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THE HOUSE COMMITTEE ON APPROPRIATIONS

STATEMENT OF

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BEFORE THE

HOUSE SUBCOMMITTEE ON DEFENSE

COMMITTEE ON APPROPRIATIONS

ON THE

FISCAL YEAR 2017 NAVY BUDGET

MARCH 1, 2016

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Chairman Frelinghuysen, Ranking Member Visclosky, and distinguished members of the Committee, it is an honor to appear before you today. This is my first of hopefully many chances to discuss the future of the United States Navy with you, and as your Chief of Naval Operations, I look forward to continuing to work closely with you to ensure that your Navy is best postured to defend America's interests around the globe.

Prior to my confirmation, I testified that my most serious concern was the gap between challenges to America's security and prosperity and the resources available to protect them. In January of this year, I outlined this gap in more detail when I released *A Design for Maintaining Maritime Superiority* (the "Design"), which describes an increasingly competitive environment and the lines of effort the Navy will pursue to execute our mission in that environment. The thinking in the *Design* reflects inputs from leaders inside and out of the Navy and is guiding our way forward. It shaped our budget submission and shapes my testimony below.

The 2017 budget is this year's best approach to solving the problems and seizing the opportunities that face the Navy today. The budget reflects some constants; America has been a maritime nation since we began. Our prosperity continues to depend on our maritime security -- over 90 percent of our trade is shipped over the seas -- and this linkage will only tighten in the future. Against the backdrop of this historical truth, current problems and opportunities are growing rapidly. The maritime environment has remained remarkably constant since man first put to sea thousands of years ago. The oceans, seas, shipping lanes and chokepoints are physically unchanged in the modern era, but the maritime system has seen explosive growth in the past 25 years. Traffic over the seas has increased by 400 percent since the early 1990's, driving and outpacing the global economy, which has almost doubled in the same period. Climate change has opened up trade routes previously closed. Access to resources on the seafloor has also increased, both as Arctic ice has receded and as technology has improved. And just as it has in the past, our future as a nation remains tied to our ability to operate freely on the seas.

That maritime freedom is coming under increasing pressure and stress. For the first time in 25 years, there is competition for control of the seas. Nations like China and

Russia are using their newfound maritime strength not only to advance their national goals, but also to challenge the very rules and standards of behavior upon which so many nations since the end of World War II have based their growth. We should interpret this challenge to international rules and order as a challenge to our own security and prosperity, and to the security and prosperity of all who support an open, fair architecture.

It is against this background that I consider the gravity of the Navy's mission statement, as reflected in the *Design*:

“The United States Navy will be ready to conduct prompt and sustained combat incident to operations at sea. Our Navy will protect America from attack and preserve America's strategic influence in key regions of the world. U.S. naval forces and operations – from the sea floor to space, from deep water to the littorals, and in the information domain – will deter aggression and enable peaceful resolution of crises on terms acceptable to the United States and our allies and partners. If deterrence fails, the Navy will conduct decisive combat operations to defeat any enemy.”

To me these words are not an abstraction, and are easiest to appreciate in the context of what naval forces do every day. As just one example, there was a day last fall when:

- The destroyer USS *Donald Cook* transited the Mediterranean, following an 11-nation multinational exercise in the Black Sea and a port visit to Odessa, Ukraine - demonstrating our commitment to our NATO allies;
- Sailors at the Navy Cyber Defense Operations Command in Suffolk, VA monitored intrusion prevention sensors that actively mitigated almost 300,000 instances of unauthorized or adversary activity across the Navy network enterprise, including more than 60,000 threats to afloat networks;
- The *Kearsarge* Amphibious Readiness Group, with the 26th Marine Expeditionary Unit aboard, participated in a Turkish-led amphibious exercise, demonstrating our combined capability and physically displaying our commitment to U.S. allies and partners;

