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RELEASED BY THE SENATE  
SUBCOMMITTEE ON MILITARY CONSTRUCTION,  
VETERANS AFFAIRS, and RELATED AGENCIES,  
COMMITTEE ON APPROPRIATIONS

**STATEMENT OF  
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U.S. NAVY**

**BEFORE THE**

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

**OF THE**

**COMMITTEE ON APPROPRIATIONS**

**MARCH 17, 2015**

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Chairman Kirk, Ranking Member Tester and distinguished members of the Committee, I am honored to appear before you representing the dedicated Sailors and civilian workforce of the United States Navy. I appreciate the opportunity to testify about our Navy's shore infrastructure, which enables our operational and combat readiness and is essential to the quality of service for our Sailors, civilian employees, and their families.

Our shore infrastructure is critical to the Navy's mission success. Seventy installations across 11 regions provide the foundation for training and preparing our Sailors. Nevertheless, to comply with today's fiscal constraints, we are compelled to continue accepting risk in shore infrastructure investment and operations to preserve the operational readiness of our Fleet.

### **Impact of Sequestration on Shore Readiness**

For the last three years, the Navy has been operating under reduced top-line budgets that generate capability shortfalls amounting to \$25 billion less than the President's Budget requests. Sequestration deeply affected the Navy budget in FY 2013 and we have not yet recovered. Stabilized funding in FY 2014 and 2015 provided by the Bipartisan Budget Act of 2013, along with an additional \$2.2 billion above Navy's requested budget in FY 2015, provided limited relief from sequestered Budget Control Act of 2011 (BCA) funding levels and helped Navy's overall posture.

The cumulative effect of budget shortfalls since FY 2013 compelled the Navy to reduce funding in shore readiness to preserve the readiness of our operational Fleet. As a result, many of our shore facilities are degrading. The possibility of future sequestration exacerbates this risk and the condition of our shore infrastructure, including piers, runways, and mission-critical facilities, will likely erode further. This situation may lead to structural damage to our ships while pierside, aircraft damage from foreign object ingestion on deteriorated runways, and degraded communications within command centers. We run a greater risk of mishaps, serious injury, or health hazards to personnel.

### **Military Construction**

The President's Budget request for 2016 (PB 2016) Military Construction (MILCON) program includes 38 projects valued at nearly \$1 billion to invest in our worldwide infrastructure, which is a 30% increase over FY-15 levels and brings Navy back to our historical

MILCON funding levels. We focus our MILCON investments on meeting new platform and system requirements in accordance with our global Strategic Laydown Plan, supporting Combatant Commander operational requirements, recapitalizing Naval Shipyards, modernizing utilities systems, upgrading critical infrastructure, and supporting Quality of Life programs for our Sailors and their families.

Approximately one-third of our MILCON program is dedicated to enabling the Initial Operating Capability of new platforms. Our PB 2016 program:

- Constructs a P-8A Poseidon detachment support facility in Hawaii, a maintenance hangar with support facilities in Italy, and a high-security building addition for the Advanced Airborne Sensor system in Florida,
- Renovates hangars in California and outfits secure space for an Operational Trainer in Japan for the E-2D Advanced Hawkeye early warning and control aircraft,
- Constructs training facilities and expands hangars at the West Coast home base for F-35Cs in Lemoore, California,
- Constructs a Mission Control System facility in Florida, a hangar and operations facility in Italy, and space for a trainer in California for MQ-4C Triton high endurance unmanned aerial vehicles,
- Builds a new Maritime Surveillance Systems Facility in Virginia that will expand our ability to operate, maintain and test surveillance systems that perform data collection and dissemination for the Fleet, and
- Constructs a Littoral Combat Ship (LCS) mission module readiness center in Mayport and converts warehouse space into an operational support facility for LCS shore-based operations in San Diego.

Our MILCON program also supports Combatant Commander requirements by constructing a land-based Aegis Ashore Missile Defense Complex site in Poland in support of European Phased Adaptive Approach. The Poland site will complement our Aegis Ashore site in Romania, which will achieve initial operational capability by the end of this year. In the Middle East we are upgrading port facilities and constructing a new Ship Maintenance Support Facility in Bahrain. We are also providing secure space for carrier air wing facilities funded by the government of Japan in Iwakuni.

Naval Shipyards and depots are critical to maintaining the warfighting readiness of our force. We will continue to prioritize investments to address the most critical safety and productivity deficiencies. To reduce CVN downtime, PB 2016 includes projects in Washington state to construct a nuclear regional ship maintenance support facility and to upgrade utilities and support structure at the only CVN-capable dry dock in the Pacific. Our budget submission also proposes to repair waterfront utility systems at Norfolk Naval Shipyard in Virginia and consolidate welding school shops in Hawaii. These MILCON projects, combined with other facilities projects and equipment investment, enable the Department to exceed the minimum 6% investment in Naval Shipyards and Depots described in 10 USC 2476, achieving a projected 7.4% investment in FY 2016. Additionally, in FY 2015, the Department is on track to exceed the target with a projected 6.3% investment. We appreciate the committee's support as we continue to invest in our shipyard infrastructure.

PB 2016 makes significant investments in improving the reliability, efficiency and security of our utilities systems and support infrastructure. This investment, spanning seven different locations in the United States and Guam, is focused on increasing energy resiliency at our operational facilities, upgrading energy distribution systems, modernizing power grids and recapitalizing waste disposal/treatment systems.

