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[H.A.S.C. No. 114–53]

PUBLIC SHIPYARDS' ROLE IN MEETING OPERATIONAL REQUIREMENTS

HEARING

BEFORE THE

SUBCOMMITTEE ON READINESS

OF THE

COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES

ONE HUNDRED FOURTEENTH CONGRESS

FIRST SESSION

HEARING HELD
OCTOBER 1, 2015

U.S. GOVERNMENT PUBLISHING OFFICE

97–195 WASHINGTON : 2016

For sale by the Superintendent of Documents, U.S. Government Publishing Office
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PUBLIC SHIPYARDS' ROLE IN MEETING OPERATIONAL REQUIREMENTS

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
SUBCOMMITTEE ON READINESS,
Washington, DC, Thursday, October 1, 2015.

The subcommittee met, pursuant to call, at 8:00 a.m., in room 2118, Rayburn House Office Building, Hon. Robert J. Wittman (chairman of the subcommittee) presiding.

OPENING STATEMENT OF HON. ROBERT J. WITTMAN, A REPRESENTATIVE FROM VIRGINIA, CHAIRMAN, SUBCOMMITTEE ON READINESS

Mr. WITTMAN. I call to order the Subcommittee on Readiness. I want to welcome everyone this morning, but first I want to thank Rear Admiral Mark R. Whitney, Deputy Commander, Logistics, Maintenance and Industrial Operations, Naval Sea Systems Command [NAVSEA]. Thank you for being with us today.

The Navy's four public shipyards, Norfolk Naval Shipyard in Virginia, Pearl Harbor Naval Shipyard in Hawaii, Portsmouth Naval Shipyard in Maine, and Puget Sound Naval Shipyard in Washington, face a number of challenges in completing ship maintenance on time and within budget.

Wartime requirements, as we know, over the past decade have worsened the condition of our fleet, causing ships to require more maintenance than expected upon arrival at the shipyard.

A few weeks ago, we received testimony about the Navy's Optimized Fleet Response Plan [O–FRP], which, among other things, seeks to provide a more sustainable force generation model and more predictability for ship maintenance.

Today I look forward to hearing about the shipyards' role in meeting the Navy's operational requirements and how they are responding to the maintenance and repair challenges that recent operations have put upon the fleet.

Now I turn to the ranking member, Ms. Bordallo, for any opening remarks she may have. And again, we thank her for her leadership in HASC [House Armed Services Committee] and here in the subcommittee.

Madeleine.

[The prepared statement of Mr. Wittman can be found in the Appendix on page 19.]

STATEMENT OF HON. MADELEINE Z. BORDALLO, A DELEGATE FROM GUAM, RANKING MEMBER, SUBCOMMITTEE ON READINESS

Ms. BORDALLO. Thank you. Thank you very much, Mr. Chairman.

And thank you for arranging this hearing on our public shipyards.

Admiral Whitney, thank you for being here today so early.

I very much appreciate what you are doing to try to maintain and enhance the readiness of our fleet. I am hopeful that the O–FRP and your plans with the shipyards can be implemented in a timely manner and will not suffer under a continuing resolution [CR] government shutdown, or sequestration-level budgets.

I am particularly interested in hearing what steps the Navy is taking to bring shipyard staffing up to the levels needed to increase productivity. How are you getting 4,500 new employees up to speed in critical technical areas?

And I also would like to hear specifics regarding infrastructure improvements for the public shipyards, including where the challenges lie, what is being done to meet those challenges, and how well funded the Navy's recapitalization plan is.

We must reset our readiness that has been degraded by years of constant engagement and high operational tempo, and ensure a stable and a predictable funding stream is available for these programs.

And I know the chairman and my colleagues on this subcommittee share that goal. And we look forward to hearing how you plan to ensure our readiness goals are met through engaging our public and private shipyards, and intermediate maintenance repair facilities.

And I yield back, and thank you, Mr. Chairman.

Mr. WITTMAN. Thank you, Ms. Bordallo.

Admiral Whitney, we now go to you for an opening statement.

STATEMENT OF RADM MARK R. WHITNEY, USN, DEPUTY COMMANDER, LOGISTICS, MAINTENANCE AND INDUSTRIAL OPERATIONS, NAVAL SEA SYSTEMS COMMAND (NAVSEA 04)

Admiral WHITNEY. Good morning. Chairman Wittman, Ranking Member Bordallo, and distinguished members of the House Armed Services Readiness Subcommittee, I appreciate the opportunity to testify about the naval shipyards' critical role in meeting the Navy's operational requirements.

I am privileged to have worked in and around the naval shipyards for over 20 years. This includes the honor of having been the commander of a naval shipyard.

Today I am before you representing the more than 33,000 civilian and military dedicated and patriotic professionals who give their life every day to serve our country and fix our ships.

These heroes come to work, put on a hard hat and safety shoes, and stand ready to service our great Navy, any time, any place, to ensure our sailors are always ready to stand the watch.

Today I am prepared to discuss the challenges that this workforce faces to improve performance and reduce the maintenance backlogs at the naval shipyards that have prevented us from get-

ting back to the fleet the ships that they urgently need, as well as discuss the initiatives that we are taking to address those challenges.

The workforce at the naval shipyard is engaged. They are tackling the challenges and embracing the improvement initiatives every single day, and they work towards one goal—the successful delivery of ships back to the fleet.

The four public shipyards—Portsmouth, Norfolk, Puget Sound, and Pearl Harbor—are owned and funded by the fleets and operated by the Naval Sea Systems Command.

The naval shipyards ensure that the Navy has the essential and organic capability to perform cradle-to-grave service for our nuclear-powered aircraft carrier and submarines. The workforce provides the services that are vital to sustain the fleet's operational availability and ensure mission success.

The naval shipyards' performance has been challenged in the past 3 years due to increased workload that is coupled by an increased number of new and less experienced workers.

In fiscal year 2014, the naval shipyards executed 4.7 million man-days of workload. This workload has continued to increase through fiscal year 2015 and will increase through fiscal year 2017, likely peaking in fiscal year 2018. This increase has been caused, in part, by the high operational tempo of the fleet and extended deployments that has been described in previous testimony.

The primary solution is to resolve the workload-to-workforce imbalance by increasing the workforce to the right level so that we can have a fighting chance to get the required maintenance completed on time and on budget.

The solution set also includes training and developing the new workforce and its management team, as well as diligently working on process improvement. We will achieve success by utilizing our apprentice programs and other workforce development efforts in conjunction with productivity improvement initiatives.

The challenge of the last 2 years has been hiring to an appropriate level across the naval shipyards. In fiscal year 2013, the naval shipyards had about 29,000 full-time equivalents. With the impact of sequestration, a hiring freeze, and increased workload, accelerated hiring has been necessary.

The fiscal year 2016 budget supports an increase in the shipyard workforce to achieve 33,500 direct and indirect full-time equivalents. In 2014, this number, including private sector partner assistants, was determined to be the appropriate size workforce needed to execute the increasing workload and reset the workload-to-workforce imbalance.

Shipyard availability performance, warfighter readiness, and fleet forward-deployed presence are directly linked to the capabilities provided by the efficient operation of the naval shipyard facilities.

Naval Sea Systems Command continues to prioritize the sustainment and recapitalization of the naval shipyards' infrastructure.

Investments continue to focus on mission-critical facilities inside the controlled industrial area, which primarily include production shops, piers, wharfs, dry docks, and supporting utility systems.

Naval Sea Systems Command is focused on the naval shipyards' information technology systems, as well. These systems are outdated and a challenge to support as we push to new cybersecurity standards.

Naval Sea Systems Command is implementing solutions to the maintenance information systems to address critical cybersecurity vulnerabilities and increase workforce productivity.

Overall, facility investments are prioritized to address the most critical capability, safety, productivity deficiencies associated with these mission-critical facilities.