- Five ballistic missile submarines patrolled the oceans (the latest in over 4,000 patrols since 1960), providing 100 percent readiness in providing strategic deterrence;
- USS *Fort Worth*, a Littoral Combat Ship, swapped crews in Singapore after participating in a Cooperation Afloat Readiness And Training (CARAT) exercise with the Bangladesh Navy, developing cooperative maritime security capabilities that support security and stability in South and Southeast Asia.
- Sailors from a Coastal Riverine Squadron and an Explosive Ordnance Disposal unit participated in an exercise in Cambodia, increasing maritime security cooperation and interoperability between the two navies;
- Navy SEALs trained and advised Iraqi forces in the fight against ISIL extremists, facilitating, mentoring, and enhancing their ability to secure their territory;
- Members of the Navy Expeditionary Combat Command provided tactical intelligence training to Ghanaian Maritime Law Enforcement and Naval service members at Sekondi Naval Base, increasing our partners' capacity and capability to secure their territorial waters;
- The aircraft carrier USS *Ronald Reagan* launched four F/A-18 fighters to intercept and escort two approaching Russian TU-142 Bear aircraft that approached as the carrier was operating in the Sea of Japan, operating forward to preserve freedom of action; and
- The fast-attack submarine USS *City of Corpus Christi* operated in the Western Pacific, after participating with the Indian and Japanese Navies in Exercise Malabar 2015, increasing our level of engagement with our partners across the Indo-Asia Pacific.

All of these events occurred on a single day: October 27, 2015. But none were in the headlines. That is because on that day the guided missile destroyer USS *Lassen* conducted a freedom of navigation operation in the South China Sea, one of the many visible demonstrations of our international leadership and national commitment to preserving a rules-based international order that the Navy conducts routinely around the world.

Your Navy's ability to execute these responsibilities -- our mission -- is becoming more difficult as three interrelated forces act on the global economic and security environments, and as new actors rise to challenge us. I have already described the first force - the force exerted by the expanding use of the maritime domain, on, over, and under the seas. This global system is becoming more used, stressed, and contested than perhaps ever before, and these trends show no signs of reversing.

The second force is the rise of the global information system. Newer than the maritime system, the information system is more pervasive, enabling an even greater multitude of connections between people and at a much lower cost of entry. Information, now passed in near-real time across links that continue to multiply, is in turn driving an accelerating rate of change.

The third interrelated force is the rising tempo at which new technologies are being introduced. This is not just information technologies, but also those that incorporate advances in material science, increasingly sophisticated robotics, energy storage, 3-D printing, and networks of low-cost sensors, to name just a few examples. The potential of genetic science and artificial intelligence is just starting to be realized, and could fundamentally reshape every aspect of our lives. And as technology is developed at ever-increasing speeds, it is being adopted by society more quickly as well -- people are using these new tools as quickly as they are produced, in new and novel ways.

Our competitors and adversaries are moving quickly to use these forces to their advantage, and they too are shifting. For the first time in decades, the United States is facing a return to great power competition. Russia and China demonstrate both the advanced capabilities and the desire to act as global powers. This past fall, the Russian Navy operated at a pace and in areas not seen since the mid-1990's, and the Chinese PLA(N) continued to extend its reach around the world. Their national aspirations are backed by a growing arsenal of high-end warfighting capabilities, many of which are focused specifically on our vulnerabilities. Both nations continue to develop information-enabled weapons with increasing range, precision and destructive capacity, and to sell those weapons to partners like Iran, Syria, and North Korea.

From a strategic perspective, both China and Russia are also becoming increasingly adept in coercion and competition below the thresholds of outright conflict, finding ways to exploit weaknesses in the system of broadly accepted global rules and standards. For example, Russia has continued its occupation and attempted annexation of another nation's territory. And, as perhaps the most startling example, China's land reclamation and militarization of outposts amidst the busiest sea lanes on the planet casts doubt on the future accessibility of our maritime domain. China is literally redrawing the map in the South China Sea by creating artificial islands, to which they then claim sovereign territorial rights, now complete with surface to air missiles and high performance radars. Their activity creates great uncertainty about the intentions and credibility of their leadership.

Russia and China are not the only actors seeking to contest U.S. and global interests in the emerging security environment. Others are also pursuing advanced technology, including military technologies that were once the exclusive province of great powers; this trend will persist. Coupled with an ongoing dedication to furthering its nuclear weapons and missile programs, North Korea's provocative actions continue to threaten security in Northeast Asia and beyond. Iran's advanced missiles, proxy forces and other conventional capabilities pose threats to which the Navy must remain prepared to respond. Finally, international terrorist groups such as ISIL and Al Qaeda have proven their resilience and adaptability and pose a long-term threat to stability and security around the world.

