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HEARING
ON
NATIONAL DEFENSE AUTHORIZATION ACT
FOR FISCAL YEAR 2017
AND
OVERSIGHT OF PREVIOUSLY AUTHORIZED
PROGRAMS
BEFORE THE
COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES
ONE HUNDRED FOURTEENTH CONGRESS
SECOND SESSION
—
SUBCOMMITTEE ON SEAPOWER AND
PROJECTION FORCES HEARING
ON
**LOGISTICS AND SEALIFT FORCE
REQUIREMENTS**
—

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CONTENTS

	Page
STATEMENTS PRESENTED BY MEMBERS OF CONGRESS	
Courtney, Hon. Joe, a Representative from Connecticut, Ranking Member, Subcommittee on Seapower and Projection Forces	2
Forbes, Hon. J. Randy, a Representative from Virginia, Chairman, Subcom- mittee on Seapower and Projection Forces	1
WITNESSES	
Dilisio, F. Scott, Director, Strategic Mobility/Combat Logistics Division (OPNAV N42), Office of the Chief of Naval Operations	7
Jaenichen, Paul N., Sr., Maritime Administrator, U.S. Maritime Administra- tion	3
Lyons, LTG Stephen R., USA, Deputy Commander, U.S. Transportation Com- mand	5
APPENDIX	
PREPARED STATEMENTS:	
Courtney, Hon. Joe	35
Dilisio, F. Scott	54
Forbes, Hon. J. Randy	33
Jaenichen, Paul N., Sr.	37
Lyons, LTG Stephen R.	44
DOCUMENTS SUBMITTED FOR THE RECORD:	
[There were no Documents submitted.]	
WITNESS RESPONSES TO QUESTIONS ASKED DURING THE HEARING:	
[There were no Questions submitted during the hearing.]	
QUESTIONS SUBMITTED BY MEMBERS POST HEARING:	
[There were no Questions submitted post hearing.]	

LOGISTICS AND SEALIFT FORCE REQUIREMENTS

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
SUBCOMMITTEE ON SEAPOWER AND PROJECTION FORCES,
Washington, DC, Tuesday, March 22, 2016.

The subcommittee met, pursuant to call, at 2:04 p.m., in room 2212, Rayburn House Office Building, Hon. J. Randy Forbes (chairman of the subcommittee) presiding.

OPENING STATEMENT OF HON. J. RANDY FORBES, A REPRESENTATIVE FROM VIRGINIA, CHAIRMAN, SUBCOMMITTEE ON SEAPOWER AND PROJECTION FORCES

Mr. FORBES. Before I begin my opening statement, let me just say that just last night I was briefed on the Farsi Island incident in January involving two U.S. Navy riverine boats and was deeply disturbed by what I heard. I was disturbed not just by the details of the incident itself, but about what they imply about the training and materiel readiness levels of our forces on the front lines and about our ability to deter Iranian aggression and malicious behavior in the Middle East.

Unfortunately, I think this administration's policies have seriously undermined both with grave implications for our men and women in uniform and our national security.

So I want to take this time to encourage my colleagues on this committee and throughout the rest of the House to get the briefing on this important topic.

And today, the subcommittee convenes to receive testimony on logistics and sealift fleet requirements.

I want to welcome our distinguished witnesses and thank them for the time and effort they expend on this most important issue. Gentlemen, we thank you for being with us today and for everything you do to defend our nation.

Since its earliest days, America has been a seafaring maritime nation with a robust merchant marine. Today, merchant ships carry around 90 percent of everything with the total amount having more than tripled since 1970. This seaborne trade fuels our economy and creates critical links with the global commons.

Unfortunately for our national security, however, this seaborne trade is being increasingly outsourced to other nations and our own merchant fleet is in decline.

Between the years 2000 and 2014, our U.S. commercial fleet has shrunk from 282 vessels to 179, a reduction of almost 40 percent. This commercial fleet reduction is increasingly problematic for the U.S. military and specifically for the U.S. Transportation Command [TRANSCOM] because these vessels support the military's mari-

time lift requirements and their crews provide the manning for military's mobilization forces according to MARAD [U.S. Maritime Administration] and TRANSCOM's assessments.

A reduction in the overall U.S. commercial sector has severely jeopardized our ability to sustain any level of prolonged military logistics support.

Furthermore, we are perilously close to not having sufficient mariners to support even the initial mobilization of our Navy's Ready Reserve Forces.

Unfortunately, the administration's fiscal year 2017 budget request accelerates this decline and weakens our military. The administration has proposed reducing funding for the Maritime Security Program [MSP] by almost 20 percent. Such a reduction will, in my view, undoubtedly reduce the size of our commercial fleet below TRANSCOM's military requirements and reduce our military surge capacity.

I look forward to better understanding the administration's proposal, but I am determined to change this dangerous trajectory.

Overall, I am concerned that this administration does not fully appreciate the connection between the health of our merchant fleet and our national security. Proposed changes to the Food for Peace program continue to hurt our farmers and our mariners.

While these changes would have economic impacts, this subcommittee is focused today upon its harmful impact to military readiness and the security of our nation.

In 1897, the first president of the Naval War College said that both from the military and economic view, an extensive marine commerce is a primal necessity to a country aspiring to be a naval power. In the years since, America has become the greatest naval power the world has ever seen.

But we must not let further decline in either our Navy fleet or our maritime commerce undermine our position.

I now turn to my good friend and colleague, the ranking member of the subcommittee, Congressman Courtney of Connecticut, for any remarks he may have to make.

[The prepared statement of Mr. Forbes can be found in the Appendix on page 33.]

STATEMENT OF HON. JOE COURTNEY, A REPRESENTATIVE FROM CONNECTICUT, RANKING MEMBER, SUBCOMMITTEE ON SEAPOWER AND PROJECTION FORCES

Mr. COURTNEY. Thank you, Mr. Chairman.

And again, as someone who attended that briefing yesterday, I would join you in recommending to our colleagues that they follow up with the Navy to get that briefing.

Again, I don't want to just rehash a lot of the comments that you made just a moment ago because, particularly in terms of the Maritime Security Program, it is going to be, I think, an issue that our subcommittee is going to look at with this year's defense bill and for all the reasons that you set forth.

So again, rather than, you know, rehashing that comment, I guess the other issue I just would like to highlight in my opening remarks, and hopefully we will have a good dialogue today with an outstanding panel of witnesses, is the issue of maritime training

requirements, because obviously we have got a workforce issue here in terms of kind of refreshing an aging workforce and in terms of, you know, the long view. This is really critical in terms of getting that right.

According to MARAD's own information, the oldest ship in the maritime training program that, again, is critical to training this next generation, the TS *Empire State* attached to SUNY [State University of New York] Maritime College is 55 years old and is expected to end its service life in 2019.

Again, according to MARAD, loss of this ship alone without replacement would cause a loss of 36 percent of the existing training ship capacity needed for mariner education, portrayed "as a major setback to meet the rising national demand for mariners by the agency in its 2017 budget request to Congress."

I want to applaud Administrator Jaenichen for his efforts to alert Congress to this issue. And again, we look forward to working with him as we put together our Seapower mark in the coming weeks to make sure that really we give these critical institutions the tools that they need to make sure that changing requirements in terms of what is needed out there are going to be met, because failure to do that is just going to create a cliff that really will ripple through our entire Armed Forces if we don't get it right.

So again, I want to thank the witnesses for being here today. I look forward to your testimony.

Again, I will request that my written remarks, prepared remarks be admitted for the record.

And yield the floor.

[The prepared statement of Mr. Courtney can be found in the Appendix on page 35.]

Mr. FORBES. Without objection, they will be so entered.

And now we are pleased to have such a distinguished panel with us today. We have the Honorable Paul N. Jaenichen, Sr., Maritime Administrator for the U.S. Department of Transportation.

Thank you so much for being with us.

Also, Lieutenant General Stephen Lyons, U.S. Army, Deputy Commander of U.S. Transportation Command.

General, it is always a pleasure to see you and thank you for being here.

And then Mr. F. Scott DiLisio, Director, Strategic Mobility/Combat Logistics, that is a whole mouthful to be able to say, Director, but thank you, for the Office of Chief of Naval Operations.

And we, as Mr. Courtney and I told you before, we just appreciate so much your service to our country, but we also thank you for being with us today.

And Mr. Jaenichen, I think you are going to start us. And we look forward to any remarks that you may have.

**STATEMENT OF PAUL N. JAENICHEN, SR., MARITIME
ADMINISTRATOR, U.S. MARITIME ADMINISTRATION**

Mr. JAENICHEN. Good afternoon, Chairman Forbes, Ranking Member Courtney, members of the subcommittee. Thank you for the opportunity to discuss the U.S. merchant marine and the support it provides for our nation to meet the Department of Defense logistics and sealift requirements.

The U.S.-flag fleet of privately owned, commercially operated vessels, along with government-owned vessels, provide sealift surge and sustainment capacity to move equipment and materiel to globally project our Armed Forces and Federal agencies when needed, where needed, during times of conflict, humanitarian crisis, and natural disasters.

Supporting these capabilities are the Maritime Administration's National Defense Reserve Fleet, Ready Reserve Force, and Maritime Security Program.

The Ready Reserve Force, or RRF, is a fleet of government-owned merchant-type vessels that ensure our capability to rapidly deploy military forces and equipment or emergency humanitarian assistance and disaster response supplies to events that require intervention by the U.S. Government.

The RRF currently consists of 46 ships selected on the basis of their capabilities, their readiness condition and location to meet Department of Defense expected surge sealift requirements.

While the RRF has provided reliable and safe sealift to support military and humanitarian missions in the past, the fleet is aging. The average age of the fleet is currently 39 years, well above the normal service life of commercial vessels.

The Maritime Administration is working closely with the Department of the Navy [DON] and DOD [Department of Defense] to monitor the material condition of the RRF as well as determining the future recapitalization requirements of the fleet.

I would note that while we have never fully activated the RRF, the 78 ships that were activated in support of operations in the first Gulf War exceed the number of vessels that I currently have in the RRF fleet.

The Maritime Security Act of 1996 established the Maritime Security Program, or MSP, which provides direct annual stipends for up to 60 active, commercially viable, militarily useful, privately owned, U.S.-flag vessels and crews operating in international trade.

The MSP fleet ensures DOD access to U.S.-flag ships and ocean-borne commerce and international trade with the necessary intermodal logistics capability to move military equipment and supplies in the event of armed conflict or national emergency.

The fleet also provides critical employment for up to 2,400 qualified U.S. mariners.

Of the 78 U.S.-flag vessels that trade internationally today 78 currently participate in the MSP program. The number of vessels in the international trading U.S.-flag fleet has generally stayed above 100 for the past decade, reaching a peak of 106 in 2011. And since then, we have seen a decline to the 78 vessels, or roughly a 26 percent drop in the last 3 years.

The decline in this segment of the fleet is coincident with the decline of government-impelled preference cargoes, and the overall volume of preference cargo transported aboard U.S.-flag vessels has substantially decreased since 2005 when preference cargoes peaked due to military operations in Afghanistan and Iraq.

The Maritime Administration's assessment of the civilian U.S. merchant mariner pools shows that the number of civilian mariners available to crew government sealift ships, when activated, has declined over the past decade. And the number of qualified and

experienced mariners available will likely not be adequate in the very near future unless we take positive action to reverse this trend.

Current estimates show that we only have about 11,280 mariners that have the necessary U.S. Coast Guard credentials to operate large seagoing ships. And we greatly value those mariners who have recently sailed and those who have experience sailing our government-owned sealift vessels. And that current number is sufficient to activate the Federal Government-owned sealift-surge sealift fleet of 63 ships, that includes both the Maritime Administration's RRF and the military's Sealift Command's surge vessels, only for a period of 4 to 6 months, but it is not enough for sustained operations.

Further losses in the number of commercial U.S.-flag ships and the corresponding loss of mariner jobs and international trade will significantly impact our ability to crew this sealift fleet in the future.

The Maritime Administration is taking action to address the issues that challenge the U.S. maritime industry through the development of a draft National Maritime Strategy. We expect to publish the draft strategy in the coming months, and I look forward to providing it to the committee.

Thank you again for your time and interest in the nation's maritime transportation capacity and capability and the opportunity to provide a status update for our program and discuss what may be a very critical juncture point for the long-term health of the international trading U.S. merchant marine.

I look forward to any questions that the subcommittee may have.

[The prepared statement of Mr. Jaenichen can be found in the Appendix on page 37.]

Mr. FORBES. Mr. Jaenichen, thank you so much for your testimony.

General, we would love to hear any comments that you might have.

**STATEMENT OF LTG STEPHEN R. LYONS, USA, DEPUTY
COMMANDER, U.S. TRANSPORTATION COMMAND**

General LYONS. Thank you, sir. Chairman Forbes, Ranking Member Courtney, distinguished members of the Seapower and Projection Forces Subcommittee, I want to thank you for inviting me and my colleagues, Administrator Jaenichen and Mr. DiLisio, here to discuss our military sealift capability that is so incredibly essential to our national defense.

It is my distinct privilege to be with you today representing the outstanding men and women of the United States Transportation Command. As this committee knows, a major strategic advantage of the United States is our ability to project and sustain forces anywhere at anytime around the globe. And that is dependent on a ready sealift enterprise.

Our nation has been and will continue to be reliant on sealift as the predominant means to move military equipment and supplies in support of global operations.

To accomplish this task, our nation's strategic sealift capability comprises two distinct fleets. First, the government organic fleet

consisting of pre-positioned ships that are at strategic locations worldwide, and a CONUS-based [continental United States] fleet of reduced operating status vessels largely available in 5 days.

Second is a U.S.-flag commercial merchant fleet managed by commercial operators engaged in daily commerce for which MARAD provides government advocacy.

These two fleets, government and commercial, are inextricably bound together by the merchant mariners that crew both. U.S. merchant mariners crew our pre-positioned ships that are currently deployed and commercial commerce fleets day to day, and in crisis are called to crew our Navy sealift fleets. So without a healthy U.S. merchant mariner fleet, we lack the capability to deliver our military forces to war.

As I sit here today, it is our collective assessment that our military sealift capacity, organic, commercial, and the mariners that crew them, is sufficient to meet our deployment surge requirements in accordance with our national military strategy with acceptable risk.

Over the last 20 years, a series of mobility capability assessments have validated an enduring requirement of roughly 20 million square feet of roll-on/roll-off space, that is about 91 vessels, the ability to surge 34,000 containers, 86 petroleum tanker ships and a myriad of specialty ships, such ships that enable us to bring joint logistics over the shore to create multiple dilemmas for any adversary and multiple options for joint force commanders.