The hardworking, dedicated professionals across the naval shipyards stand with me to tackle these challenges face-on. Our focus each and every day is to get our Navy ships back to sea when the fleet needs them in support of O–FRP.

Again, thank you for inviting me here today before this committee, and I thank you for your continued and crucial support of the naval shipyards. I will be glad to take any questions that you have.

[The prepared statement of Admiral Whitney can be found in the Appendix on page 20.]

Mr. WITTMAN. Admiral Whitney, thank you. I am going to come to my questions as other members have had their chances. We have a few members that have to leave a little bit earlier, so I will go now to Ms. Bordallo.

Ms. BORDALLO. Thank you. Thank you very much, Mr. Chairman.

Admiral Whitney, how do you envision the role of shipyards like the one on Guam, which is more of a hybrid between a public and private yard? We essentially have established a government-owned contractor-operated construct. So how does this contribute to supporting the O–FRP and the backlog in ship maintenance?

Admiral WHITNEY. The role of the naval shipyards' engagement with private sector partners is critical to the success of the shipyards—naval shipyards being able to execute their workload.

Pearl Harbor Naval Shipyard and Puget Sound Naval Shipyard both do maintenance on the island of Guam in support of the homeported 688 submarines as well as the SSGNs [guided-missile nuclear submarines] that come in for voyage repair periods.

So the partnership is critical. And so we need to ensure that when, as we will likely discuss later, the role and the visibility of the total workload, we just need to make sure that that partnership is strong.

Ms. BORDALLO. So you don't think that it will add to the backlog, that it would——

Admiral WHITNEY. No, ma'am.

Ms. BORDALLO. All right.

Admiral Whitney, how do maintenance schedules for ships that support the carrier and expeditionary strike groups fit into the O–FRP concept? And isn't it just as important that the maintenance for those ships is done in a timely and cost-efficient manner to ensure the readiness of the strike groups?

Admiral WHITNEY. Yes, ma'am. So the focus of O–FRP is that carrier strike group [CSG]. And the naval shipyard piece of that

equation is to ensure that the aircraft carriers are delivered on time.

The coordination, then, therefore, is to make sure, within the port that we have visibility of the workload and we are partnering in making sure that we are doing this in an aligned manner.

So in order for the total strike group to be successful, we all need to be sharing and aligned in what that workload is and how it is going to be executed. The naval shipyard piece of that obviously therefore is the carrier and the carrier has to deliver on time.

Ms. BORDALLO. And I have a third question, Mr. Chairman, that is all I have.

Much of our maintenance backlog has been driven by sequester-level budgeting. Now your future planning with O–FRP revolves around funding being restored to the program at the President's budget levels. What would the impact be if you were faced with another round of sequester-level funding?

And additionally, what are the restraints of your funding if it comes from OCO [Overseas Contingency Operations] instead of base funding?

Admiral WHITNEY. So the impact on the naval shipyards to sequester-level funding would be a repeat of what we experienced previously. We would face likely hiring freezes, we would reduce overtime, we would take risk on material procurements—those things that would ultimately end up in delays to availabilities inside the naval shipyards.

Ms. BORDALLO. And maintenance?

Admiral WHITNEY. And maintenance, yes, ma'am. The backlog of maintenance would again continue to accrue. So it—we have articulated that before and I would see no reason why the impacts would not be the same.

Ms. BORDALLO. All right, thank you. And I yield back.

Mr. WITTMAN. Thank you, Ms. Bordallo.

Dr. Wenstrup, any questions, please?

Dr. WENSTRUP. I do have one quick question. And may not even be appropriate to answer it in this setting, to be honest with you. I think you probably, sir, have a great understanding of what readiness means. And what you would feel would be 100 percent readiness within your jurisdiction.

And like I said, it may not be appropriate to answer in this setting, but I would be curious to know what percentage of readiness you feel we are at right now.

Admiral WHITNEY. That would be a hard one to answer. I would take that as a lookup and for us as Navy, too to come back and give you a specific answer on that.

Dr. WENSTRUP. I think it is very clear it is not 100 percent right now. Would you agree with that, sir?

Admiral WHITNEY. Yes, sir.

Dr. WENSTRUP. When you consider you have a backlog of maintenance, how can we be 100 percent ready?

Admiral WHITNEY. Yes, sir, agreed.

Dr. WENSTRUP. Thank you very much. I appreciate your being here this morning and for your service.

Mr. WITTMAN. Thank you, Dr. Wenstrup.

We will now go to Mr. Peters.

Mr. PETERS. Thank you, Mr. Chairman.

Actually Ms. Bordallo asked my question about the sequester and coming up on this month and just want to express my concern that we continue to work with you and the committee on coming up with a strategy—I think O–FRP is a good start—to deal with a tough budget situation.

But we need to get back to a situation where we are doing regular budgets over more than a year, so that there is more dependability and more ability to plan. I want you to know that I have that in mind. Thank you for being with us today.

Mr. WITTMAN. Thank you, Mr. Peters.

Mrs. Hartzler.

Mrs. HARTZLER. Thank you, Mr. Chairman. Thank you, Admiral.

Just wondering when you talked about the workforce and how you are plussing up the number of people that you are hiring to make up for the backlog. So what is the shipyards doing to address the relative inexperience of this workforce?

Admiral WHITNEY. So, ma'am, that is a great question. So first off is a recognition that the new folks that we are hiring, there is a generational difference in the way that that workforce learns. And so what we are addressing is different ways to train and develop. And there is a subtle distinction between the two.

And where we are at is, whereas in the past the way that the workforce would have learned is more over the shoulder, down on the deck learning how to do the work with an experienced graybeard kind of right behind him helping him, what we are doing is we are creating work environments mock-ups like—as like to the real situation as we possibly can, where it is actually safe to fail.

Learn through repetition. Learn by doing. Learn by actually them doing the work in a learning environment, and then going down and doing the work.

And so it is more hands-on, it is more up front, it is an investment taking them kind of off-line into almost like a boot-camp kind of environment. And we are calling those learning centers.

And each shipyard is sharing lessons learned across the four of them on how they are developing, how they are training these—in these learning centers. And we are seeing positive results.

There are very clear results in each of the shipyards, bright spots as I call them, where the new workforce, when they actually go down and execute work, is executing at decreased durations on the job, high quality, and safety is phenomenal.

Mrs. HARTZLER. I am a former vocational teacher and I am a big believer in career and technical education. So in the schools around these shipyards, are there any specific programs that help, that students can, in high school, take that will help feed into that?

Admiral WHITNEY. Yes, ma'am, absolutely. We have got great partnerships in each of the locations with vocational and technical schools.

The apprentice programs that we have, have great relationships with local community colleges and we are reaching way down into the high school, looking for that vocational kind of aptitude for folks to come on into the shipyards.

For years and years and years, one of the anecdotes was, hey, if you don't do well in high school, you are going to end up in that

shipyard. We have completely turned that around to that is a place where you want to go. And the skill sets that we need are evident wherever we are at.

Mrs. HARTZLER. Absolutely. So recently two private shipyards in the Hampton Roads area, Newport News Shipbuilding and BAE Systems announced plans to lay off 1,500 and 650 employees respectively. Are these layoffs related to the Navy's plan to hire an additional 9,000 employees?

Admiral WHITNEY. No, ma'am. This is workload related, workload related in each of those specific companies. But we are collaborating.

And so the visibility of the workload in the port is something that we have been working on relatively newly, but definitely diligently over the course of the last several months.

And there are many places where we need the help, so when we were hiring up and are hiring up to that 33,500, that was not to the peak. We aimed below the peak because on the backside of the peak we wanted to be in control of our decline in workload.