To protect our critical infrastructure, PB 2016 includes waterfront upgrades in Washington state to meet security requirements for our strategic weapons and construction of a modern, secure, consolidated communications center in Virginia.

An improvement over last year's program, PB 2016 includes three projects to improve the quality of life for our Sailors and their families. New unaccompanied housing will be constructed for Sailors stationed at Naval Air Station Patuxent River, Maryland, and A-school students at Navy Technical Training Center Corry Station, Florida. PB 2016 also includes the construction of a new child development center to increase our child development capacity in Yokosuka, Japan.

Finally, we are funding the relocation of a reserve center from off-base leased space to a new on-base reserve training facility at Naval Air Station Fallon, Nevada.

## **Base Operating Support and Facility Investments**

As we operate our installations, PB 2016 maintains the Navy's commitment to adequately resource Fleet operations, Sailor and family support programs, and child development. We continue to accept a deliberate level of risk in facility services, administrative support, and supply.

PB 2016 funds the sustainment, restoration, and modernization of our facilities only enough to maintain the overall condition of our most critical infrastructure for the short term. PB 2016 funds facility sustainment to 84% of the Department of Defense (DOD) model. Although this marks an improvement from the 70% programmed in PB 2015, Navy is still below the DOD goal for 90% facilities sustainment.

When restoring and modernizing our infrastructure, we prioritize life/safety issues and efficiency improvements to existing infrastructure and focus on repairing only the most critical components of our mission-critical facilities. By deferring less critical repairs, especially for non-operational facilities, we are allowing certain facilities to degrade and causing our overall facilities maintenance backlog to increase. We acknowledge that this backlog must eventually be addressed.

## **Housing**

Our PB 2016 request supports Navy readiness by providing Sailors and their families the opportunity for suitable, affordable and safe housing worldwide. We rely on our communities to house Sailors and their families. Where options are not available in the local community, Navy provides housing through government-owned housing, leased housing, or Public-Private Venture (PPV) housing projects.

Navy's PB 2016 Family Housing request provides oversight of nearly 40,000 PPV homes, funds the operation and maintenance of 7,500 government-owned homes, leases about 1,800 units, and renovates 20 existing family homes in Wallops Island, Virginia. We continue to reap the benefits of family housing privatization with over 99% of Navy family housing in the continental United States and Hawaii privatized. For our government-owned units, predominately located overseas, we continue to work toward meeting the DOD goal of bringing 90% of our units up to "adequate" condition, which means they are rated as a "1" or "2" on a 4-point scale. Navy's family housing inventory is currently 77% adequate and, at current funding levels, we will meet DOD's adequacy goal in 2021.

The Navy continues to manage housing for our unaccompanied Sailors within today's fiscal constraints. I am proud that we will complete our Homeport Ashore effort this year, meeting our goal of providing a bed ashore to each shipboard Sailor while in homeport. In addition to our MILCON projects, we plan to renovate ten barracks in FY 2016 to work towards meeting the DOD goal of achieving 90% adequacy. Unfortunately, this level of investment is not sufficient to offset the steady degradation of facilities and improve the overall condition of our unaccompanied housing inventory. At current funding levels, Navy's unaccompanied housing will remain at approximately 50% adequacy.

### **Base Closure and Realignment (BRAC)**

The Navy fully supports BRAC as a process to assess opportunities to properly align our domestic infrastructure with our evolving force structure and laydown. Under the previous BRAC efforts, the Navy has been able to realize approximately \$4.4 billion in annual recurring savings.

We appreciate the support of the Congress in providing additional FY 2015 funds for environmental cleanup at BRAC properties. For FY 2016, the Department has programmed \$157 million to continue cleanup efforts, caretaker operations, and property disposal. By the end of FY 2014, we disposed of 93 percent of our excess property identified in previous BRAC rounds through a variety of conveyance mechanisms, with approximately 12,710 acres remaining. Of the original 131 installations with excess property, the Navy has 17 installations remaining with property to dispose.

Last year, the Department of Navy completed the transfer of 624 acres at Naval Station Alameda, California, to the Department of Veterans Affairs under a no-cost transfer. We also completed radiological surveys of over 700 residential housing units at Naval Station Treasure Island and signed a Development Conveyance with Treasure Island Development Authority to allow initial property transfers to begin in FY 2015. We reduced our overall number of installations by four last year, completing final disposals at Naval Support Activity New Orleans, Louisiana, Naval Air Station Cecil Field, Florida, and Naval Reserve Centers in Akron, Ohio, and Reading, Pennsylvania.

Although cleanup and disposal challenges from prior BRAC rounds remain, we continue to work with regulatory agencies and communities to tackle complex environmental issues and

provide creative solutions to support redevelopment priorities, such as Economic Development Conveyances with revenue sharing.

## **Conclusion**

The Navy will continue to carefully and deliberately manage the risk we are taking in our Shore enterprise, with the understanding that chronic underinvestment in our shore infrastructure takes a toll on our ability to support deploying forces. Our Shore infrastructure must be sustainable and resilient to changes in our operating environment and fiscal climate. Navy installations, and the men and women who operate them, are key enablers to our Navy's warfighting readiness. Thank you again for your steadfast support of Navy's shore readiness programs and your personal commitment to our Sailors, Navy civilian workforce and their families.