However, despite being in good shape today, we are keenly aware of two trends that are cause for concern and action to ensure that the strategic logistics remains a competitive advantage of the United States.

We share MARAD's concerns regarding the health of the U.S.-flag commercial sealift industry. DOD's emergency preparedness programs, like the Voluntary Intermodal Sealift Agreement, known as VISA, and the Voluntary Tanker Agreement provide access to commercial fleets. And DOT's [Department of Transportation's] Maritime Security Program provides incentives for carriers to retain the U.S. flag.

These programs not only enable DOD to gain critical access to U.S. commercial vessels, but also access to global networks and the merchant mariners that I mentioned earlier.

The MSP program provides ready access for up to 60 commercial ships and is dependent upon three legs of a stool: the first being government-impelled cargo, the second commercial workload, and the third a congressionally appropriated stipend to offset the costs of operating under a U.S. flag.

We think our reliance on the commercial industry for ships and mariners is a cost-effective means of providing military sealift when compared to the cost of building an equivalent government capability.

The national security sealift policy underscores our role as a maritime nation and clearly articulates the need for DOD to retain the ability to respond unilaterally to security threats.

We appreciate MARAD's efforts and congressional interest in stemming the decline of our U.S.-flag merchant fleet in order to

sustain our current capacity that is so necessary to retain our DOD readiness.

The second area I will just touch on briefly of concern is the emergency age-out of our government organic sealift fleet. The average age of this fleet is approximately 40 years old and our first vessels will begin to reach their 50-year life service in 2020.

As a result, the United States Navy is developing a sealift recapitalization plan to prevent loss of DOD's capability to assure we have sealift requirements. And we appreciate Mr. DiLisio's outstanding efforts in this area.

Finally, I will highlight what many senior DOD leaders and the service chiefs have already addressed, and that is how the emergence of great-power competition changes the way we need to think about maintaining the competitive advantage that USTRANSCOM brings.

The joint operating environment is changing rapidly and not necessarily in predictable ways as emerging adversaries will attempt to counter U.S. interests and contest our operations in the domains of cyber, space, air, and maritime in ways that we have not seen before. Given all of this, we are confident that our need to project power will not decline.

In closing, I again want to thank this committee and my colleagues from the Navy and MARAD for your continued leadership at this critical time in our nation's history. I look forward to your questions and ask that my written statement be submitted for the record.

Sir, thank you.

[The prepared statement of General Lyons can be found in the Appendix on page 44.]

Mr. FORBES. Without objection, all the written statements will be submitted for the record.

And Mr. DiLisio, we are glad to have you and look forward to your comments.

STATEMENT OF F. SCOTT DILISIO, DIRECTOR, STRATEGIC MOBILITY/COMBAT LOGISTICS DIVISION (OPNAV N42), OFFICE OF THE CHIEF OF NAVAL OPERATIONS

Mr. DiLISIO. Thank you, Mr. Chairman. Chairman Forbes, Ranking Member Courtney, distinguished members of the subcommittee, thanks for the opportunity to speak about the state of readiness. I also have not only sealift, but the Combat Logistics Force [CLF] and a bunch of special mission ships that do all kinds of great things for our nation.

We continue to meet operational requirements while driving innovative and nontraditional solutions to global logistics. I am honored to be joined today by Deputy Commander U.S. Transportation Command, Lieutenant General Lyons and the Maritime Administrator, Mr. Jaenichen. We are true partners. We work very hard together, and we have worked very hard on some of these issues we are about to talk about.

I want to take a brief minute and talk about someone other than the mariners and recognize the people of the Military Sealift Command [MSC] and the Maritime Administration. The ships and fa-

cilities they operate worldwide would not work without the skilled operators and support people. And they create our readiness.

The Combat Logistics Force and strategic sealift missions are accomplished by an organic fleet comprised of 122 ships. These ships support numerous missions, including at-sea resupply of our naval combatants; pre-positioning of critical unit equipment; ammunition and sustainment for Marine Corps, Army, and the Air Force; humanitarian assistance and disaster relief activity; towing; diving and salvage operations worldwide; rapid intratheater movement of cargo and personnel; and afloat staging capabilities.

The Navy's Combat Logistics Force ships resupply Navy forces at sea, enabling carrier strike groups [CSGs] and amphibious ready groups [ARGs] to operate forward and remain on station during peacetime and war.

The Combat Logistics Force ships include replenishment oilers, T-AOs; fast combat support ships, T-AOEs; dry cargo and ammunition ships, T-AKEs. The T-AOs primarily provide fuel, but they are limited in their ability to provide dry cargo. T-AOEs and T-AKEs are multi-product ships.

This year, we will begin recapitalizing our oilers with the award of the USNS *John Lewis* (T-AO 205) would be our newest oiler.

The strategic sealift program provides necessary transportation of Marine Corps and Army combat equipment, fuel, and sustainment. The capabilities are provided to the combatant commanders through three methods: afloat pre-positioning, surge sealift, and sustainment shipping. Methods encompass 85 organic ships with each providing a crucial set of capabilities when called for tasking or activated for service.

The pre-positioned fleet is strategically located in key areas based on anticipated need, ensuring ready access for contingencies. Doing so provides flexible, rapid response of military equipment, combat gear, supplies essential to sustaining initial phases of contingencies, including major combat operations.

The Expeditionary Transfer Dock [ESD]—and Mr. Chairman, I promised you I would use both sets of acronyms until we are all comfortable with them—formerly the Mobile Landing Platform, MLP, joined the large, medium-speed, roll-on/roll-off ships as part of the maritime pre-positioning force.

The combination enables greater sea-basing capability and increased flexibility across the operational area. The ESD is a tremendously versatile ship and will act as a floating base for expeditionary operations.

Equipped with a deployable vehicle ramp, the ESD is an intermediary transfer point for troops, equipment, and sustainment moved ashore by landing craft, air cushion, and, here is the other one, Expeditionary Fast Transport, EPF, formerly Joint High-Speed Vessel [JHSV].

The EPF is designed for high-speed intratheater transport. Experimentation is revealing more potential missions to include high-speed logistics shuttle work, humanitarian assistance, theater security cooperation, and security force assistance.

Surge ships are the second subset of sealift, and we will talk about that more. And I will cut my comments brief. We have talked a bit about the surge.

Right now, we are working with fleet commanders to complement both Combat Logistics Force and strategic sealift capabilities by examining innovative ways to improve capability and capacity to perform theater security cooperation missions that also enhance overall Navy combat force capability. This is done through a variety of adaptive force packaging. These can create cost-effective opportunities for our fleet to expand support missions and sustain global presence.

We will continue to support forward presence, relieve stress on the rest of the force through traditional and innovative approaches. We will continue to rely on the CLF force to include our new ships that we are introducing and strategic sealift as they contribute to the Navy's tenets.

I also want to thank you for your continued support of our force. And thank you again for the opportunity to appear before the subcommittee. Thanks.

[The prepared statement of Mr. DiLisio can be found in the Appendix on page 54.]

Mr. FORBES. Well, thank you so much for being with us, and for all of our witnesses.

I am going to defer my questions until the end. I have a number that I just need to get on the record, but I want to make sure all of our members can get their questions in first.

Mr. Courtney, if you don't mind, I have one motion to make before I recognize you.

Mr. Garamendi has joined us and we are glad to have him. And I would just like to make sure he can ask his questions. So I ask unanimous consent that non-subcommittee members be allowed to participate in today's hearing after all subcommittee members have had an opportunity to ask questions.

Is there an objection?

Without objection, non-subcommittee members will be recognized at the appropriate time for 5 minutes.

Mr. Garamendi, we are glad to have you with us today.

Mr. Courtney, you are recognized for any questions you might have.

Mr. COURTNEY. Thank you, Mr. Chairman.

And thank you to the witnesses.

Mr. DiLisio, I rode on the USNS *Trenton* last summer from New London to Rhode Island, and I just finally got straight in my head what a Joint High-Speed Vessel is, and then you guys changed the name on me.

[Laughter.]

So it is an EFP?

Mr. DiLISIO. EPF.

Mr. COURTNEY. EPF, okay. Anyway, yes, that is right.

Mr. Jaenichen, I want to again just kind of drill down a little bit on the Maritime Security Program because there has been obviously Congress has been sort of back and forth on this as well as the budget that came over.

So last year we authorized \$5 million per ship in our authorizing language for this program. The omnibus then funded about, I think, \$3.5 million per ship. And the President's budget comes over at \$3.1.

Obviously, you all made pretty powerful statements about how critical this is, about keeping the fleet together. What is the right price point? And is \$3.1 really too low? And if it is too low, what does that mean in terms of, you know, just trying to, again, keep this mission going?

Mr. JAENICHEN. Congressman Courtney, I certainly appreciate the question. First of all, I greatly appreciate this subcommittee's support for the authorization of the \$3.5 which was subsequently approved in the consolidated appropriations of 2016, which also include the authorization for just shy of \$5 million for 2017 in the fiscal year budget.

At the time that was approved by Congress and signed by the President, the fiscal year 2017 budget was already prepared and was in preparation to come over to Congress to meet the President's budget request drop to Congress on time.

We had insufficient time to actually analyze that. If you take a look at the Maritime Administration's budget, if you take a look at my 2016 enacted budget of \$399 million, that would be an additional \$90 million about because we received \$210 million to support the MSP program at \$3.5. That is about 22 percent of MARAD's budget that was enacted.

And if I compare that to the \$423 in the President's budget request, it will be a 27 percent increase because it would require an increase of \$114 million. That was not something we were able to analyze at the time the budget was dropped.

The budget was prepared based on the program of record which authorized \$3.1 through fiscal year 2018. But what I will tell you is, as General Lyons pointed out in his opening statement, there are three things that the Maritime Security Program relies on. The first is it requires access to government-impelled cargo. Those cargoes have decreased by 75 percent since 2011, and so that has actually put downward pressure on the viability of the fleet.

Additionally, the overcapacity in the global market. We have seen freight rates that are the lowest they have ever been in nearly several decades. The result of that is, in order for the MSP fleet to be viable, there is really only one place to go and that is the stipend amount to ensure that the fleet can remain viable.

We have already pointed out that it is very vital. It is the core of our U.S.-flag international fleet. It is 60 out of the 78 ships that we have currently. We have 57 that are currently sailing in the program, as I pointed out in my opening remarks. That fleet is critical for national security to be able to globally project and sustain the Armed Forces.

So hopefully that answers your question.

Mr. COURTNEY. It does. So again, just so we are clear, the request that came over then was sort of a legacy request from a prior policy that—

Mr. JAENICHEN. It was the program of record at the time the budget was prepared.

Mr. COURTNEY. Okay. I will take that as a green light for our subcommittee to revise.

Another issue which again went sort of back and forth last year was the issue of the maritime academy training ships, which I mentioned in my opening remarks.

By our count, this issue has been studied five times going back to 2007 and most recently in 2015 where, you know, it is pretty clear that, you know, failure to act on this is going to create a hole in terms of training those critical positions that you talked about.

So unfortunately, though, the 2017 budget that came over, and I realize you have your, you know, limitations about, you know, what your testimony can be, but it requests \$6 million for another study of requirements and alternatives for training ship needs.

And you know, I just, you know, clearly the clock is ticking here in terms of the age of these training ships. And every study that has been done I think has been a pretty powerful endorsement about the fact that we need to move forward.

And again, without having you, you know, sort of get sort of juxtaposed to the budget that your Department sent over, if we don't start—in terms of the timeframe we are in right now with that old ship that is coming off at SUNY Maritime in 2019, if we don't start cutting some steel and creating and building a ship pretty soon, I mean, is it going to be too late to, you know, heel-toe to keep at least that fleet sized where it is today?

Mr. JAENICHEN. Ranking Member Courtney, I certainly appreciate the question. First of all, in your opening remarks you highlighted the impact of the *Empire State* in terms of the training capacity for the State maritime academies. It is about 36 percent.

As you noted also, the vessel is 55 years old. It has its classification from the American Bureau of Shipping through 2019, as well as a certificate of inspection from the Coast Guard.

There is a potential to be able to conduct a service life extension of that vessel. However, I am concerned about the cost and whether that is the right approach.

We have done an estimate based on an ABS [American Bureau of Shipping] survey. We take a look at the deferred maintenance. We have also taken a look at a crew assessment. And I have also had my ship surveyors down onboard the ship. And then we had an independent organization actually evaluate what it would cost. And the estimated cost is \$104 million to be able to do a service life extension on that ship.

Normally if you had a 15-year-old ship, a service life extension would be about 10 years. I cannot guarantee that spending that amount of money would give us 10 more years on that particular vessel. It may give 3, it may not give any because there are so many unknowns with regards to when you have a vessel that old.

I am concerned about the capacity. The study that is requested in fiscal year 2017 is to do an independent validation of several requirements. In addition to the requirements, are there other alternatives?

We have done most recently last year a study that was conducted by Volpe [The National Transportation Center], which did a business case analysis, which took a look at the options. That is available and we can share that with the committee if desired.

We recognize that this is a very costly program to be able to exercise and to be able to put a training ship fleet together, so that study is an attempt to make sure that we have done everything we can to take a look at what alternatives are available to do that independent validation.

If it were left up to me, I would try to move that up as quickly as I can to be able to support building a fiscal year 2018 budget which I have to do this summer. And so I will endeavor to do that if at all possible using the appropriated funding that we currently have.

I greatly appreciate the support of Congress to dedicate the \$5 million to be able to do the construction design. And we fully intend to execute that money this year, as intended.

Mr. COURTNEY. Well, thank you. And again, I think reading between the lines we can sort of get some direction about where we may want to head in a couple of weeks on this issue.

Lastly, you know, again, this perennial question of the Jones Act in terms of its justification is being talked about by a lot of our colleagues in different committees and possibly in different legislation.

Can you talk about what the impact of repeal of the Jones Act would be in terms of, again, the mission that, you know, the witnesses have to carry out every day?

Mr. JAENICHEN. Thank you, Ranking Member Courtney. A repeal of the Jones Act, I think, would be traumatic for the U.S. merchant marine. And I will give you several reasons.

Currently today, the shipbuilding construction order book has 32 vessels on it. Twelve of those are tankers, 20 of them are articulated tugs and barges. It also includes six other type vessels. Two of those are roll-on/roll-off container vessels that are being built at VT Halter [Marine] and also some additional container vessels to be able to support both the Hawaii trade and the Puerto Rican trade.