And so there was an element of that peak that we needed and still need to continue to work with the private partners on the three availabilities that are going into those—into the private sector and for us, on the aircraft carriers, we have got several HII [Huntington Ingalls Industries] folks working right now on the *Bush* at Norfolk Naval Shipyard, and will on the *Truman.* And also out West, helping Puget Sound on the USS *Nimitz* right now.

So we have got more work to do, but we are not going to get that workload peak done without private sector help.

Mrs. HARTZLER. I only have about 30 seconds left, but I am just curious, of all the ships, what is the main area of maintenance? What is it that takes the most time and is the Navy looking at ways to decrease the maintenance in that area? So is it engine overhaul or is it—what would you say is the main highest maintenance area on a ship when it is—after it has been deployed?

Admiral WHITNEY. That is actually very hard to nail down. But each availability has what we call a critical and controlling path. And predominantly it is in, I will call it a high-skill area. It typically is something that is typically worn from wear. And it varies.

So it is kind of hard to answer that question, but we definitely know, as we develop the work package, to what is going to get worked, we very clearly know what that critical path work is going to be.

Mrs. HARTZLER. Thank you.

Admiral WHITNEY. Ma'am.

Mr. WITTMAN. Thank you, Mrs. Hartzler.

Admiral, the Navy has come to this subcommittee before, and you briefed us about your efforts to hire back workers that were lost during earlier rounds of the sequester.

Can you give us an update on where you are in that process? Or are you moving your goals in hiring people back? And as you spoke of, you are trying to find that equilibrium to where we are not on that roller coaster ride of up and down on workforce changes within the public yards. Can you reflect a little bit on that for us?

Admiral WHITNEY. Yes, sir. So, we are, as we ended this fiscal year, we were within 65 people of our goal. And as far as I am concerned, we met our goal.

So, we will be on track relatively easily to meet our goal in fiscal year 2016, which was to get to that 33,500 by the middle of fiscal year 2016, to gives ourselves a little bit more lead angle on the training, and that includes the folks that we lost due to attrition during 2013 in the hiring freeze.

So, we are back on track with that.

Mr. WITTMAN. We know that you all play out the different scenarios that you face with funding. Obviously, we know the scenarios if sequester comes back.

But give us your perspective of where we are right now, operating under a CR through December 11th. And then, give us a scenario, too, if the Congress in its infinite wisdom decides to operate the remaining portion of this year under CR?

Can you give us those two scenarios, what it means for you operating under CR to December 11th, and what it would mean to you to operate for a CR for the remaining portion of the budget year?

Admiral WHITNEY. Yes, sir. So, operating under a CR for the first 3 months of the year is, I will say it is manageable.

We have good sight visibility of the workload, and what it is going to take to execute that. If we go beyond the December timeframe, then it becomes much more of a challenge balancing the risk associated with the hiring, with overtime, with material procurements as we progress through the rest of the year.

Again, also with an eye towards what is at us in 2017. So, we are constantly evaluating how we are going to execute the year.

One of the fundamental things that we have changed within the last 5 years is, we go through a very purposeful deep dive into what is about to happen in the future execution year.

And we align between NAVSEA as the operator and the fleet on an availability by availability level of detail, and issue a letter to the shipyards with what we call execution guidance.

Anything that kind of causes risk, therefore, in that execution guidance is going to be a challenge, and likely ends up being as a bow wave. And also, a piece of that bow wave, not just the work, but it is the things that are going to be a degradation in performance.

And so, we just—we are okay with the—up to December, but it is going to get very risky after that.

Mr. WITTMAN. Thank you. You had reflected a little bit on trying to manage workloads. And we know there is, I think a lot of capacity, not only in our public yards but also in our private yards, in trying to make sure that we understand where those strengths are, so we can utilize those to keep off of the roller coaster ride of troughs and peaks with management of workload in both the public and private sector.

Can you give us a little reflection on what you are doing in looking at the total workforce management across both the private yards and public yards?

Admiral WHITNEY. That is a great question. So, the—I will answer it in two different ways.

One is for the four public shipyards, we have very good tools that give us site visibility of our workload.

On a quarterly basis, we sit down, and you may have heard the term, one shipyard, one nuclear shipyard, used before. So, on a quarterly basis, we sit down with that workload and share that with our private sector partners, predominately Electric Boat and Huntington Ingalls. And they come to the table with what is on their plate, as well.

And so, we do get down to trade skill level specific discussions on looking over the future, and what is the opportunity for some workload balancing and sharing.

We have also gone through a very purposeful exercise over the course of the last year, to understand qualifications. So, when somebody is qualified as a welder here, what does qualified for a welder mean, here?

So, we have rectified some of the deltas such that, when somebody shows up, there is not a requalification to our standards thing, there is a—here some interesting and critical safety and environmental issues that might be specific to a location.

But then your tool bag and tool belt, you are down working on the job. So, that is within the naval shipyards, and part of that is the visibility of the workload.

We are evolving into that with the private sector in the surface ship world, as well. And so, that is more work to follow, but that is—we are using the same model.

Mr. WITTMAN. Very good. I want to finish with one question, to play out a number of different scenarios.

As we talked about, the Navy has looked at how to understand the industrial base, the capacity there. But also things to better manage the workload.

And we have been through these periods before, where we hit some bumps in the road, and that uncertainty creates issues with our workforce.

Has the Navy thought of some of these scenarios? And I want to play a couple out.

One is, is bringing forward-deployed ships back to the United States to have work done here, for those maintenance availabilities that may exceed 6 months of longer-term work to be brought back stateside.

Using available congressionally approved appropriations to expedite the current cruiser modernization process to kind of, again, create some workload there, where you can manage those peaks and troughs.

Looking at implementing public-private partnerships in the long term, to do non-core work on our fleet. Also, you could outsource lower-priority work, such as the work on *Los Angeles*-class submarines, out to the private yards. Again, kind of manage that workload, that normally processes through our public yards.

And then looking at allocating all of your available appropriations, including your base and overseas contingency operation funds, or appropriations, to mitigate these workflow fluctuations that we have seen here recently.

Can you kind of give me your perspective on some of those, those scenarios, as how you would see those as a part of your management process?

Admiral WHITNEY. Sir, I believe we use some of those flexibilities already, and obviously, there is probably more room to use some of those.

Within the constraints of, I will say some existing policies—Navy policies. But—like, for example, the outsourcing of lower-priority work within the naval shipyards. When we have site visibility of where that kind of, I will say that cut line of resources is, that is absolutely one of the levers that we go off and try and pull.

As far as some of the other examples that you got, I think I would take that as a look-up for us to come back and maybe give you some more detail.

[The information referred to can be found in the Appendix on page 45.]

Mr. WITTMAN. That would be great. If you could take those scenarios for the record so we can just play those out. And in closing this, I would also like to have from you, for the record, if there are things that the Navy needs administratively, or statutorily from Congress to facilitate greater flexibility in helping you in managing the workload, but also managing workforce in both the public and private side, we would like to know that, too, because there may be some things that we can do in next year's NDAA [National Defense Authorization Act] to help facilitate what you can do to better manage that workload and workforce.

Admiral WHITNEY. Yes, sir. We will take that one.

[The information referred to can be found in the Appendix on page 45.]

Mr. WITTMAN. Very good. Now go to Mr. Courtney.

Mr. COURTNEY. Thank you, Mr. Chairman. And good to see you again, Admiral.

Just to follow up a couple of the comments that the chairman made. Yes, again, it looks like you have made some impressive progress in terms of boosting the hires in the last year or so.

Secretary Perez of the U.S. Department of Labor was up in Groton last summer, where, again, there is nothing as dramatic as what is going on with the public yards, but clearly, you know, the need—what, if nothing else, the sort of a generational refresh is sort of got the apprenticeship programs sort of open for business again.

You know, one of the apprenticeship programs we visited was at the welding area, you know, you have actually two generations of welders that were sort of doing the presentation. One who was in his 60s, another who was his son, who was actually in his sort of late 30s, early 40s.

