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ARMED SERVICES COMMITTEE

STATEMENT OF
ADMIRAL JONATHAN GREENERT

U.S. NAVY
CHIEF OF NAVAL OPERATIONS

BEFORE THE

HOUSE ARMED SERVICES COMMITTEE

ON

FY 2014 DEPARTMENT OF NAVY POSTURE

16 APRIL 2013

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Chief of Naval Operations

9/23/2011 - Present

Admiral Jonathan W. Greenert

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

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

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

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

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

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

Updated: 23 September 2011

Chairman McKeon, Ranking Member Smith, distinguished members of the committee; it is my pleasure to appear before you today to testify on the Navy's Fiscal Year (FY) 2014 budget and posture. I am honored to represent the approximately 613,000 active and reserve Sailors and Navy Civilians serving today, as well as their Families.

Establishing the baseline for FY2014

Before discussing our FY2014 budget submission, we have to clarify our current situation in FY2013. This will form the baseline for our FY2014 program. When I last testified to this committee in February, Navy faced a shortfall of about $8.6 billion in our FY2013 operations and maintenance (O&M) account due to a combination of requirements growth, the Continuing Resolution and sequestration. Since then, thanks to the Congress' efforts, we received an FY2013 appropriation in March as part of the Consolidated and Further Continuing Appropriations Act of 2013. This appropriation restored about $4.5 billion toward our total need in operations and maintenance. As a result, we have a FY2013 shortfall in operations and maintenance of about $4.1 billion, approximately 10 percent of the planned amount for this fiscal year.

In accordance with our priorities and strategy, we are applying our remaining O&M funds to the following:

- Pay personnel and "must pay bills": Ensure we have funding for bills such as utilities and civilian pay.

- Reconcile FY13 readiness: Sustain operations and maintenance for the priority forces in accordance with the defense strategy that will deploy to meet the current approved FY2013 Global Force Management Allocation Plan (GFMAP), which describes the forces required to be provided by the services to the Combatant Commanders (CCDR) as directed by the Secretary of Defense. Our remaining spending plan for FY2013 will reduce furloughs of Civilians and sustain non-deployed ship and aircraft operations so appropriate forces prepare to deploy, and other forces operate enough to be able to safely respond if needed to support homeland defense.

- Prepare to meet FY2014 GFMAP: Conduct training and maintenance for forces that will deploy as part of the FY2014 GFMAP, including guided missile destroyers (DDG) transferring to Rota, Spain as part of the Forward Deployed Naval Force (FDNF).

- Restore critical base operations and renovation: Sustain base infrastructure and port and airfield operations to support training and deployments needed for the FY2013 and FY2014 GFMAP. We will also conduct health and safety-related facility repairs and continue high-return energy efficiency projects.

However, sequestration will result in a fleet and bases less ready than planned. For example, at sea we were compelled to recommend the FY2013 GFMAP be changed to cancel one ship deployment to the Pacific, two ship deployments to Europe and all but one FY2013 ship deployment to U.S. Southern Command. We continue to evaluate opportunities to add deployments to these regions as our fiscal position becomes clearer. In addition to reducing overseas operations, we also reduced the amount of operations our ships and aircraft will conduct when not deployed.

And we reduced maintenance, including deferral of depot maintenance on 84 aircraft and 184 engines, and reducing the scope of two ship maintenance availabilities. We plan to recover this backlog during FY2014. We will restore all of our planned ship maintenance availabilities remaining in FY13.

The impact of reduced fleet operations and maintenance will be less surge capacity, but we will retain the ability to support the FY2014 GFMAP. All our forces deploying in FY2013 and FY2014, including two carrier strike groups (CSG) and two amphibious ready groups (ARG) (one each in the Middle East and the Asia-Pacific), will be fully mission-capable and certified for Major Combat Operations. All our forces supporting operations in Afghanistan, where Navy aircraft fly about 1/3 of all tactical sorties, will also be fully mission-capable and certified. For surge, we will retain one additional CSG and ARG in the United States that are fully mission-capable, certified for Major Combat Operations and available to deploy within 1-2 weeks; this is about one-third of our normal surge capacity. Overall, due to reduced training and maintenance, about 2/3 of the fleet will be less than fully mission capable and not certified for Major Combat Operations. Historically, about half of our fleet is in this status since ships and squadrons are in training or maintenance preparing for their next deployment. While these forces will not be ready

or certified to deploy overseas, they will remain able to respond, if needed, to support homeland defense missions.

Ashore, we deferred about 16% of our planned FY2013 shore facility sustainment and upgrades, about $1 billion worth of work. Recovering these projects will take five years or more and in the meantime, our shore facility condition will degrade. We were able to sustain our Sailor and Family Readiness programs through FY2013, including Child Development Centers, Fleet and Family Support Centers, and Sexual Assault and Prevention programs. We also fully funded Tuition Assistance for our Sailors. Despite these efforts to reduce the impact of sequestration on our people, however, we are still compelled to consider furloughs for our Navy Civilians during FY2013 because of shortfalls in our operations and maintenance funding and in compliance with DoD direction. We will continue to pursue savings elsewhere in the operations and maintenance account that would enable us to reduce and eventually remove the need for this furlough measure.