That ship construction that is going on in U.S. shipyards, is actually in conjunction with the other Federal shipbuilding that we do. If you take away the building requirement by repealing the Jones Act, that construction does not occur.

And as a result, what ends up happening is the Federal Government will now incur all of the overhead costs. I very much doubt that we would build one of our ships for the Navy or one of our other Federal agencies overseas. So that overhead now comes to us, which would exponentially increase our costs to be able to maintain those shipyards viable and that industrial base which is critical.

Our concern here is, if we ever had to ramp up, for whatever reason, that capacity will be lost and it is not something that could be recovered easily.

I am also concerned about the loss of the mariner jobs. As we talked about earlier, we are at the very cusp of not being able to do. We can do the surge and we are right at the very edge of being able to do that. But we cannot sustain longer than 3 to 4 months the capability to provide logistics movement to support the Department of Defense.

If the Jones Act goes away, we currently have 92 ships that are operating under the Jones Act under the U.S. flag. The total fleet of self-propelled vessels greater than 1,000 tons is 170; 78 are in the international trade and 92 in the Jones Act. That is what is supporting that 11,280 mariners in our mariner pool currently today.

Without the Jones Act, that goes away, I can't support DOD, I can't support national security.

Mr. COURTNEY. Thank you.

And thank you to all the witnesses.

I yield back.

Mr. FORBES. The distinguished gentleman from Alabama, Mr. Byrne, is recognized for 5 minutes.

Mr. BYRNE. Thank you, Mr. Chairman.

And I might note for the panel that my Uncle Jack graduated from the Merchant Marine Academy and unfortunately, like so many of the men that served in World War II, he was lost at sea. So I know that the people that participate in this activity are not doing so risk free. And I appreciate every day what you do and the sacrifice that the people that you work with make.

Mr. DiLisio, I want to talk to you, and I get confused by the acronyms, too, about the Expeditionary Fast Transport Vessel, the EPF. I don't know why it is not the EFT, but it is the EPF, so I will get used to that.

As I understand it, the original plan was to build 18. We have delivered six and six are in various phases of construction or have been contracted for at the very least.

In the last 2 years, the administration has not asked for any additional of these vessels, but the Congress has gone ahead and authorized and appropriated one each year.

So you just described that the missions that that vessel can perform have actually broadened. You have discovered more things that it can do.

Talk a little bit about how important that vessel is and what you would be able to do if you had the full complement of 18.

Mr. DiLisio. Thank you for the question. Most of what we are finding out right now is through experimentation. So there is quite a difference between being interested in experimental work vice full deployment. And as you might gather, we are into our early deployments on these ships.

So I have really only got two ships that are in full deployment status and two coming. The total complement was 10, not 18. We had truncated the program at some point in time to 10.

And the interesting part is they are good for 270 days a year. We couple about 90 days for maintenance for a ship. These ships, because they are made out of aluminum and they are fast transports, they have to be dry-docked every year.

So there is a trade-off between me telling you thank you very much for the additional ship and then me figuring out how to blend in the operational costs of that across the total force. And so I pick up a dry dock every year for every ship I get. And so it does become a challenge balancing that.

That said, I do believe over the course of the next year or so we are going to find that that ship is very versatile. I am sure you have heard some noise—news—you have heard some news about—

Mr. BYRNE. Sometimes news up here is noise.

Mr. DiLisio. It could be.

[Laughter.]

That was maybe a Freudian slip.

But you have heard about some of the things we are learning as we operate the ship. We have taken the ship into higher sea states in some cases and had some cracking. We have gone and fixed those. So we are kind of in the infant stage with the EPF.

I do believe that ship will grow up very fast, but there is a trade between every ship we add, and then how wide I can space the operational costs as we utilize that force.

I hope that answers your question.

Mr. BYRNE. It does. But expand upon the various things that you are finding out, even though some of it is experimental. What are the various new things that you are finding out that it can do?

Mr. DiLISIO. Fair enough to say that it is a large, open space. If you can envision the mission space of the ship being large enough to carry six Abrams tanks, it has got a lot of open space. So anything you can do in modular fashion and you can drive up the ramp, anything that you can put into a 20 foot by 20 foot container or a 20-foot-long container, it could be a special missions operation, it could be anything you could put in a 7-meter or 11-meter RHIB [rigid-hulled inflatable boat] off the side of the vessel, it could be anything you can fly off of the flight deck, whether that is manned or unmanned. And I am just kind of giving you a wide scope of things that are opportunities.

And they operate all over the world. So also you could get into a modular form of logistics supply and delivery for other ships, anything that you can bring up that ramp.

We talked a little bit about the ESD that is also in the Pacific. The EPF can mate skin-to-skin with that ship and reconfigure loads at sea, up to sea state about two-and-a-half. So if you are in fairly calm seas, reconfiguration at sea is now a possibility.

We had always wanted sea-basing capability over time, and this gets us closer to it.

Mr. BYRNE. Well, I thank you all for what you do. We need to do a better job, I think we all agree on that, in supporting what you do. Because your support capability and your support activities are so very important to our ability to defend the country. So I know our other members of the subcommittee, we are all going to try to find some way to help you out. But it is a tough budget environment.

So thank you, and I yield back.

Mr. FORBES. Thank you, Mr. Byrne.

The chairman of the Readiness Subcommittee, Mr. Wittman, is recognized for 5 minutes.

Mr. WITTMAN. Thank you, Mr. Chairman.

I want to thank our witnesses today, Mr. Jaenichen, Lieutenant General Lyons, thanks so much for all of your efforts and appreciate what you do and the challenges that you meet.

Mr. Jaenichen, I wanted to ask you—I am sorry, Mr. DiLisio, too. I'm not forgetting your presence here. I want to thank you, too.

Mr. Jaenichen, I want to ask you, specifically with the Maritime Security Program, as you know, Congress has authorized about \$5 million per ship stipend to retain those vessels, to make sure we have them on standby with the necessary capacity. Yet the fiscal year 2017 budget request supports \$3.1 million per ship.

If the Congress supports the administration's request, then obviously there is going to be a shortfall there in creating less capacity than what you all project that is needed to make sure we have those ships available.

So tell me what happens if Congress funds the stipend at \$3.1 million versus the \$5 million per ship.

Mr. JAENICHEN. Congressman, thank you for the question.

First of all, I need to talk a little bit about, as I mentioned earlier, the requirement for the MSP program at its inception was really based on the three-legged stool that General Lyons referred to. Two legs of the stool have almost gone away with regards to the access to government-impelled cargo and also commercial cargo, which really leaves the stipend as the only place to go.

In 2011, based on a 2010 baseline, MARAD conducted a study and we estimated that the average differential cost to operate a U.S.-flag vessel versus a foreign-flag vessel was about \$4.6 million. If you progress that to fiscal year 2016 numbers, it is somewhere between \$5 and \$7 million and our average is based on a back-of-the-envelope review of some of the assessments of the operators' costs as about \$6.1.

That authorization that was provided just shy of \$5 million in the consolidated appropriations is about the right number. The industry has told us that is the right number.

At \$3.1, I can't guarantee that the fleet will be able to stay what it is currently at the ship mix and the operators that are currently in the fleet today. They are severely challenged. The entire global industry is losing money as are the operators that are participating in the MSP program.

Mr. WITTMAN. Do you believe—you pointed out capacity and only 78 ships available in the domestic fleet, 60 of those contracted under MSP.

A couple of questions. With this shortfall, it seems like, to me, we could lose even more of those ships of the 60 that we need. So not only are you in a situation with current need, but even the surge capacity with us going down to 78 ships is now in significant jeopardy.

So give me your perspective on how do we get to the right place in this with requesting fewer dollars per ship, knowing what that creates and those ships moving out of MSP, fewer ships overall available in MSP and only having 60 ships today. It seems like, to me, we have got a train wreck coming.

Give us your perspective on what we need to do to make sure that that doesn't happen.

Mr. JAENICHEN. Thank you, Congressman.

Just to make sure, there are 57 ships of the 78 today. We have approved one additional ship to come in, but it is not under U.S. flag yet, to replace one of the RO/ROs [roll-on/roll-off ships] that caught fire last summer. And we are currently reviewing essentially the requests for two additional vacancies that currently exist in the program.

With regard to the program itself, that 60-ship capability is extremely important. But our challenge, as I pointed out, as I was answering Ranking Member Courtney's question, the budget that

we submitted in fiscal year 2017 was based on the program of record at the time the budget was developed.

There was insufficient time, as I mentioned before, to be able to do an assessment to get increased to the authorization that was provided by Congress in the consolidated appropriations for 2016.

Mr. WITTMAN. Let me ask this, too. This isn't only an issue about the number of ships, but it is also an issue of our merchant mariners. If there is not a demand there for the merchant mariners, then our cadre of folks that we need to take these ships to sea, to run them, to make sure we have that capability there, not just the capacity, but the capability in the merchant mariners goes away, too.

Give me your perspective on where this leaves us, too, with the merchant mariners that we need to make sure MSP is successful.

Mr. JAENICHEN. The real critical aspect is I need to have an active fleet that actually has the mariners that are sailing on a daily basis.

We have done an estimate. In order to activate the ready surge capability that we have in the organic government or the government-owned fleet, we currently today have about 627 mariners that are keeping them in that ready-5 status that General Lyons talked about in his opening remarks.

To be able to activate all of those vessels, and that includes the 15 for Military Sealift Command and also the 2 Missile Defense Agency ships that I also support for special mission, requires an additional 1,300 mariners to be able to activate them and then push them out to where they need to go to be able to support that global projection and sustainment of our Armed Forces.

We can do that with the current number of mariners for about 3 to 4 months. It is that first crew rotation that is critical and that is what I cannot be able to guarantee at this point.

With the number that I have today, I have a very, very small margin to be able to say that I can do that and surge that fleet completely.

After the 4-month period, again, I can't do that. I would need at least 40 more ships sailing actively under U.S. flag and the mariners there to be able to guarantee you that I can provide sustainment.

We have a perfect storm coming. And the perfect storm is the fact that starting on the 1st of January of 2017 the International Maritime Organization [IMO] Standards for Watchkeeping and Training [STCW—Standards of Training, Certification, and Watchkeeping] come into effect. Those requirements are different. If you are not actively sailing today, which means that you are not actually being paid to get that upgraded license to be able to meet the STCW requirements, you are likely not going to do it because it is going to come out of your pocket.

So in past situations where we have had to surge the fleet, we have actually had mariners that have come out of retirement to be able to do that. They will not be available to us after January of 2017.

And the impact is, if I were to use some of those mariners without those STCW endorsements, they do not have to allow our ships

into the ports where we potentially have to debark the equipment to be able to support DOD's operations.

So the impact is, is we are very close to not having enough mariners. And I am concerned at what happens in the future.

It is also a very aging workforce. And I am concerned that they could retire on us. And again, I don't know where that point is, but we are getting very close to it.

Mr. WITTMAN. Thank you, Mr. Chairman. This seems to be a strategic catastrophe in the making.

Mr. FORBES. I agree.

The gentlelady from Missouri, Mrs. Hartzler, is recognized for 5 minutes.

Mrs. HARTZLER. Thank you, Mr. Chairman.

You know, one of the greatest privileges that we have as Members of Congress is to get to appoint or nominate young people for the service academies. And I know that there is a merchant marine academy. I have had the privilege of sending a young lady from our district there. She loves it. And she and her family can't say enough great things about it.

So looking at the shortfall that you are talking about here in manpower, can you just give me kind of an update? I haven't had the privilege yet of visiting, it is on my to-do list. But how many people are going through the academy, and if you think this might be a bright spot in helping meet these shortfalls?

Mr. JAENICHEN. Thank you for the question, Congresswoman.

Currently today there is about 250 in each incoming class. We graduate around 200 on an annual basis, 25 percent of them go on to active duty into one of the branches of the armed services, and then about the rest, 75 percent, will actually sail on our commercial fleet.

That number today, and if I combine that with the six State maritime academies, I produce about 900 mariners a year. The only ones that are required to sail are the ones that go to Kings Point and those that receive what we refer to as a student incentive program stipend, which is \$8,000, and they have about a 3-year service obligation. Those that go to Kings Point have a 5-year service obligation.

I am concerned. There was a study that was completed by the Secretaries of Labor, Education and Transportation. That report was released in August of 2015. And in that we used a 2012 baseline in terms of the age demographics for the seafarers.

We need 70,000 new mariners by 2022. Half of those are licensed officers. The programs that you are referring to, both Kings Point and the State maritime academies, are producing only about 900 of that shortfall. So we are going to be far short of being able to meet that requirement that we know is coming in 2022.

There is ample opportunity and there is great opportunity for those seafarers. But again, it relies on the U.S.-flag fleet.

As I mentioned earlier, if the Jones Act were to be threatened, those jobs would go away. That creates a challenge for our seafarer workforce.

Mrs. HARTZLER. Do you see any opportunity or changes being made in your training and your recruitment of young people to help

make up the shortfall? So if I heard you right, you need 70,000 new people by 2022—

Mr. JAENICHEN. 2022.

Mrs. HARTZLER [continuing]. And you are only graduating about 900 a year. So what are some other programs that you have out there to try to meet the shortfall?

Mr. JAENICHEN. Thank you. We are currently working with the Military Sealift Command. We are also working with the American Maritime Partnership. We have recognized that veterans, as they are leaving the services, many of them have seafaring capabilities, those that are operating Army watercraft, those in the Coast Guard, and those in the Navy.

We are working on a military-to-mariner program because we think that is a way that we can potentially get the shortfall within the Committee on Marine Transportation System, the CMTS. We are working with our 27 agencies on an integrated action plan to be able to get to the heart of that.

The real issue is how they get credit for the courses that they take over the course of their military career to be able to get a U.S. Coast Guard endorsement and we are currently working on that particular issue.

The challenge right now is a veteran comes out, he literally has to start from scratch because he gets no credit for any of the experience or any of the training that he has had. So we are actually getting to the heart of that.

Obviously there are other ways to do it, but we do have limited capacity. We are pretty much, in terms of what we are doing at Kings Point, we are at capacity there with regards to what we are able to do and the State maritime academies are at capacity as well.

Obviously, the training ship fleets which supports—in order to get an officer's license requires 360 days during the period of time that you are actually training for that endorsement. That is difficult to obtain. The State maritime academies do it through a combination of training ships sailing, typically they have 100-day cruises every year, and then they also have to have some commercial time. Kings Point does it by sailing commercially for 1 year out of the 4 years that they are taking their curriculum.

