.

Important qualities of our naval forces are their persistent forward presence and readiness to respond to crisis. Because they continuously operate forward at strategic maritime crossroads such as the Straits of Malacca, Hormuz, or Gibraltar, our Navy and Marine Corps are our nation's first responders to crises such as terrorist attack or natural disaster. By being where they are needed, when they are needed, naval forces deter aggression, contain conflict and assure allies while building partnerships.

When I last appeared before you, senior DoD leaders were conducting an assessment of our force's ability to implement the new Defense Strategic Guidance (DSG). In the Navy we also assessed the capabilities, training and forces required to execute that strategy. I concluded that our FY13 budget proposal provides the capability and readiness required by the DSG within our fiscal constraints. Based on the limitations of the Budget Control Act of 2011 (BCA), our FY13 budget submission carefully accepted risk in certain areas such as shore readiness. Additional budget reductions will increase the risk to our shore readiness and Sailor and family support, particularly the Navy's program to improve family and unaccompanied housing.

There is no question we must get our nation's fiscal house in order, but we should do so in a coherent and thoughtful manner that ensures appropriate readiness, warfighting capability and forward presence – the attributes we depend upon from our Navy. Unless we change course we will, without proper deliberation, dramatically reduce: our overseas presence; our ability to

respond to crises; our efforts to counter terrorism and illicit trafficking; and our material readiness across the Navy (afloat and ashore). Perhaps more disconcerting, we may irreversibly damage the military industrial base we depend upon to build and maintain our ships and aircraft. Over the next decade, the combination of sequestration and reduced discretionary caps would compel us to dramatically reduce our fleet size. Under these circumstances, I assess your Navy will be limited in its ability to provide the capability and capacity called for in the current defense strategy and unable to fully support the Global Force Management Allocation Plan for our Combatant Commanders.

Our situation

We face three separate, but linked, budget mechanisms that converge and place at risk our ability to carry out our defense strategy. As a result of the failure of the Joint Committee established under the BCA to achieve \$1.2 trillion in deficit reduction, sequestration was ordered March 1; in addition, a second sequestration, due to a breach in the FY 2013 discretionary caps, is scheduled to be ordered on March 27. Sequestration adds to an existing budget shortfall in operating accounts created by the Continuing Resolution (CR). The CR and Sequestration render us unable to continue our current and anticipated level of operations, compel us to cancel some maintenance and training and constrain our ability to invest in future capability and capacity.

We will approach this challenge using our enduring tenets, established upon my assuming the office of CNO, to guide us:

- Warfighting First
- Operate Forward
- Be Ready

The Navy's primary mission is to be ready to fight and win today, while building the ability to win tomorrow; all our efforts remain grounded in this fundamental responsibility. We will continue to operate forward, where the Navy is most effective; but at significantly lower levels. And we will endeavor to remain ready, providing our fleet and Sailors the best possible training, maintenance, and logistics to assure their confidence and proficiency.

FY13: A readiness crisis in the making

Our immediate concern from the CR is the impact on readiness and training during this fiscal year. In general, the CR is based on FY12 base funding levels and therefore includes fewer operating dollars than we proposed, and Congress authorized, for FY13. If extended for the whole fiscal year, the CR would provide the Navy \$3.2 billion less in operations and maintenance funds than requested in the FY13 budget. In addition, we have incurred \$1.4 billion in unplanned costs during FY13 from emergent ship repairs and increased (and unbudgeted) presence in the Arabian Gulf. Furthermore, the CR prohibits the start of new projects, even those included in our FY13 budget submission and subsequently authorized. If the CR is extended for the whole fiscal year, we will stop work on two aircraft carrier refueling overhauls (USS ABRAHAM LINCOLN and USS THEODORE ROOSEVELT), one of which is on track to finish within the next four months. The prohibition on "new starts" and quantity increases under the CR also compels us to defer construction of USS JOHN F. KENNEDY (CVN-79) and cancel the planned procurement of an *Arleigh Burke*-class guided missile destroyer, multiple P-8A Poseidon aircraft and hundreds of weapons. The CR also prevents completion of the construction of USS SOMERSET (LPD-25) and USS AMERICA (LHA-6). Similarly, we will not begin about \$675 million in "new start" military construction projects while under the CR.