And they were talking about, sort of—you know, as you, I think I heard you as I just came in, is you know, what is a welder? Again, you can hire someone and put them in that job classification. But what we heard that day was that, you know, really—aside from sort of the initial apprenticeship stint, I mean, the fact of the matter is, is you need somebody looking over the shoulder of that new person for some period of time.

I mean, a year, 2 years or so. And then, they can sort of start doing sort of basic welds, but in terms of a real—sort of master welder, I mean, you are talking years before you really have sort of—got that person up to a qualification.

And frankly, there is a lot of risk in terms of, you know, retention. Because there is—you know, with advanced manufacturing just sort of taking off in aerospace, you know, you name it. The fact of the matter is, is that, you know, sort of holding on to these folks really makes sort of the initial numbers that we see in today's testimony, I mean, really are just sort of the beginning of the challenge for, you know, having a workforce that is ready to take on these challenges.

And I was sort of wondering, I mean, have you sort of built in, sort of the fact that there is going to be attrition over the time period? And frankly, that there is still a gap in terms of timing to get people really up to doing these.

You don't want mistakes. You know better than anybody in terms of submarines or surface ships in terms of bad welds, or people who, you know, really aren't ready for the job.

Admiral WHITNEY. Yes, sir. Extremely salient point.

So, one of the things that we are doing differently, acknowledging some of that generational difference in the learning is—I will call it a deep immersion. We talked about it a little bit earlier. A place where it is safe to fail.

So, welding is a great example. Where what we would have done previously is a little bit more of that over-the-shoulder learn-as-you-go, we can't afford years for somebody to get that proficient.

The sense of urgency behind what the workload is in front of us, we have to accelerate as much as we can the proficiency and experience of the new workforce that is coming in.

One of the places that we are doing that is what we are calling learning cells, learning centers. It is a off the ship, it is—the best example is actually up at Portsmouth where we took whole tanks from a submarine that Puget Sound Naval Shipyard was dismantling, put them out at Portsmouth, and are using them as real, live examples of blasting and painting.

So new employees are coming in and in real submarine tanks, in real, cramped submarine tanks, learning over and over and over again all of the techniques necessary to be extremely proficient, way quicker than what we would have trained them to before.

Welding is another example. So a combination of virtual welding, which can get somebody who comes off the street and has no idea how to weld, but they can learn pretty quickly with a virtual welder. And then transition into a learning center, where they weld upside down, using a mirror, over and over and over again, in a safe-to-fail environment that is not causing rework down on the deck plate.

So it is an opportunity for us to bring left the timeline for proficiency, but it is somewhat trade-specific. But that is the journey that we are on right now, and it is a recognition that we have to make that investment quickly because one of the things that will keep somebody on the job and in the service is job satisfaction.

That connection to patriotism of getting the job and the job satisfaction of doing it right the first time, that is an intangible that we are counting on.

The other part is acknowledging that as we are hiring, we do see the backside of the peak, and so we are watching that attrition very, very carefully. We have got very good data of the folks that are in the two different government retirement systems. We kind of know what the sweet spot is. And we are also having the very purposeful conversations with the workforce so that we know kind of when they are planning on leaving.

So we are dialing it in very, very carefully to make sure that we are staying in control of it.

Mr. COURTNEY. So again, I think it is good that you are trying to do things, you know, differently because of the challenges. As we saw that day with the Secretary. It is just not, again, giving someone a job classification.

So I was also struck by Admiral McCoy, when he used to testify before us on these types of issues, he used to call a nuclear welder the equivalent of a brain surgeon in terms of, you know, what it takes to be in that totally qualified area.

And again, brain surgeons don't start going to the operating table in a year or two. I mean, it is a process that takes a very long period of time.

You know, Mr. Wittman asked the question about using the private yards to—for some of the *Los Angeles*-class work. I guess the other question is that when—under Admiral McCoy, there was a lot of discussion again about dips and using road work as a way of again protecting the workforce.

Can you give us some numbers in terms of what the road work, you know, programs look like these—today?

Admiral WHITNEY. So the road work, you are talking about the——

Mr. COURTNEY. Again, so—for example, if there is a layoff at Huntington or BAE or Electric Boat, you know, whether or not, given the fact that you need this workforce, I mean, whether you are using road work as a way to fill that? And clearly that has been done in the past. I am just sort of wondering where we are in terms of the numbers today.

Admiral WHITNEY. Yes, sir. So I can get back to you with some specific numbers, but we are absolutely we are absolutely relying and using right now road work, specifically on the aircraft carriers and to some degree on the submarines.

But more so right now, one, because we have got—so we have got one, we have got three aircraft carriers in execution right now, all at the same time, about to add a fourth with the start of *Ronald Reagan* over in Japan. That is a big chunk of aircraft carrier. At the same time, Huntington Ingalls is stepping into their valley.

Then it becomes a timing to make sure that we can align the timing right and we are working on that every day. So I can take for specifically the numbers for you.

[The information referred to can be found in the Appendix on page 45.]

Mr. COURTNEY. Please. I mean, again, because it was a pretty successful approach a few years ago, and again, Admiral McCoy, to

quote him, talked about sort of the notion of a one-shipyard approach because—and I think Roscoe Bartlett used to say it is like having six horses and food for five sometimes in terms of trying to satisfy the industrial base or keep people working and trying to balance that. I think it is a pretty successful strategy.

Admiral WHITNEY. Yes, sir. I agree with that.

Mr. COURTNEY. Yes, so we would look forward to those numbers. I yield back, Mr. Chairman.

Mr. WITTMAN. Very good. Thank you, Mr. Courtney.

Ms. Bordallo.

Ms. BORDALLO. Thank you. Thank you. I have just one question, Admiral, it has to do with the MSC [Military Sealift Command] ships, which are normally in our shipyard. Where does the maintenance of the MSC ships fall into the O–FRP process? And how does any delay in maintenance of the MSC ships affect the carrier strike group readiness?

Admiral WHITNEY. Ma'am, that is a little bit outside of my swim lane. I would be glad to take that one for you and we will get you back a specific answer.

[The information referred to can be found in the Appendix on page 45.]

Ms. BORDALLO. Thank you very much, Admiral. And I yield back, Mr. Chairman.

Mr. WITTMAN. Thank you, Ms. Bordallo.

Mrs. Hartzler, do you have any more questions? Any members have any additional questions?

All right. Admiral Whitney, thank you, thank you so much. We appreciate that. We have given you a few questions for the record, too—for the record, so we can clarify in our minds some things that are going on. Please let us know, too, if there is anything that we can do specifically to give you the necessary flexibility in managing both workload and workforce.

So we look forward to working with you to make sure we enable you to make sure our ships get in and get maintained so they can get back to sea with our great sailors on board, and do the great job for our Nation and make sure that our sailors and their families are happy with their deployments.

Admiral WHITNEY. Thank you, sir. Honored to be here.

Mr. WITTMAN. Thank you.

[Whereupon, at 8:38 a.m., the subcommittee was adjourned.]

A P P E N D I X

October 1, 2015

PREPARED STATEMENTS SUBMITTED FOR THE RECORD

OCTOBER 1, 2015

Opening Statement of Chairman Robert J. Wittman
Subcommittee on Readiness
HEARING ON
Public Shipyards' Role in Meeting Operational Requirements
October 1, 2015

Good morning and welcome everyone. I especially want to thank Rear Admiral Mark R. Whitney, Deputy Commander for Logistics, Maintenance and Industrial Operations, Naval Sea Systems Command for being with us here today.

The Navy's four public shipyards—Norfolk Naval Shipyard in Virginia, Pearl Harbor Naval Shipyard in Hawaii, Portsmouth Naval Shipyard in Maine, and Puget Sound Naval Shipyard in Washington—face a number of challenges in completing ship maintenance on time and within budget.