So that actually is one of the challenges, just capacity. Obviously, as the fleet size has decreased, our ability to place cadets and midshipmen on those fleets is reduced as well. So I am concerned about our capacity to train as well as the ability to meet the demand of the future mariner workforce.

Mrs. HARTZLER. Well, I commend you for thinking outside the box. I think especially targeting veterans, I think, makes a lot of sense. And if there is any help that we can provide to helping so that they qualify more easily, it just makes a lot of sense and I know we will be here ready to help.

Mr. JAENICHEN. Thank you, Congresswoman.

Mrs. HARTZLER. Thank you. I yield back.

Mr. FORBES. Gentlemen, as we mentioned to you before we started, we now have a series of votes. I think it is five votes, if I am not mistaken. And so if it is okay with you we are going to recess during those votes and then we will all come back after that time.

So we stand in recess until the completion of these votes.

[Recess.]

Mr. FORBES. Gentlemen, we are going to go ahead and get started, if it is okay. Mr. Courtney said that was okay with him.

And I have a few questions. As you know, I deferred mine until after the other members, and then Mr. Garamendi will have his time for questioning.

But General, if you could, and these are some questions we just need to get on the record for our transcript, but how many ships are required to support the Maritime Security Program?

General LYONS. Sir, thanks for the question. TRANSCOM fully supports the 60 ships that are in the Maritime Security Program and the capability that brings.

Mr. FORBES. In your best, professional military judgment, is there a sufficient analysis to underpin the 60-ship military requirement?

General LYONS. Sir, there is. Really, over the last 20 years we have done several mobility capability assessment studies, all arriving at similar types of conclusions in terms of the types of vessels and the capability we need to surge. So yes, sir.

Mr. FORBES. In your best, professional military judgment, does the fiscal year 2017 budget request support the 60-ship MSP requirement?

General LYONS. Sir, it does support a 60-ship MSP requirement. You know, the big question alluded to earlier is, are those incentives inside that program sufficient to retain the U.S. flag. And I think Administrator Jaenichen addressed those earlier, sir.

Mr. FORBES. Mr. Jaenichen, TRANSCOM has indicated a military requirement of 60 ships. Once again, can you explain the impact of the fiscal year 2017 budget proposal to the MSP force structure?

Mr. JAENICHEN. Thank you for the question, Chairman. The 60 ships in the program, obviously when we submitted the 2017 budget, that was at the program of record at the time, which was at \$3.1.

My concern with regard to the fleet today is, as a result of the downward pressure that we have seen on their ability to get both commercial and the decrease that we have seen in government-implemented cargoes has put significant downward pressure on the fleet.

The stipend amount today, I cannot guarantee that that is sufficient to keep those vessels in the program. And as we have indicated, all the three of witnesses have said, those 60 ships are important for our national security.

And the operators themselves who have those agreements, they have to make financial decisions based on what they are able to do. And if it is losing money, then they are not going to be able to stay in the program. We have seen that before. They have told us that the reason for reflagging or to flag out of the program is because they can't make it financially viable.

Mr. FORBES. If you had to venture your best estimate based on the fiscal year 2017 budget and what it would do to the force structure, how many ships do you think it would reduce the structure by?

Mr. JAENICHEN. I can't give you a number, Chairman, in terms of what it would be. I know that there could be an adverse effect; I just can't tell you what that would be.

Mr. FORBES. That is fair.

General, what is your assessment of our U.S. mariners' ability to sustain a full-scale mobilization of the Ready Reserve Force?

General LYONS. Chairman, I think where we are today, we would be able to support a surge of the force. But as Administrator Jaenichen indicated, we are in a downward trend in the number of mariners. We are very, very concerned. We are right on the margin between medium and high risk to be able to mobilize that fleet. And of course, the bigger issue is to be able to sustain that fleet over a long period of time, prolonged period of time.

So we have some serious concern. Even though today I think we are okay, we have some significant concerns about that capability in the future.

Mr. FORBES. Could you help me in terms of surge capability and tell me, we could do it initially, could we sustain it over any length of time? And if so, what would your approximate length of time be that you would tell the committee?

General LYONS. You know, Chairman, difficult to say. Enemy gets a vote how long the duration of that conflict, per se. Administrator Jaenichen, I think, has indicated in his mariner assessment that we would be able to surge the fleet and sustain it for a several months, but not much past that point. And I will defer to MARAD on that, sir.

Mr. FORBES. Okay. If our nation loses another 200 U.S. mariners, will we have sufficient forces to even support the initial activation of the Ready Reserve fleet?

General LYONS. Again, you know, MARAD has done a lot of work here. The analysis that I have seen, we have got some concerns about where we are in the threshold. Again, I think we would be able to surge the fleet initially. The ability to sustain that really becomes somewhat problematic for us.

Mr. FORBES. Mr. Jaenichen, could you comment on that, if you would?

Mr. JAENICHEN. Thank you, Mr. Chairman. We have estimated that we need about 11,019 mariners to be able to have the capability to surge. And once we have reached that point, now, my concern is not necessarily being able to surge, but also our assessment is based on today. I can't tell you what it will be 2 years from now or 5 years from now. And I am concerned about our ability to do that in the future as we take a look at the aging demographic of our seafaring workforce.

So we are very close to the margin between that medium and high risk, as I indicated earlier, to an earlier question.

In order to be comfortable with the number of mariners we have, with the STCW requirements that go into effect in January of 2017, we need an estimate of approximately 40 more ships to have sufficient mariner pool that is sailing actively on a day-to-day basis to make sure we have the right number.

Mr. FORBES. If we lost 200 mariners, would we be in high risk?

Mr. JAENICHEN. We would, sir.

Mr. FORBES. General, how important is the Ready Reserve Force to our military's ability to support a full-scale mobilization?

General LYONS. Chairman, it is extremely important. In fact, without that Ready Reserve Force fleet, we would be unable to deliver a significant portion of combat power globally. So we are absolutely reliant upon that capability from the pre-positioned ships that are forward positioned, to the surge fleet, to the Ready Reserve Force fleet. Those are critical in our ability to project power.

Mr. FORBES. Mr. Jaenichen, over the long term would the administration's Food for Peace proposal increase or decrease the number of U.S. mariners?

Mr. JAENICHEN. Thank you, Chairman, for the question. If we go back to the 25 percent reduction that occurred in 2012 when we did the "Moving Ahead for Progress in the 21st Century" that reduced the food aid program from 75 to 50 percent in accordance with a 1954 civilian cargo preference, we estimated at that time we would lose somewhere between 9 and 12 ships.

We have subsequently lost 28. Now, we also recognize that that is coincident with all of the downward pressure on the DOD cargoes, the retrograde from Afghanistan and Iraq. So those all occurred at the same time, which is it is that total government-impelled cargo which has actually caused that.

Our estimate for what is proposed in the fiscal year 2017 budget, we have included in that budget \$25 million as a mitigating factor to make sure that we don't have an adverse effect on the mariner pool, we will be able to maintain some ships, principally the ones that are principally carrying food aid cargo that are not in the MSP. And so \$24 million of that would be dedicated to those non-MSP carriers and then a million would be dedicated to the retraining of the mariners to make sure that we have that capability.

So we recognize that the proposal from the administration does have an impact on the U.S. merchant marine and we are trying to mitigate that with the budget request that has been submitted.

Mr. FORBES. Okay. How does the loss of mariners impact the military's ability to support the Navy's Ready Reserve Force, General?

General LYONS. Chairman, the merchant mariner is inextricably linked to the Department of Defense's ability to project force. And so as I indicated earlier, the predominant cargo, both equipment and supplies, go by sealift. And so without that merchant mariner capability, we don't have a DOD surge sealift capability.

Mr. FORBES. And Mr. Jaenichen, what is the administration's plan to provide sufficient mariners to support sustained operations, not just the initial activation of the Ready Reserve Force?

Mr. JAENICHEN. Thank you, Chairman, for the question. The Maritime Administration is currently working on a draft National Maritime Strategy which we hope to address. And as I indicated to Congresswoman Hartzler's question earlier, we are working within the Committee on Marine Transportation System to put together a "Veteran-to-Mariner" program to try to get at the shortfalls that we are currently experiencing.

Mr. FORBES. Mr. DiLisio, will the proposed inactivation of a T-AOE in fiscal year 2017 increase or decrease our military readiness?

Mr. DiLISIO. Mr. Chairman, our current requirement for CLF ships is 29. The AOE takes us at 30, so that would be losing any margin I have, so I will be right at the margin with 29.

Mr. FORBES. The administration has proposed to eliminate an aircraft carrier, euthanize 11 cruisers, eliminate a carrier air wing, and now inactivate another T-AOE. Is the inactivation of the T-AOE driven by fiscal pressures?

Mr. DiLISIO. Thank you, Mr. Chairman. The USNS *Rainier* is the ship we are talking about right now. And that is a financial trade given the 40-plus million dollars of service life extension work I would need to do to her to keep her in service and the 60-plus million dollars a year it takes to operate her. So as it turns, it is a \$100 million proposition for one ship. The alternative ships are in the \$40, \$50 million a year range.

Mr. FORBES. Okay. Just a couple more questions and then we will move on.

This is for Mr. Jaenichen and General Lyons. There are some in Congress that have indicated that the United States should out-source our military maritime lift capacity to other foreign nations and that U.S. crews should be replaced by foreign crews. Could you both explain the value of an organic maritime lift capability and why Congress needs U.S. mariners in the MSP program and the Ready Reserve Force?

Mr. JAENICHEN. Chairman, thank you for the question. The first thing I would say is the U.S. merchant marine and the mariners that are part of that active workforce have always responded to the call. They are patriotic. They have done what is needed to conduct our sealift requirement. They have never failed to carry our requirements, equipment, supply, materials, to support the Department of Defense operations.

I cannot say the same for foreign-flag crews. We have had several instances in which they have not gone into the theater for their own fear of their own safety.

We also run the risk if you have foreign seafarers that potentially we are at the risk of some political decision by another country who those mariners potentially are national citizens to. And I don't think that is a position that we want to be in going forward.

Mr. FORBES. General, do you have thoughts on that?

General LYONS. Chairman, yes, sir. We believe that the case for a U.S.-flag fleet is compelling. There is no guarantee whatsoever that a foreign-flag fleet will sail into harm's way, as the Administrator said, and we have had cases of that in the past.

Mr. FORBES. Mr. Garamendi, if you would be patient with me, one more. We have the gentlelady from Hawaii and then we will be right to you.

So the gentlelady from Hawaii is recognized for 5 minutes.

Ms. GABBARD. Thank you.

General Lyons, can you speak to your Ready Reserve Force requirements and whether or not you have enough of your either organic mariners or commercial vessels to meet that requirement?

General LYONS. Yes, ma'am. Today we have a capability that I believe is sufficient to meet the national military strategy's requirements with acceptable risk.

The issue we face is where we will be tomorrow. We see some downward trends that are significant in nature, one of which is the health of the merchant mariner industry that we have been discussing and those mariners that not only sail our commercial vessels, but also sail our Ready Reserve Force fleet, our surge fleet crew, our pre-positioned equipment that is out there today.

So we believe we are in good shape now, but we do have some concerns about where we are headed in that as well as the age-out of the organic fleet.

Mr. JAENICHEN. Congresswoman, if I could add just a few comments. First of all, we get great support from our resource sponsor in the Navy. They provide us the funding to be able to maintain the maintenance and repair as well as the crewing dollars to be able to support that Ready Reserve Force in their ready status.

My concern is we are doing that with a fleet that is 39 years old. So as General Lyons pointed out, we have acceptable risk today, but we are doing it with ships, some of the ships that I have in my fleet are 50 years old. We are doing the best we can. Some of the equipment is obsolete; it is no longer made, so we have to take extraordinary measures to be able to maintain the readiness of that fleet.

If that fleet is called, I would like to say that I can guarantee every single time we will be able to do it. But as we get farther in time, and we have every intent to utilize the funding to be able to extend that service life to 60 years, I can't guarantee you it will be able to be able to carry the equipment that we need.

Several of the ships in the inventory are steamships. They are hard to maintain, hard to operate. And if we are surging to be able to support a specific operation and I have a problem on one of those ships that's, you know, 40 years old, we may not be able to support the fight and there are potential soldiers, sailors, or marines that could be at risk as a result of that.

Ms. GABBARD. Similarly, you have talked about the importance of the Maritime Security Program as it relates to your ability to respond and move people and logistics, et cetera. What is the fleet size requirement of the Maritime Security Program?

Mr. JAENICHEN. Thank you for the question, Congresswoman. Sixty has been identified as the number. There has been some mobility and capability assessment, as General Lyons alluded to earlier.

Typically, that fleet is for sustainment. It is a commercial fleet. The surge would actually be done by our organic assets, both with the Military Sealift Command with their pre-po ships and also the Ready Reserve Force ships that we have.

What has happened over time is those ships in the MSP program are typically in commercial service. They will then become available once they are able to position themselves to be able to carry those sustainment cargoes.

The 60 that is there based on the operational requirements, that would require a classified briefing to be able to specifically go through those particular movements that are required to be able to support the most comprehensive and most challenging scenarios that the Department of Defense has. But we need all 60 to be able to do that.

It also makes the assumption that we will have no losses. And we recognize that there are changes in the environment, as General Lyons pointed out in his opening comments, from the standpoint of cyber, from air and maritime defense that that may not be a valid assumption going forward.

And my understanding is DOD is doing a study on the potential risks and what kind of numbers would require to be changed or added to be able to ensure we have the correct capability going forward.

Ms. GABBARD. Assuming that you do have losses and being able to account for that.

Mr. JAENICHEN. Assuming that we could have losses, that is correct, ma'am.

Ms. GABBARD. Right, right. Okay, thank you.

Thank you, Mr. Chairman.

Mr. FORBES. The gentleman from California, Mr. Garamendi, is recognized for 5 minutes.

Mr. GARAMENDI. Thank you very much, Mr. Forbes. And thank you for the courtesy of allowing me to participate.

This is the fourth hearing that I have been in in the last couple of months that deals with this issue.

And Mr. Chairman, you may want to add to your record the hearing record of those other committees. I think it would be useful in that all of those committees' hearings have all come to the same point, and that is that we have a national security issue here, a very, very serious one.

The House Armed Services Committee usually winds up talking about national security and the risks that we run. This is a real one and it is happening in real time.

And I thank you very much for your questions, Mr. Chairman. They were right on. And most of the questions I would ask, you have already done.

I just maybe kind of weave this together from this hearing and other hearings.