In addition to the CR funding shortfall in operating accounts, the March 1 sequestration imposes significant additional cuts in FY13, reducing all of our accounts by about eight percent. And as noted above, due to a breach in the FY 2013 discretionary caps a second sequestration is scheduled to be implemented on March 27. The Department estimates the combined sequestration effects will be a nine percent reduction, resulting in \$4 billion reduction to Navy operations and maintenance funding from current levels. Taken together, the CR, sequestration and emergent costs creates an \$11.2 billion shortfall in the Navy FY13 budget overall, including an \$8.6 billion shortfall in our operations and maintenance account for FY13. \$12.3 billion was already spent from this account in the first quarter of FY13, and another \$16.4 billion is committed to existing contracts and safety requirements. Therefore, we must find \$8.6 billion in savings from the remaining \$20.2 billion— more than a third of the money available in the operation and maintenance account.

Impacts to Shore Readiness

The FY13 MILCON budget submission requested \$1 billion for 30 projects in the continental United States and overseas. The current CR precludes us from starting any of these projects except one - the previously-authorized construction of Explosive Handling Wharf 2 at Naval Base Kitsap. A year-long CR without “new start authority” will delay replacing aging facilities, support to new capabilities and – when combined with reductions to our modernization and repair projects – will further degrade our infrastructure’s overall material condition.

Within the United States, our planned FY13 MILCON supports facilities readiness, quality housing, as well as operations, training and maintenance associated with new platforms and systems. These new platforms and systems are designed to affordably improve the relevance of our Fleet to current and future threats and take advantage of emerging opportunities.

Construction projects totaling nearly \$250 million support the Broad Area Maritime Surveillance unmanned air system, Littoral Combat Ship, future Aegis combat system upgrades, EA-18G *Growler* aircraft, MH-60S *Seahawk* helicopter, and the *Gerald R. Ford*-Class aircraft carrier. Delays in the construction of supporting infrastructure could delay or otherwise inhibit introducing the new capabilities these platforms and systems bring.

The proposed FY13 MILCON budget continued the investment to provide quality housing for our Sailors and their Families. The CR and sequestration force us to defer plans to renovate and recapitalize inadequate housing, further delaying our attainment of Secretary of Defense adequacy goals for family and unaccompanied housing. The largest impact of this delay will be felt by our junior Sailors, who predominately rely on unaccompanied housing. Quality housing significantly impacts Sailor retention, productivity, and individual and mission readiness.

Our Navy is at its best, and best supports our national interests, when it operates forward. Overseas MILCON provides facilities for our forces to rest, repair, refuel and resupply. One ship, aircraft or unit based in or operating from a forward location provides the same presence as four rotationally deploying from the United States. Our FY13 budget submission included 14 overseas MILCON projects including weapons bunkers in Rota, Spain; housing for Sailors and their Families in Japan; logistics support facilities in Souda Bay, Greece; and a dining facility in Bahrain. The deferral of these projects reduces our ability to take advantage of the leverage provided by operating forward instead of rotationally deploying from the United States.

The operating account shortfalls created by the CR and sequestration compel us to reduce Facilities Sustainment, Renovation and Modernization by 50%, a \$1.16 billion reduction, and

Base Operating Support (BOS) by 10%, a \$495 million reduction. These reductions eliminate all work except that needed for safety and security, including:

- Defer all projects to improve the energy efficiency of our buildings
- Defer all projects to improve the condition of our Unaccompanied Housing
- Defer all facility repairs, except for emergency or safety repair work
- Defer all facility projects at our Public Shipyards, preventing Navy from meeting our mandated 6% minimum reinvestment target
- Defer all projects that demolish or consolidate facilities
- Defer corrective maintenance on firefighting trainers
- Defer overhauls for Oil Spill equipment, Harbor Security boats and Service craft

Impacts to Sailors, Civilians and Navy Families

Our people are the source of our warfighting capability. The CR and sequestration directly impact our Sailors, Civilians and their Families. There are intangible impacts on morale as budget uncertainty affects our operational tempo and training and maintenance schedules. The reduction of ready forces will put greater stress on the Sailors assigned to ships and squadrons currently deployed or soon to deploy. They will operate at a higher tempo; and we are already at an extraordinary operational tempo. While military compensation is exempt from sequestration, there is a cost to the force in having to do more.