Wartime requirements over the past decade have worsened the condition of the fleet, causing ships to require more maintenance than expected upon arrival at the shipyard. A few weeks ago we received testimony about the Navy's Optimized Fleet Response Plan, which among other things seeks to provide a more sustainable force-generation model and more predictability for ship maintenance.

Today I look forward to hearing about the shipyards' role in meeting the Navy's operational requirements and how they are responding to the maintenance and repair challenges that recent operations have put on the fleet.

Now I turn to the Ranking Member, Ms. Bordallo, for any opening remarks she may have.

NOT FOR PUBLICATION UNTIL
RELEASED BY THE HOUSE
COMMITTEE ON ARMED SERVICES

STATEMENT OF

REAR ADMIRAL MARK R. WHITNEY

DEPUTY COMMANDER

LOGISTICS, MAINTENANCE AND INDUSTRIAL OPERATIONS

NAVAL SEA SYSTEMS COMMAND

ON NAVAL SHIPYARDS

BEFORE THE

HOUSE ARMED SERVICES COMMITTEE

READINESS SUBCOMMITTEE

OCTOBER 1, 2015

NOT FOR PUBLICATION UNTIL
RELEASED BY THE HOUSE
COMMITTEE ON ARMED SERVICES

Chairman Wittman, Ranking Member Bordallo, and distinguished members of the House Armed Services Readiness Subcommittee, I appreciate the opportunity to testify about the Naval Shipyards' role in meeting Navy operational requirements. I am here representing the more than 33,000 hardworking, dedicated and patriotic professionals—both civilian and military—who work in the Naval Shipyards. Today, I will discuss the challenges the Naval Shipyards face in improving performance and reducing the maintenance backlogs that have prevented us from getting ships back to the Fleet on time. The primary solution is to resolve the workload-to-workforce imbalance by increasing the workforce to the right level so that we can get the required maintenance completed on time and on budget. This challenge involves training the new workforce and its management team, but more importantly to transfer knowledge at a faster rate. We will achieve this through the Registered Apprenticeship Programs and other training in conjunction with productivity improvement initiatives. We have also begun to increase the efficiency of the workforce through recapitalizing our infrastructure. The workforce of the Naval Shipyards stands with me and is undertaking these initiatives and tackling these challenges every day so that we are successful at delivering the warfighters their weapons systems.

Overview

The four public-sector Naval Shipyards (Portsmouth, Norfolk, Puget Sound, and Pearl Harbor) are wholly government-owned. They provide a vital service to sustain the Fleets' operational availability and ensure mission success. As the owner of the Naval Shipyards, the Fleets provide the funding, and as the operator, the Naval Sea Systems Command oversees their operation. The Naval Shipyards provide the essential organic capability to perform depot- and intermediate-level maintenance, modernization, refueling, emergency repair work, and inactivations on nuclear-powered aircraft carriers and submarines. They also maintain the specific core capabilities to support conventional surface ship maintenance. The Naval Shipyards provide combat-ready ships and weapon systems required by our Navy.

The Naval Sea Systems Command seeks to operate the Naval Shipyards efficiently and effectively and improve Fleet operational availability. Accomplishing this requires correctly predicting the ship maintenance required; optimizing schedules with operational requirements;

properly sizing the workforce; embedding the correct critical skillsets in the workforce; and enabling our people by equipping them with the right tools, facilities, and processes.

Our top priority is our people, who efficiently and effectively maintain the core capability to perform critical maintenance on aircraft carriers, submarines, surface ships, and ship weapons systems. We also augment our shipyard workforce with private-sector ship repair workers to mitigate workload imbalances. It is vitally important to have a properly trained and skilled workforce to support the Fleets' mission.

While work is primarily performed onsite at the Naval Shipyards, it is also performed as underway voyage repairs and work at far-ranging locations, such as Guam and Japan. Our workforce will go wherever and whenever needed to execute repair work. On any given day, hundreds of Naval Shipyard workers are on travel to conduct critical maintenance on Navy ships.

We continually strive to develop our newer employees to become the Naval Shipyards' highly trained craftsmen, engineers, technicians, and business professionals. The required depth and breadth of their training and experience is essential to properly perform maintenance on the Navy's complex nuclear-powered ships and weapons systems.

Workload-to-Workforce Imbalance

Naval Shipyard performance has been challenged in the past three years due to increased workload and an increased number of new and less experienced workers. In fiscal year 2014 (FY14), the Naval Shipyards executed 4.7 million mandays of workload. This workload continues to increase in FY15 through FY17, and will likely peak in FY18. This increase has been caused in part from the high operational tempo of the Fleet and extended deployments. To meet this increased shipyard workload, the Naval Shipyards are focused on increasing workforce productivity by improving throughput and overall efficiency and performance.

Looking back over the past two years, sequestration has had a significant impact on the Naval Shipyards, which continues to today. The hiring freeze and overtime restriction in FY13 resulted in workload-to-workforce imbalances. In conjunction with restricted overtime, ship

maintenance availabilities were extended or rescheduled. Additionally, the hiring freeze left key positions unfilled. The hiring freeze lasted for several months, and once lifted, economic uncertainties associated with government work, including furloughs, resulted in hiring becoming increasingly difficult. This challenge was exacerbated by increased attrition rates (up to 2,000 personnel per year for all the Naval Shipyards). Although most Naval Shipyard personnel were not subject to the FY13 administrative furlough, the furlough of other support organizations caused significant disruptions to human resources and logistics support services.

The challenges that the Naval Shipyards face to alleviate these workload-to-workforce imbalances include

- hiring to meet increased workload demand that is occurring simultaneously with higher-than-average retirement rates;
- developing our new workforce through mentoring, trade and skill training, and leadership/management training;
- recapitalizing and modernizing the Naval Shipyards' infrastructure; and
- implementing modern solutions to maintenance information systems that will address critical cybersecurity vulnerabilities and improve workforce productivity.

Hiring

In FY13, the Naval Shipyards had about 29,000 full-time equivalents (FTEs). With the impact of sequestration, a hiring freeze, and increased workload, accelerated hiring has been necessary. We continue to aggressively hire apprentices and experienced workers to support the increased workload and to improve on-time delivery of aircraft carriers and submarines back to the Fleet. The FY16 budget supports an increase in the shipyard workforce to a high of 33,500 direct and indirect full time equivalents in FY17. This number was determined to be the appropriate size of the workforce to execute the increasing workload and reset the workload-to-workforce imbalance. These new workers need extensive training, and we continue to invest in workforce training and development.

In conjunction with increased hiring, we have had to make other adjustments to meet shipyard workload. These involved contracting with the private sector and deferring some work, given the shortfalls in Naval Shipyard workforce capacity as we aggressively hire and train.

Apprenticeship Programs

I am pleased to tell you that the Registered Apprenticeship Programs for the Naval Shipyards have been recognized by the U.S. Department of Labor as model programs. These programs seek to produce highly skilled trades people who are capable of executing the Naval Shipyards' technical and complex maintenance needs to meet readiness requirements. They are a critical investment in workforce development that builds a quality workforce for the ship repair industry today and lays the foundation of a longer term investment in our future leaders. In 2014, we inducted over 800 apprentices, and for 2015 we will bring in over 1,000 new apprentices.