Mr. Jaenichen, is it about cargo? Is it really about cargo, that these ships, if they are going to be able to maintain, they have to have cargo? The food aid has been reduced, Ex-Im [Export-Import] Bank has been reduced, and the military's been reduced. Some of those are policy, some of those are fortunately the wars have ground down a bit.

Is it cargo?

Mr. JAENICHEN. Thank you for the question, Congressman. In every situation where we have talked to an operator who has reflagged a ship, he has told us that it is the absence of cargo which has contributed significantly to their decision to reflag or to scrap those vessels.

Mr. GARAMENDI. Okay. And we have talked extensively about the mariners and the average age of the mariners, licensing issues, and the ships that are not available for the mariners to be on. And I won't go into that except that that is obviously a problem here.

It seems to me that what we have is a government and administration that is not looking at all of the pieces of this puzzle and weaving them together in a way that is sensible, both for national security, for jobs, for the shipyards, and the like.

We know that there is a threat on the Jones Act, which testimony already on the record today about the importance of the Jones Act for all the pieces of this puzzle.

We know that the USAID [U.S. Agency for International Development] is determined to cash out the commodity portion of the Food for Peace. We have had testimony here today about the downward pressure that that puts on the maritime industry.

We know that at the moment the Ex-Im Bank is not operable and that there are problems there. And thankfully, we do not have the need at the moment for the military that we have had in the past.

We need to get this together.

Mr. Forbes, your hearing is extremely important, together with the other hearings. And I think as we go through the policy questions and the NDAA [National Defense Authorization Act] and as we talk to the Foreign Affairs Committee, we need to make it very, very clear that this is a national security issue.

Your committee is on this. I know that Mr. Hunter and the Coast Guard Maritime Committee are also on it.

But I think we can weave together here a very compelling argument to sustain the MSP, the Ready Reserve Force, and the mariners that go with it by pushing the Food for Peace back to \$75 [million].

One more question. Where does the \$25 million come from, Mr. Jaenichen?

Mr. JAENICHEN. Congressman Garamendi, that is actually in our budget for the Maritime Security Program for the MARAD budget in 2017. It is actually included so that the total is actually \$211 [million], which is in the MSP request because it includes that \$25 million to support the administration's proposal for additional 25 percent flexibility.

Mr. GARAMENDI. Last year that money came from the Food for Peace program. Is this different this year?

Mr. JAENICHEN. It is an identical proposal to what was in the fiscal year 2016 request, Congressman.

Mr. GARAMENDI. Was the Food for Peace program reduced by the 25?

Mr. JAENICHEN. It is reduced by the flexibility for an intervention that would include a potential local and regional purchase, but I would refer you to USAID for how they would actually execute that particular authorization.

Mr. GARAMENDI. It is just very curious that instead of sending food and we are now taking money out of the food program and circulating it back to the MSP program. It doesn't make much sense to me.

Mr. JAENICHEN. Congressman, we are—I think you have confused it. There was a proposal at one time to be able to use the food aid reform and have money. This proposal is not that. This is just a funding in the MSP line to support the mitigation efforts.

Mr. GARAMENDI. I think we would be better off shipping food and keeping the mariners busy, keeping the ships busy, rather than providing what basically is a welfare program that may or may not keep the mariners busy. It depends whether those ships get laid up or not.

Mr. JAENICHEN. Congressman, that proposal is no longer on the table as under consideration.

Mr. GARAMENDI. Money is fungible and it moves.

Mr. Chairman, I thank you for your committee. And you are onto something very, very important here.

Know that the Subcommittee on Transportation is with you to try to sort this out.

Mr. FORBES. We thank the gentleman.

And Mr. Courtney is now recognized for any questions he may have.

Mr. COURTNEY. Just one quick follow-up.

Mr. Jaenichen, you mentioned to Representative Hartzler a few minutes ago. Again, MARAD is going to be issuing a comprehensive maritime strategic plan shortly. Is that right?

Mr. JAENICHEN. That is correct, Ranking Member Courtney. In fact, we have had that, it is in interdepartmental review now. It has been in OMB [Office of Management and Budget] for a while. I hope to be able to get that out for draft public comment, and then we would take those public comments and then we would finalize the strategy. And I am hoping to have that draft National Maritime Strategy out in the next couple of months.

Mr. COURTNEY. And how many years has it been since the last plan?

Mr. JAENICHEN. The last strategy dates back to 1936 as modified in 1970, so it has been a while, sir.

Mr. COURTNEY. And how many departments did you have to run the traps on this?

Mr. JAENICHEN. During my initial review, we actually started this process back in 2014, the first National Maritime Strategy symposium was held in January of 2014, we held a second in May. Once we got the draft done, we have shared it with the 27 agencies and commissions that were in the Committee on Marine Transportation System and I also provided it and got comments that we included in our draft that we provided to OMB that came from the majors, so Coast Guard, Department of Energy, DOD, Army Corps of Engineers, to ensure that we had it about right.

And so we are in that process now to go through to get final interdepartmental review.

Mr. COURTNEY. So about 80 years and 27 agencies. Again, I just want to salute you for your persistence in this and just tell you we look forward really enthusiastically for the draft.

And I want to thank you and the witnesses for your testimony.

Mr. JAENICHEN. Thank you, Ranking Member.

Mr. FORBES. Well, thank you, gentlemen.

As you remember, Mr. Courtney and I had indicated to all three of you that at the end we would give you whatever time you needed to clarify any of your remarks or to add anything to the record that you thought might be pertinent.

So we will start now, and just thank you again for being with us.

And Mr. Jaenichen, any closing thoughts that you have for us?

Mr. JAENICHEN. Chairman, I would just like to talk a little about the importance of the MSP just one last time. If you recall, we re-

authorized the MSP program out to 2025. And all of the carriers signed up for that program at that time.

The world has completely changed from the time that they resigned those contracts to get out to 2025. And so that timing and the stipend amount that was there, we all recognize that they are under downward pressure, as I have already testified to. So I would encourage the committee to think about that as we go forward in terms of the future viability of the MSP.

The second is the mariners themselves. They are a strategic national asset. That is what allows us to provide national security. If there were any other workforce sector that supported national security, that had experienced a 20 percent loss and reduction in the number of people, there would be a public outcry.

This is a crisis in the making and we are not talking about it. That is one of the reasons why I greatly appreciate this committee for having this hearing today.

The final one that I have is with regards to the recapitalization of the sealift fleet and the training fleets. We are operating old ships. And as a result in operating old ships, it costs more, it is more expensive to continue the operation and repairs. And at some point, we reach a limit and we are not going to be able to operate.

The ships, if they can't operate, if they are in the Ready Reserve Force, I can't provide the requirement to provide that sealift for DOD. And if it is a training ship, I don't have the capacity to train the mariners that we have already identified are essential to our future and to be able to support the Department of Defense.

Mr. FORBES. Thank you.

General, any closing remarks that you would like to offer us?

General LYONS. Chairman, thank you. I think it was said today this is clearly a national security issue. This committee certainly recognizes that strategic mobility is a competitive advantage of the United States.

And sir, I would just like to thank you, leadership, the entire committee for your work to keep our national defense strong. Thank you, sir.

Mr. FORBES. Thank you, General.

Mr. DiLisio, we are going to let you have the last word.

Mr. DiLISIO. That is unusual.

[Laughter.]

What I wanted to do, Mr. Chairman, was we have talked a lot about the MSP program and we talked about mariners. And certainly with my partners, everything they have told you, I agree with.

What I want to remind everyone is that we have 122 organic ships that we did not talk about that use the same mariner pool. And these are organic ships like the pre-positioning ships that are already in place, ready to go in theater in fully operational status with the very same mariners onboard.

So as what we have described as a catastrophe in the making, as the quality of the mariner pool begins to shrink, as the numbers shrink, the people that are going to be on the pointy end delivering Marine Corps and Army equipment is also going to be at risk.

And I will tell you, we pick the best we can find. But 122 organic ships, same mariners. That is all, Mr. Chairman. Thank you.

Mr. FORBES. Gentleman, thank you all so much again for your service to our country and for being here today.
And if there are no other questions, we are adjourned.
[Whereupon, at 4:08 p.m., the subcommittee was adjourned.]

A P P E N D I X

MARCH 22, 2016

PREPARED STATEMENTS SUBMITTED FOR THE RECORD

MARCH 22, 2016

**Opening Remarks of the Honorable J. Randy Forbes
for the
Seapower and Projection Forces Hearing on
Logistics and Sealift Fleet Requirements
March 22, 2016**

Today the subcommittee convenes to receive testimony on Logistics and Sealift Fleet Requirements. I want to welcome our distinguished witnesses and thank them for the time and effort they expend on this most important issue. Today, we have:

The Honorable Paul N. Jaenichen, Sr.,
Maritime Administrator
U.S. Department of Transportation
Lieutenant General Stephen Lyons, US Army
Deputy Commander
U.S. Transportation Command; and
Mr. F. Scott DiLisio,
Director, Strategic Mobility/Combat Logistics Office of Chief of Naval
Operations

Gentlemen, thank you for being with us today and for everything you do to defend our nation.

Since its earliest days, America has been a seafaring, maritime nation with a robust merchant marine. Today, merchant ships carry around “90 percent of everything,” with the total amount having more than tripled since 1970. This seaborne trade fuels our economy and creates critical links with the global commons. Unfortunately for our national security however, this seaborne trade is being increasingly outsourced to other nations and our own merchant fleet is in decline.

Between the years 2000 and 2014, our U.S. commercial fleet has shrunk from 282 vessels to 179 vessels, a reduction of almost 40 percent. This commercial fleet reduction is increasingly problematic for the U.S. military and specifically for the U.S. Transportation Command because these vessels support the military’s maritime lift requirements and their crews provide the manning for military’s mobilization forces. According to MARAD and TRANSCOM’s assessments, a reduction in the overall U.S. commercial sector has severely jeopardized our ability to sustain any level of prolonged military logistics support. Furthermore, we are

perilously close to not having sufficient mariners to support even the initial mobilization of our Navy's ready reserve forces.

Unfortunately, the administration fiscal year 2017 budget request accelerates this decline and weakens our military. The administration has proposed reducing funding for the Maritime Security Program by almost 20 percent. Such a reduction will, in my view, undoubtedly reduce the size of our commercial fleet below TRANSCOM's military requirements and reduce our military's surge capacity. I look forward to better understanding the administration's proposal, but I am determined to change this dangerous trajectory.

Overall, I am concerned that this administration does not fully appreciate the connection between the health of our merchant fleet and our national security. Proposed changes to the "Food for Peace" program, continue to hurt our farmers and our mariners. While these changes would have economic impacts, this subcommittee is focused today upon its harmful impact to military readiness and the security of our nation.

In 1897, Admiral Stephen B. Luce, the first President of the Naval War College said that "Both from the military and economic view, an extensive marine commerce is of primal necessity to a country aspiring to be a naval power." In the years since, America has become the greatest naval power the world has ever seen. But we must not let further decline in either our Navy fleet or our maritime commerce undermine our position.

**Opening Remarks for Congressman Joe Courtney
Ranking Member
Seapower and Projection Forces Subcommittee
Hearing on Logistics and Sealift Force Requirements and Force Structure
Assessment
March 22, 2016**

Mr. Chairman, thank you for holding this hearing on maritime logistics and sealift requirements. Thank you, as well, to our witnesses for being here today.

This is a topic that does not often get the attention it deserves, but is arguably one of the most critical components of our Nation's maritime national security. In 2015 alone, Navy Combat Logistics ships transferred nearly 1 million pallets of dry cargo and ordinance, and offloaded 8.3 million barrels of fuel to Navy ships. Our U.S. flagged sealift ships were responsible for the transport of over 900 thousand tons of dry cargo, much of which was being transported to and from combat zones. These critical capabilities are what allow the United States to project power anywhere in the world without having to depend on foreign vessels.

Unfortunately, we have reached a time period where this capability is being put in jeopardy. In 2012, there were 241 active commercial and Military Sealift Command (MSC) vessels. In just 4 short years, that number has dropped to 208. The Maritime Security Program (MSP) carriers, who operate 60 of the commercially owned sealift ships, continue to operate at a loss due to the expense of sailing their ships under the U.S. flag versus what it costs to flag outside of the U.S.

These challenges have left the U.S. with a pool of qualified mariners that would preclude the Navy from a sustained activation of the 46 Ready Reserve Fleet (RRF) ships. Of the 100,000 credentialed mariners, only approximately 11,280 have sailed in the last 18 months and would comprise the total pool of mariners needed to man the RRF. The Maritime Administration (MARAD) estimates that more than 13,000 qualified mariners are needed to sustain a full activation of the RRF. Should the qualified mariner pool fall below 11,119 which is just 161 fewer mariners than we have today, there would be insufficient mariners to even support an initial activation of the fleet.

I think we can all agree that this puts our national security at unacceptable risk.

We need to now begin looking at a variety of options that will help reverse this trend and ensure there is a viable and sustainable military and commercial sealift capability. Options should include continued recapitalization of the Navy's combat logistics ships,

reconstituting the RRF, increasing the MSP stipends to ensure the viability of that program and, finally, ensuring that our maritime training institutions have the necessary resources needed to provide newly qualified mariners to the workforce.

With regard to maritime training requirements, I understand that MARAD has been working on a design for a new state maritime training vessel that would replace the aging vessels that are in use now. The current aging fleet of vessels supports the training of nearly two-thirds of all new mariners – a critical contribution to the issues we are talking about here today.

According to MARAD's own information, the oldest ship in the program – the TS EMPIRE STATE attached to SUNY Maritime College – is 55 years old and is expected to end its service life in 2019. Again, according to MARAD, loss of this ship alone without replacement would cause a loss of 36 percent of the existing training ship capacity needed for mariner education -- portrayed as "a major setback to meet the rising national demand for mariners" by the agency in its 2017 budget request to Congress.

I want to applaud Administrator Jaenichen for launching this effort to replace the training ship fleet. Last year, MARAD requested – and Congress strongly supported – the allocation of \$5 million to undergo initial design efforts for the new National Security Multi-Mission Vessel, or NMSV. I am disappointed, however, that the new construction funds that we had anticipated seeing in this year's budget did not survive the final stages of budget deliberations.

I am deeply concerned about the impact that this decision, and the resulting delay in recapitalizing these important training ships, will have on the ability of our state maritime academies to provide the trained mariners our nation needs. I think it is important for this subcommittee to understand the requirement that these new ships would fill, and how our panel might be able to support this requirement.

On the RRF side, I would be interested in hearing from the Navy if they have any ideas on how to help reconstitute the RRF, such as amending regulations to allow for ships that age out of the MSP program to flow into the RRF.