In summary, these new forces have changed what it means for the Navy and Marine Corps to provide maritime security; the problems are more complex, demanding, and numerous than ever before. But our responsibility remains the same. Naval forces must provide our leaders credible options that allow them to advance the nation's prosperity, defend its security, further its strategic interests, assure its allies and partners, and deter its adversaries -- which rests on the ability of the Navy and our sister services to decisively win if conflict breaks out. The breadth of challenges we face demands a range of options, and they must be credible. Only then can the United States effectively

advocate as a maritime power for the system of global rules and standards that underpin shared prosperity now and in the future.

It is becoming increasingly difficult for the Navy to present a sufficient number of credible options for leadership. While the predictability provided by the 2015 Bipartisan Budget Act is greatly appreciated, the Navy's Fiscal Year (FY) 2017 budget submission comes on the heels of four prior years' budgets that collectively provided \$30 billion less than requested levels to the Department of the Navy. It represents yet another reduction of almost \$5 billion from 2016 funding levels. And we have started the last six years with a continuing resolution, with an average duration of 120 days. In response, we have had to modify our behaviors with a host of inefficient practices, the use of short-term contracts offering less than best value to the government, and the associated increased workload on our shrinking headquarters staffs. Continuing Resolutions can also delay critical programs, including those with little to no margin for delay, such as the Ohio Replacement Program. And it's worse than that: the fiscal uncertainty sends ripples through the entire system - the industrial base is hesitant to invest, and our people remain concerned about the next furlough or hiring freeze or overtime cap. This unpredictability adds to the burden on our Navy team and drives prices up.

So the challenges are increasing and funding is decreasing. America remains the primary leader of the free world, with the most capable military force on the planet. And we remain a maritime nation whose future is inextricably tied to the seas. Our Navy has tremendous responsibilities to ensure that future is secure and prosperous. Within those constraints, our FY 2017 budget proposal reflects the best portfolio of credible options to achieve our mission. Budget constraints are forcing choices that limit our naval capability in the face of growing and rising threats. The Navy's budget addresses our gaps on a prioritized basis, and starts to accelerate our capabilities so that we can maintain overmatch relative to our adversaries.

Strengthen Our Navy Team for the Future

Without question, the most important part of our budget is our investment in our Navy Team - our Active and Reserve Sailors, our Navy Civilians, and their families. I am

pleased that we were able to provide a 1.6 percent pay raise for our Sailors this year, outpacing inflation and 0.3 percent more than last year. Just as important are the investments we are making to improve the environment for the Team. As the *Design* makes clear, some of the biggest impacts that we can make on our warfighting capability do not involve a lot of money, but instead are changes to how we do business.

These changes can't come soon enough. As our platforms continue to become more technologically advanced and missions become more complex, our need for talented, qualified recruits will grow. Further, the competition for that talent grows more intense every day. This budget keeps us on a good path. Our Sailor 2025 program is a dynamic set of initiatives, process improvements and management tools designed to increase career choice and flexibility, provide advanced, tailored learning, and expand support to our Navy families. In FY 2017, we begin to fully invest in the Sailor 2025 Ready Relevant Learning initiative, which will begin to create a new way of training our Sailors through mobile, modular learning, re-engineered content, and an improved IT infrastructure.

In this budget, we fund a wide range of initiatives to strengthen our Sailors individually and as a team. The *Design* highlights the importance of our core values of honor, courage and commitment, as demonstrated through four core attributes - integrity, accountability, initiative, and toughness. We are implementing a strategy, headed up by our 21st Century Sailor Office, to inculcate these attributes throughout the fleet and improve Sailor readiness and resilience. We continue to further develop a climate of dignity and respect throughout the Fleet. We also look to eliminate the toxic behaviors that destroy the fabric of the team - including sexual harassment and assault, hazing and alcohol abuse. We have increased funding over the FYDP to address sexual assault prevention and response, adding 24 new positions to the Naval Criminal Investigative Service -- on top of 127 additions in the previous two years -- to speed investigations while continuing our support for programs aimed at prevention, investigation, accountability, and support for survivors such as the Victim Legal Counsel Program.