Productivity Program Initiatives

The Naval Shipyards invest in the following major productivity program initiatives:

- Continuous Training and Development, which uses practical hands-on training with learning centers and mock-ups to accelerate production-worker skill and proficiency development. These methods create an environment where it is safe to fail—meaning that the workers have a simulated environment where it is okay to make mistakes and to learn from them. The training method is dynamic in that it is given to new employees, mid-level mechanics, and journey-level workers for critical skills proficiency and qualifications to accelerate and leverage knowledge transfer from subject matter experts to our newly hired workforce. Continuous Training and Development improves our ability to get work "right the first time."
- Industrial Processes Corporate Communities of Practice bring multi-disciplined, multi-yard groups together and create opportunities to stimulate innovation, promulgate best practices, and significantly expand knowledge sharing to improve performance. These communities have the involvement of engineering and production organizations that are aligned to similar work products and processes.
- Continuous Process Improvement efforts are focused on Lean Principles, which maps processes to identify and eliminate waste in order to improve throughput and cycle time to

drive efficiency. In addition, a Cumbersome Work Practice Task Force is helping the Naval Shipyards challenge requirements to maximize efficiency and effectiveness while minimizing cost. New technology insertion is used to keep abreast of technology changes and evaluate them for incorporation into Naval Shipyard industrial processes for improvements in safety, quality, and cost performance.

- Integrated Work Teams responsible for planning and executing work with the use of Lean principles are being implemented to improve work coordination and efficiency. Project management specifies what work is required to be accomplished and when, and the integrated work teams determine who does the work and how it is accomplished. Efficiencies are created as the work teams perform the same type of work across multiple projects or availabilities. By creating stable work teams, the execution of work is improved and waste is eliminated.

The Registered Apprenticeship Programs and the productivity improvement initiatives are accelerating the learning and knowledge gained by our workers so that we will have the well-trained people we need to address the peak workload in FY18.

Infrastructure

Naval Sea Systems Command continues to prioritize the sustainment and recapitalization of the Naval Shipyards' infrastructure. Shipyard availability performance, warfighter readiness, and Fleet forward-deployed presence are directly linked to the capabilities provided by and the efficient operation of the Naval Shipyard facilities. Investments continue to focus on mission-critical facilities in the Controlled Industrial Area, which primarily include production shops, piers, wharfs, drydocks, and supporting utility systems. Naval Sea Systems Command is also focused on the Naval Shipyards' information technology systems. These systems are outdated and a challenge to support as we push to meet new cybersecurity standards. Naval Sea Systems Command is implementing solutions to the maintenance information systems to address critical cybersecurity vulnerabilities and improve workforce productivity. Overall, facility investments are prioritized to address the most critical capability, safety, and productivity deficiencies associated with mission-critical facilities.

The FY12 National Defense Authorization Act required that the Navy report to the Congress on the facilities and infrastructure requirements of the Naval Shipyards. The Naval Shipyards have extensive infrastructure capabilities to enable depot-level maintenance, nuclear submarine refueling and overhaul, aircraft carrier maintenance, and nuclear submarine defueling and inactivation. As cited in the report to Congress, the average shipyard facility age is 62 years, the average drydock age is 81 years, and many critical facilities are in a degraded condition, with the Naval Shipyards in worse condition than the average Navy installation. Much of the infrastructure was designed for WWII-era ship construction, not modern nuclear-powered ship repair processes. Examples of ongoing and planned improvements include reducing Puget Sound Naval Shipyard's extensive seismic vulnerabilities, investing in drydock modifications for the Gerald R. Ford-class aircraft carriers and Virginia-class submarines, and investing in training facilities due to recent increases in the size of the workforce. At the end of FY14, the Navy determined that the infrastructure condition and configuration backlog at the four Naval Shipyards was $4.1B. Although the infrastructure condition and configuration has not prevented any Naval Shipyard from sustained mission performance, the risks of a failure that would impact mission remain.

In concert with Commander, Naval Installations Command, the Naval Sea Systems Command is prioritizing military construction projects and continues to invest in Naval Shipyard facilities sustainment, restoration, and modernization at a level above the Navy average. The FY16 military construction funds of $90M will recapitalize infrastructure in the Naval Shipyards by improving utility system resiliency and reliability, aircraft carrier and ballistic missile submarine maintenance facility capabilities and efficiencies, and training facilities. Restoration and modernization projects will mitigate seismic vulnerabilities, maintain drydock certification, repair utility systems and improve energy efficiency through support aimed at reaching the goals established by the Energy Independence and Security Act of 2007. The capital investment in Naval Shipyard infrastructure continues to exceed the minimum level required by law for all Department of Navy Depots.

As part of the Navy's Nuclear Enterprise Review, the President's Budget submission for 2016 adds $42M in FY16 to help accelerate shipyard infrastructure improvements from a 17-year recapitalization plan to a 15-year plan. Increased funding for sustainment and for

restoration and modernization is intended to reduce the risk to the Nuclear Enterprise as supported by the shipyards.

Summary

As I have stated, the workforce of more than 33,000 hardworking, dedicated professionals across the Naval Shipyards stands with me to tackle the challenges we face. Through our Registered Apprenticeship Programs, ongoing training, and productivity improvement initiatives, we will continue to grow and improve this workforce. We will gain increased efficiencies through recapitalization of our infrastructure. Our goal each and every day is to get our Navy's ships back to sea when the Fleet needs them.

Again, thank you for inviting me here today before this Committee, and thank you for the continued and crucial support of our Naval Shipyards. I will be glad to take any questions you may have.

Rear Admiral Mark R. Whitney
Deputy Commander, Logistics, Maintenance and Industrial Operations
Naval Sea Systems Command

Rear Adm. Mark Whitney is a native of South Portland, Maine. He entered the Navy through the Naval Reserve Officers Training Corps program at Maine Maritime Academy where he earned a Bachelor of Science degree in Marine Engineering in 1984.

He received his surface warfare officer qualification aboard USS Luce (DDG 38). He became an engineering duty officer and attended the Naval Postgraduate School. In 1994, he earned a Master of Science degree in Mechanical Engineering and was the recipient of the Naval Postgraduate School Superior Service Award.

His engineering duty tours include: naval reactors representative assistant at Norfolk Naval Shipyard, Naval Reactors Representative's Office; assistant project officer at Supervisor of Shipbuilding, Conversion and Repair Newport News; deputy project superintendent at Norfolk Naval Shipyard; chief engineer aboard USS Theodore Roosevelt (CVN 71), completing a combat deployment in support of Operation Enduring Freedom; section head at Surface Ship Maintenance and Modernization for Director, Surface Warfare on the staff of the chief of naval operations; aircraft carrier requirements officer for Director, Air Warfare on the staff of the chief of naval operations; operations officer at Puget Sound Naval Shipyard & Intermediate Maintenance Facility; assistant deputy commander for Industrial Operations at Naval Sea Systems Command; and the 47th commander of Puget Sound Naval Shipyard & Intermediate Maintenance Facility. Whitney reported as the deputy commander, Logistics, Maintenance and Industrial Operations, Naval Sea Systems Command in June 2012.

His personal decorations include the Legion of Merit, the Defense Meritorious Service Medal, the Meritorious Service Medal with (4 Gold Stars), the Navy and Marine Corps Commendation Medal with Gold Star, the Joint Service Achievement Medal, and the Navy and Marine Corps Achievement Medal with Gold Star.

Updated: 21 November 2014

DOCUMENTS SUBMITTED FOR THE RECORD

October 1, 2015

NAVSEA
Brief on
Hampton Roads Shipbuilding and Ship Repair Industrial Base
For HASC Professional Staff
October 16, 2015

Situation Analysis

- In FY16, total private sector workload in Hampton Roads decreases from FY15 due to multiple factors:
  - Realignment of surface ships to Mayport, Rota, and PACFLT.
  - Completion of LSD mid-life modernization availabilities.
  - Updates to DDG-51 class modernization schedule.
  - Industry rationalization of competitively awarded fixed-price type contract.
  - Completion of CVN-78 new construction.
  - Rescheduling start date of CVN-73 RCOH (Sep 16 to Aug 17).
- NNSY workload continues to increase, offering ongoing opportunities to outsource touch labor and discrete work packages to the private sector
- In late FY16 and FY17 the surface ship workload increases back to port capacity and continues to increase to historically high levels in FY19 and FY20.
- Success will require continued proactive engagement with local industry to grow the local workforce and meet long-term future Navy workload demand.