Finally, I think it would be helpful to hear from TRANSCOM as to how the MSP program fits in to their overall mission of moving cargo around the world and what the impact would be should that program no longer exist.

Again, I want to thank the Chairman for holding this hearing today, and thank the witnesses for their service to the country and for agreeing to be here today.

**STATEMENT OF PAUL N. JAENICHEN
MARITIME ADMINISTRATOR
U.S. DEPARTMENT OF TRANSPORTATION**

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

Logistics and Sealift Force Requirements

March 22, 2016

Good afternoon Chairman Forbes, Ranking Member Courtney, and Members of the Subcommittee. I want to thank you for the opportunity to discuss the U.S. Merchant Marine's support of our Nation's logistics and sealift force requirements.

To defend American interests and carry out national policy overseas, the United States must be capable of deploying military forces and providing humanitarian assistance anywhere in the world on short notice to meet emergent contingency requirements. Sealift is critical to meeting those requirements. The U.S.-flag fleet of privately owned, commercially operated vessels, along with government-owned vessels, provide sealift surge and sustainment capacity to move equipment and materiel for the Armed Forces and Federal agencies when needed, and where needed, during times of conflict, humanitarian crises and natural disasters. Supporting these capabilities are the Maritime Administration's (MARAD) National Defense Reserve Fleet (NDRF), Ready Reserve Force (RRF) and Maritime Security Program (MSP).

Ready Reserve Force

The RRF fleet of Government-owned merchant-type vessels was established in 1976 as a subset of MARAD's NDRF. The mission of the RRF is to ensure the capability to rapidly deploy military forces and equipment or emergency humanitarian assistance/disaster response supplies to events that require intervention by the U.S. Government. The program began with six modernized NDRF ships left over from World War II and peaked in 1994 at 102 ships. Since then, requirements have changed and the RRF currently consists of 46 ships selected on the basis

of their capabilities, readiness condition, and location to meet Department of Defense (DOD) expected surge sealift needs. This includes 45 RRF vessels that are maintained ready for operation within five days to transport defense related cargo to the area of operations and one RRF off-shore petroleum discharge vessel maintained ready for operation within 10 days. The size and readiness of the RRF is directed by DOD to meet their sealift requirements. While the RRF has not been fully activated, during the 1991 Operations DESERT SHIELD AND DESERT STORM—which predate the Maritime Security Program—78 vessels were activated. Currently there are 46 ships in the RRF. Over the history of the RRF program, there have been more than 600 vessel activations, over half of which were for missions other than to test readiness. The average number of annual activations, including readiness testing, has been nearly 27 since 1990.

The RRF has contributed to the success of numerous U.S. military and humanitarian operations. These include 118 ship activations in support of Operations ENDURING FREEDOM and IRAQI FREEDOM and support for humanitarian and emergency response following Hurricanes Sandy, Katrina and Rita, the earthquake in Haiti, the Ebola crisis in West Africa, and the international effort to destroy the Syrian Government’s declared chemical weapons. While the RRF has provided reliable and safe sealift to support military and humanitarian missions, the fleet is aging. The average age of the fleet is 39 years—well above the normal service life of commercial vessels. MARAD is working closely with DOD to monitor the material condition of the RRF, as well as determining future recapitalization requirements of the fleet.

Maritime Security Program

The Maritime Security Act of 1996 established the MSP which provides direct annual stipends for up to 60 active, commercially viable, militarily useful, privately-owned U.S.-flag vessels and crews operating in international trades. The MSP fleet ensures DOD access to U.S.-flag ships in ocean-borne international commerce with the necessary intermodal logistics capability to move military equipment and supplies during armed conflict or national emergency. The fleet also provides critical employment for up to 2,400 highly qualified U.S. merchant mariners. Under this program, participating operators are required to commit their ships and global commercial transportation resources upon request by the Secretary of Defense during times of war or national

emergency. Of the 78 U.S.-flag vessels that trade internationally today, 57 currently participate in the MSP program. MARAD recently approved one vessel to enter the program as a replacement and is in the process of filling the remaining two vacancies in the program.

U.S.-Flag Merchant Fleet

The total number of vessels in the internationally trading U.S.-flag fleet has varied considerably over the years, rising from 92 in 2001 to 106 in 2011 and declining to 78 vessels today. The decline in this segment of the fleet is coincident with the decline of Government-impelled preference cargoes. Government-impelled cargoes are those which move as a result of direct Federal Government involvement, financial sponsorship of a Federal program, or in connection with a guarantee provided by the Federal Government. In addition to the movement of DOD-owned equipment, Government-impelled cargoes include items supported by, or associated with civilian agencies such as Export-Import Bank, the U.S. Department of Agriculture and U.S. Agency for International Development (USAID) programs. The overall volume of preference cargo transported on U.S.-flag vessels has substantially decreased since 2005, when preference cargoes peaked due to military operations in Afghanistan and Iraq.

The number of U.S.-flag vessels has been trending lower for decades for a number of reasons, and a substantial portion of trend over the past 25 years cannot be statistically explained, although carriers who have reflagged or retired ships out of the U.S.-flag fleet from 2011 through 2013 have stated that the predominate driver in their decision to remove vessels has been the loss of preference cargoes. Vessel owners take into account a variety of factors before making a decision to leave the fleet including government-impelled cargo as well as foreign-flag trading options for their vessels. In individual circumstances, particularly for operators that do not have the benefits of participating in the MSP, loss of government-impelled cargo could influence a vessel owner's decision to retire vessels from the fleet or reflag. Unfortunately, detailed data that would allow the exact calculation of when a vessel owner would make that decision are not available and are difficult to obtain.

What we do know is that the reason that privately owned and operated ships remain in international trade under the U.S. flag is to move cargo. We also know that a reduction to our fleet of U.S.-flag vessels trading internationally means a reduction in mariner jobs in international trade. While this does not preclude these mariners from seeking jobs in the growing Jones Act trade, the number of ocean-going, self-propelled vessels trading in the domestic coastwise trade has stayed roughly the same.

The causes of the falling volumes of preference cargo do not appear to be transient. Continued reductions in the number of garrisoned or permanently stationed U.S. Armed Forces personnel overseas as well as the number of U.S. military bases in foreign countries, coupled with decline in the number of troops deployed for global operations, suggest that DOD preference cargoes are unlikely to increase in the future.

Mariner Availability

MARAD is responsible for determining whether adequate manpower is available to support the operation of sealift ships during a crisis, as set forth in the National Security Sealift Policy – National Security Directive (NSD) No. 28 dated October 5, 1989. MARAD’s assessment of the civilian U.S. Merchant Mariner pool shows that the number of civilian mariners available to crew government sealift ships when activated has declined over the past decade, and the current number of qualified and experienced mariners available may not be adequate in the near future. U.S. mariners serve on all types and sizes of vessels, and their qualifications are not interchangeable. For example, mariners employed aboard vessels in international trades, must meet international standards for training, certification and fitness. Their credentials must carry the appropriate internationally recognized endorsements. These same qualifications are required for employment aboard commercial or government reserve sealift ships. However, only ocean going mariners must meet all of these additional requirements.

The primary source of mariners available to crew government reserve sealift ships is the pool of U.S. mariners actively sailing on board U.S.-flag ships in both the domestic coastwise and international trades. While the domestic trade has grown, the number of mariners with

appropriate credentials serving on large self-propelled ships has not increased proportionately. In addition, the number of U.S.-flag ships trading internationally has declined, further depleting the number of appropriately credentialed active U.S. mariners. The decline in the number of afloat jobs supported by the U.S.-flag international fleet comes at the same time that training requirements for mariners are increasing due to updated Standards of Training, Certification and Watchkeeping (STCW) requirements adopted at the International Maritime Organization that take effect in January 2017. An offsetting factor is that the USMMA and the six State Maritime Academies (SMAs) are graduating nearly 900 cadets per year with the necessary credentials.

Current estimates show that only about 11,280 mariners have the necessary U.S. Coast Guard credentials and recent sea service (i.e., within the last 18 months) to operate large oceangoing ships. This number is sufficient to activate the Federal government-owned surge sealift fleet of 63 ships for a period of four to six months, but it is not enough for sustained operations. Further losses in the number of commercial U.S.-flag ships, and the corresponding loss of mariner jobs in international trade, will significantly impact our ability to crew this sealift fleet. While mariner jobs in coastwise domestic trade are growing in some sectors, they usually do not require mariners to maintain ocean-going credentials. We also anticipate shortfalls in specific skills that require higher levels of experience such as steam engineers and electricians. Given this assessment, I am working closely with the U.S. Transportation Command, the U.S. Navy (Military Sealift Command) and the commercial maritime industry to address the mariner availability issue.

The Department of Transportation's National Maritime Strategy

MARAD is taking action to aid the Department of Transportation's efforts in safe and efficient freight transportation, and to address the issues that challenge the U.S. maritime industry through the development of a draft National Maritime Strategy. We expect to publish the draft strategy in the coming months, which will be available for public comment before MARAD finalizes it. As required in Section 603 of the Howard Coble Coast Guard and Maritime Transportation Act of 2014, the strategy will identify Federal regulations and policies that reduce the competitiveness of U.S.-flag vessels operating in foreign trade; and the impact of reduced cargo

flow due to reductions in military deployment overseas. It will also include recommendations to make U.S.-flag vessels more competitive and increase the use of U.S.-flag vessels in international trade, ensure compliance by Federal agencies with cargo preference laws, increase the use of third-party inspection and certification authorities to inspect and certify vessels; increase the use of short sea transportation routes; and enhance United States shipbuilding capability. Following publication of the draft strategy for public comment, I look forward to providing the strategy to the Committee.

Thank you for your interest our Nation's maritime transportation capacity and capability, the opportunity to provide a status update for our program and to discuss what may be a critical juncture point for the long-term health of the international trading U.S. Merchant Marine. I look forward to any questions you may have.

Paul N. Jaenichen, Sr.
Maritime Administrator

Paul “Chip” Jaenichen was appointed by President Obama and has served as Maritime Administrator since 25 July 2014. He previously served as both Deputy and Acting Maritime Administrator from July 2012 to July 2014.

Captain Jaenichen was a career naval officer, who retired after 30 years as nuclear trained Submarine Officer in the U.S. Navy. His final assignment was as Deputy Chief of Legislative Affairs for the Department of the Navy from October 2010 to April 2012. He served as Commanding Officer of USS ALBANY (SSN 753) from 1999 to 2002 and as Commander, Submarine Squadron ELEVEN in San Diego, California from 2007 to 2008. His shore tours included assignments as Director, Submarine/Nuclear Officer Distribution where he was responsible for over 5200 officers; as Officer-in-Charge of Moored Training Ship 635, one of two nuclear powered training platforms in Charleston, South Carolina, where he was responsible for over 1200 officer and enlisted operators; and as Chief, European and North Atlantic Treaty Organization (NATO) Policy Division on the Joint Staff where he was responsible for military-to-military engagement with all 26 NATO member nations.

Captain Jaenichen’s hometown is Brandenburg, Kentucky. He earned a Bachelor of Science in Ocean Engineering from the U.S. Naval Academy and a Masters in Engineering Management from Old Dominion University. His wife, Paula Auclair Jaenichen, is a National Board Certified teacher and a small business owner in Vine Grove, KY.

Statement of
Lieutenant General Stephen R. Lyons, United States Army
Deputy Commander, United States Transportation Command



Before the House Armed Services Committee
Subcommittee on Seapower and Projection Forces
On "Logistics and Sealift Force Requirements"
22 March 2016

I want to thank the members of the Congress for inviting me and my colleagues here to testify in front of this Subcommittee on Seapower and Projection Forces. A major strategic advantage of the U.S. is its ability to project and sustain forces anywhere and anytime around the globe. I am honored to represent the proud members of United States Transportation Command (USTRANSCOM). Our Service component commands, the Army's Military Surface Deployment and Distribution Command (SDDC), the Navy's Military Sealift Command (MSC), the Air Force's Air Mobility Command (AMC); our functional component command, the Joint Transportation Reserve Unit (JTRU); and our subordinate command, the Joint Enabling Capabilities Command (JECC), in conjunction with the transportation industry, provide unparalleled logistics support and enabling capabilities to our forces, their families, and coalition partners around the world.

Under the President's Unified Command Plan, USTRANSCOM has six designated roles and responsibilities: (1) mobility joint force provider, (2) DOD single manager for transportation, (3) DOD single manager for global patient movement, (4) Distribution Process Owner (DPO), (5) global distribution synchronizer, and (6) provide joint enabling capabilities. Our continued success in these roles depends on preserving an agile and resilient global distribution network – a complex array of capabilities, infrastructure, access, partnerships, and command and control mechanisms. This complex network underpins our Nation's response to emerging crises, and undergirds our warfighters' successes. Through this network, the United States maintains the strategic advantage to project and sustain forces anywhere and anytime across the globe.

Strategic Sealift Requirements

Our nation has been, and will continue to be, reliant on sealift as the predominant means

to move military equipment and supplies in support of global operations. The world's oceans represent the vast deep-blue space over which the life blood of any decisive U.S. combat power must travel. Our nation's strategic sealift capability comprises two distinct fleets. First is the gray-hulled organic fleet, consisting of continental United States-based vessels in a reduced operating status and pre-positioned ships at strategic locations worldwide. Second is a commercial merchant fleet managed by commercial operators, for which the Department of Transportation provides government advocacy. A series of DOD mobility studies, informed by our National Military Strategy, have validated the DOD's sealift requirements as follows: 20 million square feet (MSFT) of Roll on/Roll off (RO/RO) capacity of which 5 MSFT are provided by our commercial carriers, the ability to surge approximately 34,000 shipping containers (20 foot container equivalents), 86 petroleum tanker ships, and an array of special purpose ships. The 20 MSFT of RO/RO capacity (91 vessels) is the most critical to accommodate military equipment and is comprised of forward deployed prepositioned ships and government owned ships in reduced operating status, along with commercial sealift augmentation vessels. It is important to note that the crews for both government ships as well as commercial ships are sourced from the same pool of qualified U.S. Merchant Mariners. The subsequent paragraphs further highlight the afloat prepositioning program, government organic strategic sealift, U.S.-flag commercial fleet, civilian mariner posture, and the challenges of maintaining future readiness.