As we seek greater efficiencies, planned adjustments allow us to take modest reductions (3,600 Sailors in FY 2017) in our active duty end strength. These are consistent with advances in training methods and with standing down the Carrier Air Wing 14. There will be no reductions in force or any other force-shaping initiatives - we will achieve this through natural attrition. Nobody will lose their job.

One of my observations since taking office is that we can do more to increase the synergy between our military and civilian workforces. Your Navy civilians are integral to all that we do. They work in our shipyards and aviation depots, provide scientific and technical expertise in our labs, and guard our bases and other facilities. To respond to increasing security concerns, we have invested this year in increased force protection measures, including in those civilians who keep our people and property safe. Some of the maintenance and readiness shortfalls we are still digging out from were made worse by civilian hiring and overtime freezes and a furlough in FY 2013. Worse, these actions strained the trust within our team. This budget adds a net of over 1,300 civilian positions in FY 2017 to support additional maintenance, enhance security, and operate our support ships, and continues the investments in our civilian shipmates that help to forge one seamless team. Even as we implement these key initiatives to address security and to recover readiness, we balance that growth with reductions over the FYDP of 3,200 FTE (1.8%), for a net reduction of 1,900.

Strengthen Naval Power at and From the Sea

That team, with our Marine Corps partners, is committed to our mission, which must be conducted in the environment I described above. The *Design* calls for us to strengthen naval power at and from the sea to address the growing scale, congestion, and challenge in the maritime domain. The *Ohio* Replacement Program (ORP) is paramount to that effort, and remains our top priority. In my opinion, it is foundational to our survival as a nation. This budget funds the ORP; construction is planned to start in FY 2021. This start date is vitally important to prevent any impact to continuous at-sea deterrence at a time when it could be even more relevant than today.

To the maximum extent possible, we have also prioritized shipbuilding and the industrial base that supports it. Our current fleet of 272 ships is too small to meet the array of mission requirements our nation demands. In this budget, we remain on a path to achieve 308 ships by 2021. This year, we are funding two advanced guided missile destroyers with upgraded radars (DDG Flight IIIs with SPY-6), two *Virginia*-class attack submarines, two Littoral Combat Ships, and the procurement of an amphibious assault ship replacement (LHA(R)). The *Ford* carrier remains under its cost cap and will deliver in 2016; we are continuing to exercise strong oversight and discipline to ensure the cost of her sister ships *Kennedy* and *Enterprise* also remain under budget. And we have exceeded our shipyard investment goal - we're at 8.1 percent, well beyond the 6 percent legislative requirement.

As the *Design* emphasizes, we are fully committed to further ingraining information warfare into our routine operations. This is essential to the Navy's future. For example, we are increasing procurement of the Surface Electronic Warfare Improvement Program (SEWIP) Block II and III by 45 units. We are also investing in network modernization afloat and ashore through 10 installations of the Consolidated Afloat Networks and Enterprise Services (CANES) system in FY 2017.

To help remediate one of our most stressed areas, we have enhanced our investments in the naval aviation enterprise. We are investing in bringing fifth generation aircraft to the fleet, adding ten F-35Cs over the FYDP. We are also replacing F-18 airframes that are meeting the end of their projected service lives faster than projected, adding 16F/A-18 E/Fs over the next two years. Further, we are adding upgrades to the Super Hornet to make it more capable in a high-end fight. And we are updating our strategy to more rapidly integrate unmanned aerial vehicles into our future air wing. Revisions to our unmanned carrier-launched airborne surveillance and strike (UCLASS) program will help us to meet current mission shortfalls in carrier-based surveillance and aerial refueling capacity, and better inform us about the feasibility of future additional capabilities we desire.