As a result of the CR and sequestration, we are compelled to plan to furlough up to about 186,000 Navy Civilians for 22 days, resulting in a 20 percent pay reduction during the furlough period. We have also frozen the hiring of civilian workers and released 655 temporary and term

employees. These reductions will reduce the hours of operation and responsiveness of services such as medical care and personnel support.

In the Navy, we believe our most important quality of life efforts center on our Sailor and Family support programs. Experience shows that when we fail to resource these activities, our warfighting readiness suffers. I remain committed to making sure we provide for our Sailors, Civilians and their Families by funding our most important missions and deployments, and these Sailor and Family Support Programs.

Navy will limit to the greatest extent possible the impact the CR and sequestration on Sailor and Family support programs. Because these programs are staffed mostly by civilian employees, a furlough will affect their operating hours and responsiveness, but we are working to mitigate this impact, for example:

- Sexual Assault Prevention and Response (SAPR) – Stopping sexual assault is one of my top priorities. Therefore, Sexual Assault Response Coordinator (SARC) and Sexual Assault Prevention and Response Victim Advocate (SAPR VA) positions have been exempted from the civilian hiring freeze. As the FY12 National Defense Authorization Act directed, the Navy is on track to hire 66 SARCs and 66 SAPR Victim Advocates by the end of this fiscal year.
- Mental Health Care – Working with the Defense Health Program and TRICARE, I am committed to ensuring mental health quality care is not impacted by the CR and sequestration. Over the last few years, the Navy has placed greater emphasis and resources towards Mental Health Care for our Sailors and their Families. For example, since 2009, we have increased our clinical psychologists by 40%;

furthermore, the civilian firing freeze does not apply to hiring additional Mental Health Care providers.

- Transition Assistance Programs (TAP), Family Assistance Programs (FAP) and Relocation Assistance Programs (RAP) will be affected by civilian furloughs, impacting service levels in resource and counseling centers.
- Since 86% of our child care professionals are not affected by furloughs (they are paid with non-appropriated funds), we will manage staffing levels to minimize the Navy civilian furlough impact.
- Tuition Assistance will be preserved in FY13, to ensure current educational obligations are met. However, civilian furloughs may cause processing delays.

I have made clear my intent to protect to the extent possible Sailor and Family support programs to all my military and civilian leaders.

Longer-Term Effects: A Different Fleet and a Different Strategy

In addition to sequestration for FY13, the BCA also required the lowering of the discretionary caps for FY14 through FY21. Beyond FY13, if the discretionary cap reductions are sustained for the full nine years, we would fundamentally change the Navy as currently organized, trained and equipped. As time allows, we will take a deliberate and comprehensive approach to this reduction, based on a reevaluation of the Defense Strategic Guidance. In doing so, I will endeavor to: (1) ensure our people are properly resourced; (2) protect sufficient current readiness and warfighting capability; (3) sustain some ability to operate forward by continuing to forward base forces in Japan, Spain, Singapore and Bahrain, and by using rotational crews; and (4) maintain appropriate research and development.

Given a set of fiscal circumstances under sequestration and the corresponding reduction in discretionary budget caps from FY 2014-2021, our Navy will shrink. Depending on how you look at it, the battle force could be as many as 50 ships smaller than the numbers reflected in our most recent shipbuilding plans, or 30-40 ships fewer than our current battle force, including at least two carrier strike groups. We would be compelled to retire ships early and reduce procurement of new ships and aircraft. This would result in a requisite reduction in our end strength and changes in our support infrastructure ashore.

Reducing the Impact of Sequestration and the Continuing Resolution

We ask that Congress act quickly to replace sequestration with a coherent approach to deficit reduction that addresses our national security interests. Additionally, the Department needs the Congress to pass FY13 appropriations legislation that allows the department to allocate reductions in this fiscal year in a deliberate and coherent manner to sustain current operations while meeting current obligations.

I am honored to represent about 600,000 Sailors and Civilians serving their country in the United States Navy. We understand the importance of resolving our fiscal challenges. I look forward to working with the Congress to ensure our Navy will remain the world's preeminent maritime force while continuing to protect our nation's security and prosperity.