Afloat Prepositioning Program

Our afloat prepositioning program is managed by our Navy Component Command, MSC, and is an essential element in the DOD's readiness strategy. Afloat prepositioning strategically places military equipment and supplies aboard ships located in key ocean areas to

ensure rapid availability during crisis. The 25 vessels in the prepositioning fleet support the Army, Navy, Air Force, Marine Corps and Defense Logistics Agency, and include a combination of U.S. government-owned ships and long-term charters of U.S.-flag commercial vessels. In addition to combat equipment sets and supplies, this fleet also includes specialized capabilities to include an Over the shore Petroleum Discharge System (OPDS), an expeditionary transfer dock, and aviation maintenance in support of USMC.

Government-Owned “Organic” Sealift Fleet

In addition to the aforementioned prepositioned vessels, the government-owned organic fleet consists of 61 vessels comprised of a Surge Fleet and a Ready Reserve Force (RRF) fleet. The Surge Fleet is managed by MSC and includes 15 RO/RO vessels in a reduced operating status. The RRF, managed by MARAD, is comprised of 46 vessels in reduced operating status with 35 RO/RO vessels and 11 various multi-purpose vessels. Both the surge fleet and the RRF are maintained in a reduced operating status, available in 5 days, referred to as “ROS-5” with the exception of OPDS in ROS-10. ROS-5 enables DOD to meet validated deployment timelines. USTRANSCOM routinely conducts readiness exercises, called Turbo Activations, to ensure the fleet remains at a high state of readiness.

The Surge Fleet comprised of U.S.-built vessels and the RRF fleet comprised of mostly foreign-built vessels are maintained and operated by American ship management companies, and subsequently crewed by U.S. Merchant Mariners upon activation. These companies conduct all organizational level maintenance, manage the U.S. Merchant Mariners, and oversee the lifecycle maintenance of the vessels under MSC and MARAD governance.

The average age of this fleet is approximately 40 years old and our first vessels will begin to reach their 50-year service life in 2020. Based on age out rates, we anticipate that

we will lose 4 MSFT of organic RO/RO capability by 2030 and an additional 5 MSFT by 2040. As a result we are working closely with the U.S. Navy to begin recapitalization planning to prevent a significant loss of capability in meeting DOD's enduring sealift requirements, and anticipate future Navy funding to support.

Commercial Sealift and U.S. Sealift Emergency Preparedness Programs

DOD has long relied on commercial augmentation to meet sealift requirements in peace and war. Access to commercial fleets is formalized through DOD contracts, MARAD Voluntary Intermodal Sealift Agreement (VISA), the Maritime Security Program (MSP), and the Voluntary Tanker Agreement (VTA). Through these programs, DOD gains critical access to U.S. commercial capabilities and the merchant mariners that will crew our government fleet.

Since their inception in the mid 1990's, these commercial augmentation programs have provided the federal government assured access to a significant amount of capacity and intermodal capabilities that cannot be replicated by government sources. VISA provides a staged, time-phased means to transition from peacetime to war while minimizing disruption to the Nation and its commerce. VISA and MSP are complementary programs. Specifically, MSP provides a fleet of up to 60 military-useful commercial vessels routinely operating in international commerce, with intermodal networks throughout the world, and a seasoned crew of U.S. Merchant Mariners. In addition to cargo preference, each MSP ship receives a legislatively appropriated stipend to offset the cost of operating under a U.S.-flag relative to a foreign flag.

The health of the Maritime Security Program relies on government impelled cargo; viable commercial trade; and the MSP stipend. Due to the decline in the sealift industry, we are concerned about our nation's ability to retain a U.S.-flagged merchant fleet in support of

commerce and national security. Over time, the U.S.-flag vessels in international trade has fluctuated, rising from 92 in 2001 to 106 in 2011 and is now down to 78 vessels. The MSP stipend helps defray the operating cost differential between a U.S. flag and a foreign-flag vessel. In the overall scheme of DOD's sealift program, DOD relies on leveraging commercial capacity to access important sealift capacity.

The U.S. National Sealift policy underscores our role as a maritime nation and clearly articulates the need for DOD to retain the ability to respond "unilaterally to security threats" while taking into account the costs and benefits involved.

U.S. Merchant Mariner Pool

The current link between the government-owned fleet and the commercial fleet is manpower, specifically qualified commercial merchant mariners. With the responsibility to manage the global mobility enterprise, USTRANSCOM is dependent on a healthy U.S. Merchant Mariner pool. U.S. Merchant Mariners are critical to USTRANSCOM's ability to meet its military requirements, and their training and proving ground are the commercial vessels of the U.S.-flag fleet. As the numbers of vessels decrease, fewer opportunities exist for future generations of mariners to gain critical experience. Currently MARAD assesses we are medium risk with approximately 11,300 mariners available, trending toward high risk. Although we are currently capable of meeting activation requirements, we remain concerned about the decline of the U.S.-flag fleet and the associated merchant mariner pool, as our overall sealift capability is tied to commercial industry, both for the vessel capacity and manpower.

Future Challenges

We recognize that where we are today is not where we will need to be in the future. I

would like to highlight three future challenges pertaining to U.S. Sealift in support of our military strategy: mariner availability, age-out of our government sealift fleet, and a joint operating environment with emerging great power rivals.

Regarding the available U.S. Merchant Mariners, we are working closely with MARAD to ensure the nation retains a viable U.S. Merchant maritime capacity in support of DOD's sealift requirement.

Second, we are working with the U.S. Navy on a recapitalization plan to prevent the degradation of our enduring organic sealift requirements due to forecasted age-out rates.

Third, emerging adversaries will attempt to counter U.S. interests around the globe and contest our operations in the domains of cyber, space, air, and maritime in ways we have not seen since WWII. This will require continuous innovation and agility to adapt faster than our adversaries. We are working today within DOD to anticipate emerging threats and vulnerabilities to USTRANSCOM's global distribution network.

We will need, and greatly appreciate continued congressional support in each of these areas to maintain the competitive advantage that DOD's Strategic Mobility capability brings in support of our National Defense Strategy.

Final Thoughts

Many outside of this committee are unaware that in a major contingency, the United States Army sails to the fight. While our current sealift capacity is adequate with acceptable risk, the environment is changing rapidly and not necessarily in predictable ways. As such, we can state that our need to project power will not decline, and may increase in the future.

In this unpredictable environment, what we can predict is the age-out of our current government-owned fleet. The Nation recognized the necessity to vastly improve sealift

capabilities after Desert Shield and Desert Storm, and created the government-owned capability we have today. Action is necessary to maintain the capability into the future.

We appreciate the teamwork and support from key stakeholders like Congress, the U.S. Navy, and Department of Transportation as we seek future investments to modernize our government-owned sealift fleet, and seek ways to reinvigorate our U.S. Merchant Marine capability. The emerging joint operating environment will certainly challenge us in ways that we have not been challenged before. Thank you again for your interest in the readiness of DOD's Joint Deployment and Distribution Enterprise.

Lt. Gen. Stephen R. Lyons

General Stephen R. Lyons is the deputy commander, U.S. Transportation Command, Scott Air Force Base, Illinois. USTRANSCOM is the single manager for global air, land and sea transportation for the Department of Defense.

General Lyons previously served as the commander of the U.S. Army Combined Arms Support Command, Fort Lee, Virginia, where he enabled the Army's Sustainment Warfighting Function through the development and integration of concepts, doctrine, capabilities and training.

He previously served as commanding general of the 8th Theater Sustainment Command in Fort Shafter, Hawaii. Prior to serving as commanding general he served as the Director for Logistics, Operations, Readiness, Force Integration, and Strategy, office the deputy chief of staff of the Army, in Washington, D.C.

General Lyons was commissioned in 1983 following his graduation from Rochester Institute of Technology. He received a master's degree in logistics management from the Naval Postgraduate School in 1993, and national resource strategy master's degree from the Industrial College of the Armed Forces in 2005.

General Lyons has served in a variety of assignments providing him with extensive logistics and management expertise. He began his career in Germany during the Cold War and subsequently held a wide range of operational assignments to include command at company, battalion, brigade, and major command levels. Since 2003, he has spent over 40 months deployed to the U.S. Central Command area of responsibility in support of Operation Enduring Freedom and Operation Iraqi Freedom.

EDUCATION

1983 Bachelor of Science, Criminal Justice, Rochester Institute of Technology

1993 Master of Arts, Logistics Management, Naval Postgraduate School

2005 Master of Arts, National Resource Strategy, Industrial College of the Armed Forces

ASSIGNMENTS

1. May 1983 - November 1986, platoon leader and detachment commander, 8th Infantry Division (Mechanized), Germany.
2. December 1986 - February 1990, material officer and company commander, 782nd Maintenance Battalion, 82d Airborne Division, Ft Bragg, North Carolina.
3. March 1990 - June 1991, aide-de-camp, U.S. Army Test and Evaluation Command, Aberdeen Proving Grounds, Maryland.
4. June 1991 - December 1993, staff officer and student, United States Naval Postgraduate School, Monterey, California.
5. January 1994 - June 1996, staff officer, U.S. Army Combined Arms Support Command, Fort Lee, Virginia.
6. July 1996 - June 1999, battalion executive officer, division support command executive officer, Division Materiel Management Center (DMMC) Chief, 1st Armored Division, Bosnia and Germany.
7. July 1999 - May 2001, logistics planner, U.S. Central Command, MacDill Air Force Base, Florida.
8. May 2001 - May 2003, Battalion Commander, 703d Main Support Battalion, 3d Infantry Division (Mechanized), Fort Stewart, Georgia.
9. May 2003 - May 2004, Assistant Chief of Staff, G4, 3d Infantry Division (Mechanized), Fort Stewart, Georgia.
10. May 2004 - June 2005, student, Industrial College of the Armed Forces, Fort McNair, Washington, DC.
11. October 2005 - January 2008, commander, 82d Sustainment Brigade, 82d Airborne Division, Ft Bragg, North Carolina.

12. January 2008 – June 2008, commander Task Force All-American, 82d Airborne Division, Fort Bragg, North Carolina
13. June 2008 - September 2009, executive officer to the commander, Army Materiel Command (AMC), Fort Belvoir, Virginia.
14. October 2009 - May 2011, C/J-4, International Security Assistance Force (ISAF), Kabul AB, Afghanistan.
15. June 2011 - May 2012, director for operations, readiness, strategy, force integration (G4), Headquarters Department of the Army, the Pentagon, Washington, D.C.
16. June 2012 - July 2014, commanding general, 8th Theater Sustainment Command, Fort Shafter, Hawaii.
17. August 2014 - August 2015, commanding general, U.S. Army Combined Arms Support Command, Fort Lee, Virginia.
18. September 2015 - present, deputy commander, U.S. Transportation Command, Scott Air Force Base, Illinois.

SUMMARY OF JOINT ASSIGNMENTS

1. July 1999 – May 2001, Logistics Planner, U.S. Central Command, MacDill Air Force Base, Florida.
2. October 2009 – May 2011, C/J-4, International Security Assistance Force (ISAF), Kabul, Afghanistan.

MAJOR AWARDS AND DECORATIONS

Distinguished Service Medal (with Oak Leaf Cluster)
 Defense Superior Service Medal
 Legion of Merit (with Oak Leaf Clusters)
 Bronze Star (with Oak Leaf Cluster)
 Defense Meritorious Service Medal
 Meritorious Service Medal (with three Oak Leaf Clusters)
 Joint Service Commendation Medal
 Army Commendation Medal (with three Oak Leaf Clusters)
 Joint Service Achievement Medal
 Army Achievement Medal
 NATO Medal
 Master Parachutist Badge

EFFECTIVE DATES OF PROMOTION

Second Lieutenant May 21, 1983
 First Lieutenant November 21, 1984
 Captain April 1, 1987
 Major November 1, 1994
 Lieutenant Colonel November 1, 1999
 Colonel May 1, 2005
 Brigadier General September 15, 2010
 Major General July 2, 2013
 Lieutenant General September 3, 2015

(Current as of September 2015)

NOT FOR PUBLICATION UNTIL
RELEASED BY THE HOUSE
ARMED SERVICES COMMITTEE

STATEMENT OF
MR. F. SCOTT DILISIO,
DIRECTOR,
STRATEGIC MOBILITY / COMBAT LOGISTICS DIVISION
OFFICE OF THE CHIEF OF NAVAL OPERATIONS
ON THE
LOGISTICS AND SEALIFT FORCE REQUIREMENTS AND
FORCE STRUCTURE ASSESSMENT
BEFORE THE
HOUSE ARMED SERVICES COMMITTEE
SEAPOWERS AND PROJECTION FORCES SUBCOMMITTEE

March 22, 2016

NOT FOR PUBLICATION UNTIL
RELEASED BY THE HOUSE
ARMED SERVICES COMMITTEE

Chairman Forbes, Ranking Member Courtney and distinguished members of the House Armed Services Subcommittee on Seapower and Projection Forces. As Director of the Strategic Mobility/Combat Logistics Division in the office of the Deputy Chief of Naval Operations (DCNO for Fleet Readiness & Logistics), I appreciate the opportunity to provide you an update on the current state of readiness of the Combat Logistics and Strategic Sealift Forces. My testimony will describe the forces and the framework in which they operate. Additionally, it will touch on what has been accomplished over the past year, to include – continuing to meet operational requirements, while simultaneously driving successful, innovative, and non-traditional solutions to global maritime logistics.

Mission

The Combat Logistics, Service Support and Sealift missions are accomplished by a force comprised of 122 ships. Since July 2014 when I saw this committee last, the mix of ships includes new platform types with capabilities that have not been available in the past. The total force brings a variety of capabilities in direct support of numerous missions; from at-sea resupply of our naval combatants and large cargo transport to prepositioning and reconfiguring at sea, critical cargo for Marine Corps, Army, and Air Force. Additionally, missions include humanitarian assistance/disaster relief (HA/DR), diving and salvage operations, rapid intra-theater movement of cargo/personnel, towing, and afloat staging capabilities. This unique segment of the Fleet provides and facilitates the scalable capability required by the Combatant Commander to execute their missions around the globe. I'll now provide a brief description of the force.

Combat Logistics Force (CLF) and Service Support

The Navy's mission is expeditionary and has long required the capability to conduct worldwide and sustained operations at sea. The Navy has been, and will always be, called upon to operate forward in areas where access to shore bases may be limited. Therefore, the ability to rearm, refuel and re-provision our ships at sea, independent of any restrictions placed on it by a foreign country, is critical to the Navy's ability to project warfighting power from the sea.