Forward Deployed Naval Forces (FDNF)

Repair of forward-deployed naval forces in the United States for maintenance availabilities that exceed six months.

In FY16, no overseas maintenance availabilities for 5th or 6th Fleet are planned for durations greater than six months. Existing availabilities will be executed within the proper constraints of Title X restrictions regarding the use of overseas maintenance providers for FDNF.

- For FY16, four (4) BMD-capable DDGs are assigned to Rota:
  - Three (3) Rota-based DDG SRAs are scheduled this year with planned durations between 100 and 105 days.
  - No dry dockings are planned for these ships until rotation back to CONUS.
- For FY16, four (4) MCMs and ten (10) PCs are assigned to Bahrain:
  - Two (2) MCM and four (4) PC availabilities scheduled this year with planned durations of between 101 and 140 days.
  - Bahrain-based PC and MCM class ships require heavy-lift transfer to/from CONUS.

Cruiser Modernization

Using available congressionally approved appropriations to expedite the cruiser modernization process.

- Exploring limited options to level-load gap in FY16 workload in Norfolk.
- For outyears (FY17 and beyond) Navy will coordinate with stakeholders to level-load future availabilities.

Public-Private Partnerships

Implementing public-private partnerships to contract out non-core work at the public shipyards.

- CVN
  - Propulsion plant (up to ~500 people per day for 6 months).
  - MSMO contracts:
    - PIA (~360 people per day for 6 months).
    - DPIA (~480 people per day for 1 year).
- Submarine
  - SUBSAFE work and blast and preservation work (~160 to 200 people per day for 1 year).
  - Touch/discrete labor (~70 to 100 people per day for 1 year).

Outsourcing

Outsourcing lower-priority public shipyard work such as Los Angeles-class availabilities to the private sector.

- The Navy contracted two submarine availabilities to HII due to high workloads at Naval Shipyards in FY16 to FY18:
  - FY17, USS Columbus (SSN 762) EOH (~680 people per day for 1 year).
  - FY18, USS Helena (SSN 725) DSRA (~550 people per day for 6 months).

Hiring Former Private-Sector Workers

Seeking to hire former private yard workers as Norfolk Naval Shipyard expands its public-sector workforce by 1,500.

- NNSY has reached its required FTE level and is only hiring for attrition. From FY16 through FY18, NNSY is projecting to hire between 1,000 and 1,400 personnel to account for attrition and maintain a full-time equivalent (FTE) level of 10,121.
- MARMC is projecting to hire approximately 150 personnel to account for attrition and existing shortfalls to achieve 1,201 FTE. These will primarily be technical and contractor oversight personnel.
- For the 1,500 personnel that the private sector will potentially let go, the opportunity for employment at NNSY and MARMC exists, but those personnel must apply and be properly screened through the Human Resources process to be onboarded.

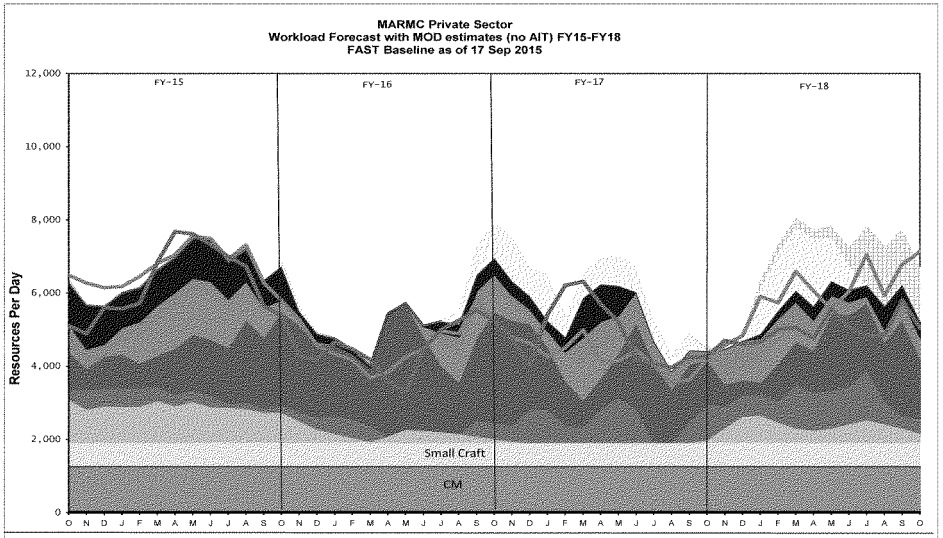
Continuing Actions

- Continue Hampton Roads industry engagement in identifying opportunities to supplement FY16 private sector workload in order to maintain critical workforce. CNRMC will be meeting with the Virginia Ship Repair Association (VSRA) in fall 2015 to strategize future workload / workforce requirements.
- Continue improving Fleet/NAVSEA/CNRMC process of port workload balancing:
  - Fleet Availability Scheduling Team: Develops long-term ship maintenance availability schedules and assignments to mitigate both private and public sector workload over the Fiscal Years Defense Plan (FYDP).
  - Corporate Resource Team: Mitigates short-term critical skill shortages and then develops and shares contracting opportunities for public shipyard workload on a quarterly basis.

MARMC Forecast FY15-18

CM CG DDG LHD LSD CVN LPD SMCR CG/LSD Modernization Program CG/LSD Modernization Program - Coast wide Bid

Workload Color Legend



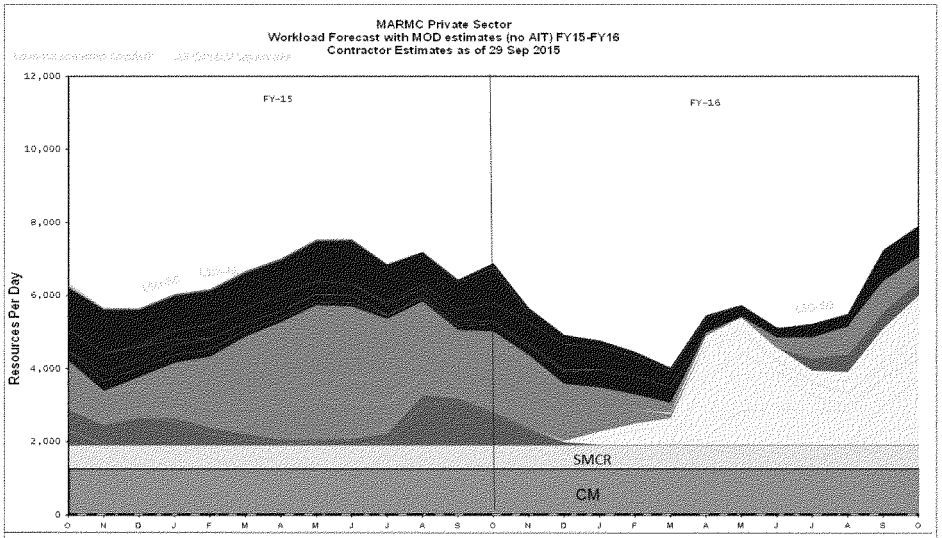
	FY-15	FY-16	FY-17	FY-18
Total TYCOM, CM & MOD FY Mandays	1,657,257	1,371,654	1,572,860	1,703,732
Average TYCOM, CM & MOD FY Mandays	6,603	5,413	6,307	6,784

Date of Workload Report	FY15 Manday Total	FY16 Manday Total	Percent of FY15 Manday Total
Mar-15	1,585 K	1,145 K	72%
Sep-15	1,657 K	1,372 K	87%