To meet an increasingly lethal threat, this budget bolsters our investments in advanced weapons across the FYDP. We are buying 100 additional tactical Tomahawks, 79 more

air-to-air AMRAAM missiles, additional sea-skimming targets, and accelerating our investments in SM-6 missile development in order to provide a full range of capability enhancements to the fleet. However, budget pressures also caused us to cut other weapons investments such as the Mk-48 torpedo and AIM-9X air-to-air missile. Many of our production lines are at minimum sustaining rates, and the low weapons inventory is a continuing concern.

Achieve High Velocity Learning at Every Level

All of these investments will deliver important capabilities to better posture us for the current and future environment. But, as or more importantly, we must also adjust our behavior if we are to keep pace with the accelerating world around us.

This budget reflects some of that increase in pace. We are changing how we approach training and education to take advantage of new tools and to push learning out to where our Sailors spend the bulk of their time -- their units. The intent is not to burden those units more, but to empower their leaders and give Sailors the best tools to support what science is increasingly revealing about how people learn most effectively.

It also means that Navy leaders, up to and including me as the CNO, must exercise full ownership of how we develop and acquire new capabilities for the future. That ownership has four elements: authority, responsibility, accountability, and technical expertise. I am committed to exercising that ownership, and to creating or supporting new ways to exercise it faster.

We are doubling down on an approach that relies more heavily on experimentation and prototyping, connected at the hip with the Fleet, to help meet mission needs while simultaneously helping us to better define our requirements. We are pulling our more ambitious projects closer to the present so we can learn our way forward, faster and with better information. We are taking this approach with the Remote Minehunting System, Large Displacement Unmanned Undersea Vehicle (LDUUV), and UCLASS programs, and we will continue to seek additional programs to which it can be applied.

We are also reexamining our processes and organization to ensure they are best aligned to support a faster pace. This budget includes a small amount of funding for the Rapid Prototyping, Experimentation, and Demonstration initiative, a process we have already begun to implement that “swarms” technical experts to Fleet problems, rapidly generates operational prototypes, and gets them into the hands of Sailors and Marines so we can continue to refine and improve them. We also are standing up a capability along the lines of the Air Force’s Rapid Capabilities Office; we’ll call it the Maritime Accelerated Capabilities Office (MACO). This will concentrate requirements, technical, and acquisition expertise on high-priority projects to fast-track their development and fielding.

Finally, Congress has rightly pressed us to reexamine whether we are being as efficient as we can be. Our budget reflects some of the efforts that we are taking in that regard, but fundamentally, we are focused on making every dollar count. I am taking a personal role in that process, asking hard questions and pushing us to become more cost-effective and agile as we apply a learning-based approach to all that we do.

Conclusion

This year’s budget request represents a portfolio of investments that employ our available resources to best effect. The gap between our responsibilities and our funding levels represents risk -- risk of Sailors’ lives lost, of a weakened deterrent, of a slower response to crisis or conflict, of greater financial cost, of uncertainty for our international partners -- all of which affect the security and prosperity of America. While it is impossible to quantify this risk precisely, I believe the balance reflected in this proposal improves our prospects going forward.

Such improvements are much needed. Concurrent with increasing global challenges, budget pressures have led the Navy to reduce our purchases of weapons and aircraft, slow needed modernization, and forego upgrades to all but the most critical infrastructure. At the same time, maintenance and training backlogs -- resulting from continued high operational tempo and exacerbated by sequestration in 2013 -- have delayed preparation for deployments, which in turn has forced us to extend units

already at sea. Since 2013, eight carrier strike groups, four amphibious readiness groups, and twelve destroyers have deployed for eight months or longer. The length of these deployments itself takes a toll on our people and the sustainability and service lives of our equipment. Further, these extensions are often difficult to anticipate. The associated uncertainty is even harder on Sailors, Marines, and their families and wreaks havoc on maintenance schedules, complicating our recovery still further.

We cannot continue to manage the risks we face absent broader change. As CNO, I will strive to keep the U.S. Navy on the road to remaining a force that produces leaders and teams who learn and adapt to achieve maximum possible performance. We will achieve and maintain high standards to be ready for decisive operations and if necessary, to prevail in combat. We will fight for every inch of advantage. In this way, we will provide sufficient, credible, options to leadership in order to guarantee America's security and prosperity now and into the future. I very much look forward to working with you and your fellow Members of Congress as we proceed.