As the lifeline of resupply to Navy operating forces underway, the ships of the Navy's Combat Logistics Force (CLF) enable Carrier Strike Groups and Amphibious Ready Groups to operate forward and remain on station during peacetime and war. The global peacetime CLF force structure supports continuous Navy presence worldwide and Fleet required sustainment training and deployment workup cycles. For perspective, these ships last year collectively delivered just under 470 million gallons of fuel (in 3,000 events), 29,000 pallets of ordnance (in over 160 events), and 82,000 pallets of dry cargo (in over 1,300 events).

The CLF is made up of single and multi-mission ships. The older single mission ships, specifically the Fleet Replenishment Oilers (T-AO), primarily provide one product, fuel, but have the ability to provide limited quantities of dry cargo. The multi-mission Fast Combat Support Ships (T-AOE) provide station ship support to customer ships by simultaneously replenishing ammunition, provisions and fuel. The Dry Cargo and Ammunition Ships (T-AKE) primarily provide ammunition and provisions, but can also supply fuel at limited transfer rates and quantities compared to the AOE or AO. Ships of the Combat Logistics Force include:

Fleet Replenishment Oilers (KAISER Class)

There are fifteen fleet replenishment oilers (T-AO) that fuel deployed Navy combatants and their embarked aircraft via connected replenishment. Each is capable of carrying Diesel

Fuel Marine (DFM), aviation jet fuel (JP-5), fleet cargo and provisions. They do not have embarked helicopters but are capable of vertical replenishment.

Recapitalization Fleet Replenishment Oiler (JOHN LEWIS Class)

The JOHN LEWIS Class, formerly T-AO(X), will recapitalize the existing Fleet Replenishment Oiler capability and will enable continued sustained forward naval operations. The current KAISER class T-AO will begin to inactivate starting in FY 21. The JOHN LEWIS class T-AO will maintain proven fuel delivery capabilities and will significantly increase its freeze/chill capacity. As the Fleet continues to operate in a dispersed manner, the ability of the T-AO to deliver both fuel and dry cargo will become increasingly important and will enhance operational flexibility. The JOHN LEWIS class T-AO will be double hulled and will meet current environmental standards. Additionally the ship will have a flight deck to support vertical replenishment.

Contract award for the first ship of the class is scheduled the summer of 2016 and it is anticipated that USNS JOHN LEWIS will be delivered in FY 21. Serial production begins in 2018 and total ship quantity is planned to be 17 ships.

Dry Cargo/Ammunition Ships (T-AKE: LEWIS AND CLARK Class)

This class of auxiliary ships is comprised of 14 supply ships that deliver ammunition, provisions, stores, spare parts, potable water and petroleum products to naval forces. They provide supplies at sea by connected replenishment or vertical replenishment with their own helicopter. Twelve ships are assigned to combat logistics missions and are capable of landing and refueling a V-22 Osprey. The remaining two T-AKEs belong to the Military Sealift

Command Prepositioning Program that supports the Marine Corps. The two Prepositioning ships are undergoing hangar modifications to permit embarkation of two V-22 aircraft.

Fast Combat Support Ships (SUPPLY Class)

The two Fast Combat Support Ships (T-AOE) in service deliver fuel, ammunition, provisions, stores, spare parts, potable water and petroleum products. These supplies are delivered at sea by connected replenishment or vertical replenishment with their own helicopter. The AOE class is also capable of higher sustained speeds than the T-AO or T-AKE, when mission requirements dictate.

Service Support Ships

Another facet of naval support is provided by our Service Support Ships. Capabilities resident on respective platforms include afloat medical facilities, and towing, rescue and salvage, ships. Our hospital ships (T-AH) have been involved in humanitarian civil assistance missions and are able to provide medical care onboard and ashore, from primary care to internal medicine, dental, radiology, and pharmacy services among many other specialties. These ships have routinely participated in humanitarian assistance across the globe and reinforcing efforts with partnering nations. The Navy's Towing and Salvage Ships (T-ATF and T-ARS) support global towing, salvage, submarine rescue and diving requirements. Collectively, Service Support ships bring Combatant Commanders a wide scope of critical naval support across the globe.

Summary and Vision for CLF and Service Support Ships

The Combat Logistics Force has proven its ability to support operations worldwide. It is my expectation that we will continue to explore improving our agility in theater and solution sets to meet the logistics demands of our naval warfighters.

Sealift

Major ground combat operations require access to and transportation of a high volume of unit equipment and supplies – well over a million tons in some scenarios. Bringing this capability into the theater of operations is Strategic Sealift, which provides the necessary transportation for Marine Corps, Air Force and Army combat unit equipment, ammunition, fuel, and sustainment materiel in times of contingency. Sealift delivers this capability to the Combatant Commander through strategic afloat prepositioning, surge sealift and sustainment shipping.

The program manages a mix of government-owned and long-term chartered dry cargo ships and tankers, as well as additional short-term or voyage-chartered ships. These 85 ships are in two major categories: prepositioning and surge. When called for tasking, each type brings a unique and vital set of capabilities. Large Medium-Speed Roll-on/Roll-off (LMSR) sealift ships, which are nearly the size of aircraft carriers, have the capacity of more than 300,000 square feet of cargo and can carry aircraft and heavy armored vehicles. They have cranes, a stern ramp and a movable ramp that services two side ports for easy offload. Marine Corps, Army and Special Operations Forces are the principle customers of the LMSR fleet.

Surge vessels are maintained in a 5-day Reduced Operating Status (ROS). While in ROS, these ships are manned by a reduced crew whose responsibility is to bring the ship online when activated. These ships are managed by the Military Sealift Command (MSC) or U.S. Department of Transportation Maritime Administration (MARAD). Upon activation, MARAD vessels are under MSC-operational control. Each year, some ships are provided no-notice activation orders to be “ready to sail” by the prescribed timeline.

Afloat Prepositioning

Of the 85 ships performing Sealift missions, 24 are designated as Afloat Prepositioning. The afloat prepositioning ships support Marine Corps, Army and Air Force requirements. Fifteen ships are assigned to the Maritime Prepositioning Force (MPF), seven are assigned in support of an Army Prepositioning Set (APS-3), and two support the Air Force. These ships are a combination of U.S. government-owned ships and long-term chartered U.S.-flagged ships and are pre-loaded with Service equipment, supplies and ammunition.

The Prepositioned Fleet is strategically staged in key areas, such as Guam, Saipan and Diego Garcia, ensuring ready-access for contingencies. Doing so provides flexible, first-response stocks of military equipment, combat gear, and supplies essential to sustaining initial phases of major combat operations. As an example of the capabilities provided, ships supporting the Maritime Prepositioning Force (MPF) provide equipment and supplies for two Marine Expeditionary Brigades (MEBs) – over 18,000 Marines – and has the ability to sustain their operations for 30 days. The forces are capable of responding within the theater in seven days for a range of military operations. The Expeditionary Transfer Dock (ESD), formerly Mobile Landing Platform (MLP), joined the LMSR as part of both Prepositioning Squadrons. They enable greater sea-basing capability and increased flexibility across the operational area. In addition, the Dry Cargo/Ammunition Ship (T-AKE), coupled with aircraft from amphibious ships, CH-53 Super Stallion and MV-22 Osprey, can provide sustainment directly to joint forces ashore. The Offshore Petroleum Discharge System (OPDS) delivers fuel from up to eight miles offshore.

An ESD is a tremendously versatile ship, acting as a floating base for expeditionary operations. Equipped with a ramp, Landing Craft Air Cushioned (LCAC) spots and ample cargo

space, the ESD is an intermediary transfer point for troops, equipment, and cargo moved ashore by Expeditionary Fast Transport (EPF), formerly JHSV, or LCAC. ESDs can land up to three LCACs, which can in turn access over 80% of the world's coastlines.

Surge

Surge ships are the second subset of Sealift, comprised of 61 ships (of the 85 Sealift ships). These ships move unit equipment from the U.S. to a theater of operation and are comprised primarily of Roll-On/Roll-Off (RO/RO) ships which facilitate the rapid on-load and off-load of rolling stock and Service-unique, special mission equipment. Of the 61 Surge Sealift ships, 15 are operated by MSC and include ten LMSR's and five RO/RO Container ships. The remaining 46 Ready Reserve Force (RRF) ships, maintained by the Maritime Administration, include eight Fast Sealift Ships, two heavy lift, two aviation support, 27 RO/ROs, six crane ships, and one OPDS ship.

When activating surge ships, MSC operationally controls the inventory of organic sealift vessels, including RRF ships. MARAD's RRF ships supplement the sealift capacity of the MSC surge sealift ships. Ships are expected to be fully operational within their readiness status timeframe and tendered to MSC for operation. MARAD and MSC contract with commercial U.S. ship managers to provide ship maintenance, equipment repairs, logistics support, activation, manning, and operation management. Ships in ROS have maintenance crews of about 10 U.S. merchant mariners that are supplemented by additional U.S. mariners during activations.

All aspects of Sealift - prepositioning, high speed intra-theater transport, and surge - bring new prospects in providing efficient and cost-effective ocean transportation for the Combatant Commanders, as well as other federal agencies.

Expeditionary Fast Transport (EPF) (Formerly Joint High Speed Vessel)

Another integral, unique and new part of the Sealift capability is the EPF. Unlike the aforementioned prepositioning ships, EPF is not assigned to a specific squadron or service support role. This auxiliary ship can be directed to support any area of operation as required, and is designed for high-speed intra-theater transport. With a 20,000 square-foot mission bay capacity and passenger seating for 312, an EPF can deploy 600 tons of vehicles, tanks, trucks, ambulances, or bulldozers and a company of Marines or Soldiers extended distances at speeds exceeding 35 knots. EPF has an adjustable stern ramp for rapid on-load and off-load as well as a crane to move up to 40,000 pounds of cargo to/from ship or pier. The EPFs have operated globally in support of Fleet Commander missions by providing an agile and highly capable ship suitable for adaptive force packages of many types.

EPF 6 was delivered in January 2016 and production continues with EPFs 7-10. In FY2016, Congress provided funding for a twelfth EPF and the Navy is currently issuing a Request for Proposal for construction of EPF 11 and 12.

The Role of U.S. Navy's Military Sealift Command

MSC exercises operational control of all U.S. Transportation Command (USTRANSCOM) and MSC forces not otherwise assigned to Fleet Commanders. MSC also provides oversight for civilian-crewed ships, that support the Navy, Marine Corps, Army, Air Force, USTRANSCOM, Missile Defense Agency and other U.S. government agencies, fulfilling national maritime needs worldwide. In addition to its active ships, MSC can recall MARAD's RRF ships or charter civilian shipping to meet specific logistics requirements.

Innovative Use of Adaptive Force Platforms

Navy is looking to find efficient ways to more effectively perform Theater Security Cooperation (TSC) missions by developing innovative mission payloads/packages. Emergency aid deployed from Maritime Prepositioning Force (MPF) cargo embarked on LMSRs and EPFs can support engineering, disaster relief, and medical stability operations. The Navy has been developing and leveraging modularity concepts and scalable adaptive force packages to provide a wide variety of capabilities. Alternative platforms equipped with payloads have already begun to meet Combatant Commanders' needs in support of an expanded range of military operations.

The deployment of Adaptive Force Packages using material in the Fleet inventory can create opportunities for auxiliary ships to expand support missions and increase global presence. We can use sealift and other ships that traditionally fill a support role to accomplish missions on the "low end" of the Range of Military Operations (ROMO), freeing surface combatants, to receive needed maintenance and to focus and train toward core warfighting missions. There will be a steady requirement for missions related to humanitarian assistance, disaster relief, and engagements with our partners that non-combatant ships can and may be directed to fill.

Summary

Global operations continue to assume an increasingly maritime focus. As we look to the future, we see a continued need for Navy forces on station to meet the mission requirements of the Combatant Commanders. We will continue to support forward presence and relieve stress on the rest of the force through traditional and innovative approaches. The Navy supports regional stability through naval presence, deterrence of aggression and the assurance of our allies. We will continue to rely on the CLF, Service Support Ships and Sealift as they contribute to the

CNO's tenets for our Navy. I want to thank you for your continued support of our Force. Also, thank you again for the opportunity to appear before the Committee.

F. Scott DiLisio
Director, Strategic Mobility/Combat Logistics Division

F. Scott DiLisio was appointed to the Senior Executive Service in December 2006 and has 25 years of Federal Service. He is the Director, Strategic Mobility/Combat Logistics Division in the office of the Chief of Naval Operations (CNO-N42). He is responsible for providing sealift and combat logistics planning, programming and policy guidance to the Deputy Chief of Naval Operations (DCNO) (Fleet Readiness & Logistics), to the Deputy Assistant Secretary of the Navy, Research, Development and Acquisition (RD&A) (Ships), and to the Director for Logistics, Joint Chiefs of Staff, for a fleet of over 100 ships.

Mr. DiLisio's previous SES assignments include serving as the Deputy Commander, Navy Cyber Forces with collateral duty as the U.S. Fleet Forces Command Information Officer in Little Creek, VA. In this capacity, Mr. DiLisio served as the Deputy Commander and principal advisor to the Cyber Force Commander and Fleet Commander on all matters relating to Navy C5I programs and requirements.

Mr. DiLisio also served as Executive Director, Submarine Forces where he was the principal advisor to the Submarine Force Commander on all matters relating to Undersea Enterprise programs and requirements. He also served as Assistant Deputy Commander, Fleet Logistics Support at Naval Sea Systems Command (NAVSEA), with responsibility for program management and implementation of logistics functions, policies and processes within NAVSEA and its field activities.

Mr. DiLisio began his professional career with the Department of the Navy in 1987 as a logistics management specialist in the office of the Chief Engineer for Logistics at Naval Sea Systems Command. In September 1989, DiLisio was selected as the Integrated Logistics Support (ILS) manager for the AOE-6 Fast Combat Support Ship, where he was charged with the complete re-planning effort and execution of the full ship class logistics program. He directed the ILS delivery of the first two ships of the class.

In 1994, he was appointed Logistics Director of the Strategic Sealift Program. Under his direction, the Strategic Sealift Conversions and two lead new construction ships were successfully delivered into service.

In May 1998, DiLisio was appointed as the Director of Operational Readiness for the DD-21 program where he was responsible for devising new, innovative logistics strategies for the support of the U.S. Navy's newest destroyer class.

He also served as the Deputy Program Manager for the restructured DD(X) program. As the senior civilian in charge of the ACAT ID Twenty First Century Destroyer program, DDG 1000, he directed the successful execution of a \$2.9 billion phase III effort.

Mr. DiLisio holds a bachelor's of science degree in business administration from Strayer University. He is a recipient of numerous professional awards including multiple Superior Civil Service Awards. He is a member of the Acquisition Professional Community.

UPDATED: 17 October 2012