MARMC FY15 – FY16 Workload by Contractor

CM-multiple contractors
Small Craft-multiple contractors

Contractor Color Legend: MHI, BAE, NASSCO, Not Awarded

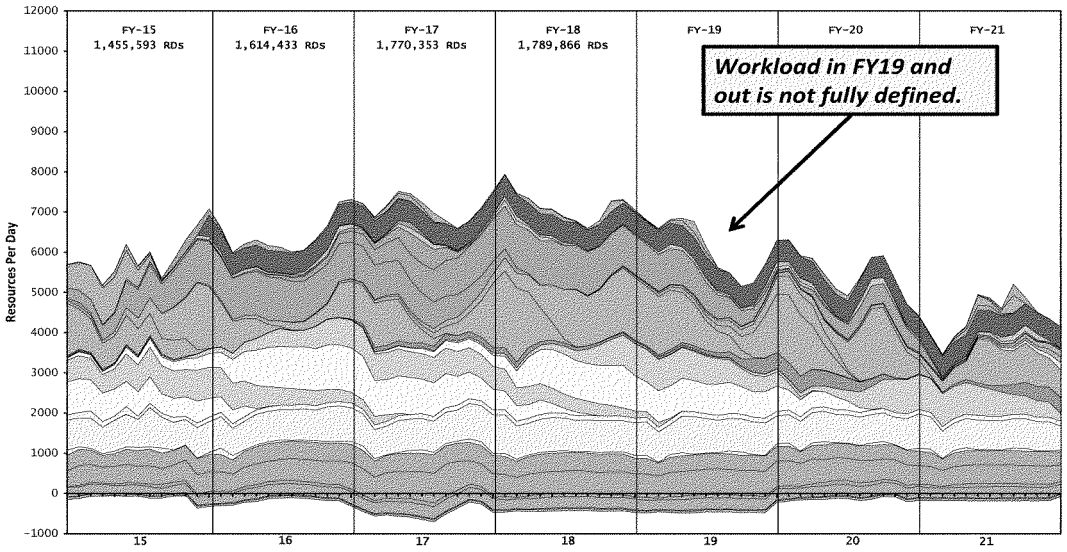


	FY15	FY16
Total TYCOM, CM & MOD FY Mandays	1,657,257	1,371,654
Average TYCOM, CM & MOD FY Mandays	6,603	5,413

29% of forecast FY16 workload remains to be awarded.

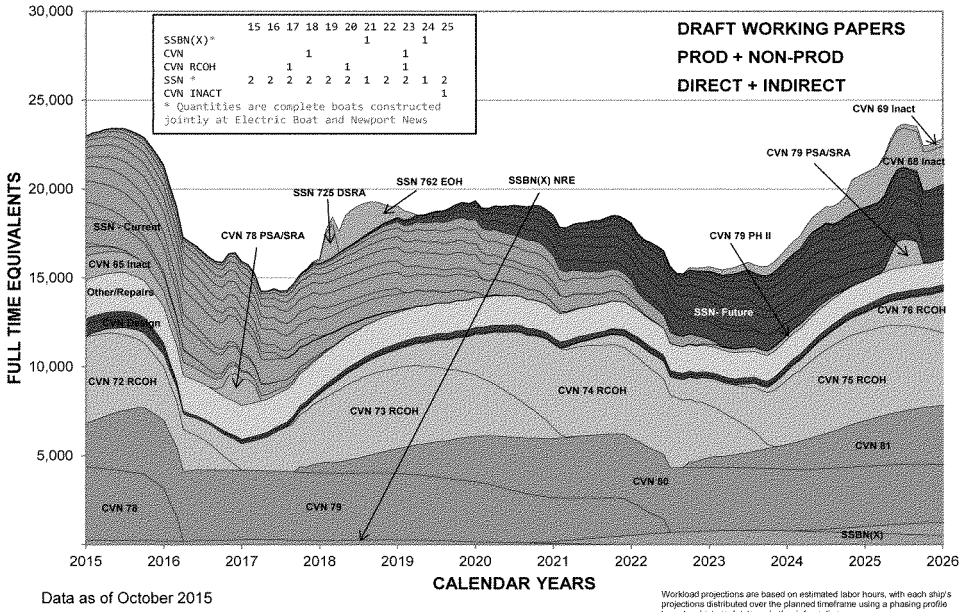
NNSY Forecast FY15-21

NORFOLK NAVAL SHIPYARD
Layercake Graph -- Aug 2015
Total Shipyard (Total)



HII NN Forecast FY15-26

NEWPORT NEWS



Data as of October 2015

Workload projections are based on estimated labor hours, with each ship's projections distributed over the planned timeframe using a phasing profile based on historical data and other information.

WITNESS RESPONSES TO QUESTIONS ASKED DURING THE HEARING

October 1, 2015

RESPONSES TO QUESTIONS SUBMITTED BY MR. WITTMAN

Admiral WHITNEY. A copy of the brief that was given to HASC Readiness Subcommittee Staff, SASC Seapower Subcommittee staff and the Virginia House Delegation is attached. [See Appendix page 31.]

Navy remains engaged with Norfolk Ship Repair leadership and Hampton Roads delegation regarding options for workload balancing and level loading the port. The Navy is commencing efforts to fill near term valleys in workload as much as possible. [See page 10.]

Admiral WHITNEY. NAVSEA believes that the existing statutes related to depot-level maintenance and repair allow sufficient flexibility in managing the workload and the workforce of the public shipyards. [See page 10.]

RESPONSE TO QUESTIONS SUBMITTED BY MS. BORDALLO

Admiral WHITNEY. The fiscal year 2015 (FY15) workload of 5.0 million mandays is forecast to increase to 5.4 million mandays in FY18. Mitigation actions accomplished as part of the programming process indicate that workload will exceed the efficient range in FY17 and FY18. This will require more contracting actions to balance the workload-to-workforce mismatch. [See page 13.]

RESPONSE TO QUESTION SUBMITTED BY MR. COURTNEY

Admiral WHITNEY. One of the planned outcomes of O–FRP is that MSC will fully support O–FRP implementation by providing fully capable and modernized ships available to support fleet combat and peacetime requirements within approved spending authority. We will closely synchronize MSC maintenance schedules to support CSG readiness through development and analysis of Master O–FRP Production Plans (9-year schedules) for both CSGs and MSC. [See page 12.]

QUESTIONS SUBMITTED BY MEMBERS POST HEARING

October 1, 2015

QUESTIONS SUBMITTED BY MS. BORDALLO

Ms. BORDALLO. What percentage of ship maintenance availabilities at the public shipyards were completed on time and within budget in fiscal year 2015? What is the outlook for fiscal year 2016?

Admiral WHITNEY. For the four public Naval Shipyards in FY15, 22 availabilities were completed, of which 6 (27.3%) were on time, and 1 (4.5%) was at budget. For perspective, 10 of those 22 availabilities that completed in FY15 were within 10% of CNO schedule durations and 4 of those 22 availabilities completed within 10% of budgeted mandays.

In FY16, 13 availabilities are scheduled to complete, of which 6 (46.2%) are tracking to their CNO scheduled completion date and 2 (15.4%) are tracking to their budgeted mandays.

The Naval Shipyard performance has been challenged in the past three years due to increased workload and an increased number of new and less experienced workers. In FY14, the Naval Shipyards executed 4.7 million mandays of workload. This workload continues to increase in FY15 through FY17 (PB17 workload is at 5.3 million mandays), and will likely peak in FY18. This increase has been caused in part from the high operational tempo of the Fleet and extended deployments.

Starting in FY15, the Naval Shipyards have been hiring up to a planned level of 33,500 full-time equivalent (FTE) employees by the end of FY 16. Given that FY15 and FY16 are building years for matching the Naval Shipyard workforce to workload, the Navy expects on-time delivery to improve as the recently hired workers are trained and integrated into the experienced workforce.

○