Sequestration reduced the FY2013 funding for each of our investment programs by about eight percent, or about $6.1 billion total. We are still reconciling the impact of this reduction, but due to the mechanics of sequestration and limited reprogramming authorized by the FY 2013 Defense Appropriations Act, it is likely we will be compelled to reduce the number of weapons we purchase and the number of aircraft we buy in some of our aviation programs due to the reduction – including one E-2D *Hawkeye,* one F-35C *Lightning II*, one P-8A *Poseidon* and two MQ-8C *Firescout*. Our ship construction programs will need to restructure schedules and shift some outfitting costs to future years to address the nearly eight percent sequestration reduction in FY2013. This will pass on “costs to complete” that will need to be reconciled in future years. These costs will not be an insignificant challenge as they may compel Navy to cancel the procurement of future ships to complete ones that are nearing delivery.

The impact of continued uncertainty

Over the past four months we slowed our spending, stopped new program starts, and proceeded very deliberately in choosing our operations, deployments and investments. We brought “all hands on deck” to work on revised plans for everything from how we provide presence to what we buy in FY2013. In the Fleet, this is standard procedure for proceeding through a fog bank – slow, deliberate and with limited visibility ahead; effectively, most other

operations and planning stop because of the dangerous near-term situation. With a FY2013 appropriation, we are now coming out of this "fog," increasing speed, getting back to future planning, and reestablishing momentum behind our top priorities.

This momentum, however, may be short-lived. While the FY2014 budget submission includes deficit reduction proposals beyond that called for by the Budget Control Act of 2011 (BCA), it requires the BCA's lower discretionary budget caps are replaced in FY 2014 and beyond. If the discretionary caps are not revised, our FY2014 obligation authority could be reduced $10-14 billion. This would compel Navy to again dramatically reduce operations, maintenance and procurement in FY2014, preventing us from meeting the FY2014 GFMAP and negatively impacting the industrial base. While military personnel compensation was exempted in sequestration during FY2013, if the lower discretionary budget caps of the BCA are retained, we will evaluate options to reduce personnel and personnel costs, including compensation and entitlements.

The uncertainty inherent in our fiscal outlook prevents effective long-term planning and will begin to affect the "Health of the Force." We can ill-afford the distraction of planning for multiple budget contingencies, stopping and restarting maintenance, changing operational schedules and restructuring investment programs. This constant change negatively impacts our Sailors and Civilians and their Families here at headquarters and in the Fleet. It also precludes us from looking long-term at how we should build, train, develop and posture the future force as we end two land wars in Middle East and rebalance our effort toward the Asia-Pacific.

To begin planning for the long-term and ensure we are realistically confronting our strategic and fiscal challenges, the Secretary of Defense ordered a Strategic Choices and Management Review (SCMR). The review does not assume or accept that deep reductions to defense spending, such as those from sequestration, will endure or that they could be accommodated without a significant reduction in military capabilities. The review does reflect the Secretary's view that the Department of Defense must constantly examine the choices that underlie our defense strategy, posture, and investments, including all past assumptions.

The SCMR will consider the 2012 Defense Strategic Guidance as the point of departure. It will define the major strategic choices and institutional challenges affecting the defense posture in the decade ahead that must be made to preserve and adapt defense strategy and

management under a wide range of future circumstances. The results of this review will frame the Secretary's guidance for the Fiscal Year 2015 budget and will ultimately be the foundation for the Quadrennial Defense Review due to Congress in February 2014.

Our strategic approach

Our first responsibility is to ensure Navy is able to deliver the overseas presence and capabilities required by our Defense Strategic Guidance (DSG) *Sustaining U.S. Global Leadership: Priorities for 21st Century Defense,* as manifested in the GFMAP.

Our mandate per the DSG is to be present overseas where it matters, and to be ready when it matters. A central element of the DSG to Navy is to field a smaller, more ready force, with the right capabilities, postured in each region. The DSG concludes that a prompt, credible response by forward U.S. forces can demonstrate American resolve and can blunt the initial actions of an aggressor. This can in turn deter, assure, and – if necessary – control escalation, contain the conflict and prevent it from growing into a larger war.

Our fundamental approach to making decisions and implementing the DSG is unchanged since I assumed the office of the Chief of Naval Operations. We organize, man, train and equip the Navy by viewing our decisions through three lenses, or tenets. They are: *Warfighting First*, *Operate Forward*, and *Be Ready*. Regardless of the size of our budget or our fleet, these tenets are the key considerations we apply to each decision.

Warfighting First

Warfighting First is a first principle. It is our fundamental responsibility; each decision inherent in our FY2014 program was viewed in terms of its impact on warfighting. Our forces must have relevant warfighting capability today to be credible – not at some point in the future. If the credibility of our forces is lost (or perceived lost) they cannot rebuild it easily or quickly. In developing our FY2014 budget submission we did not "let perfect be the enemy of good – or good enough." For example, if a new system or capability would provide a probability of successfully defeating a threat 60 percent of the time, we will deploy it, particularly if today's probability of success is zero percent.

To develop future capability, *Warfighting First* compels us to look for the most effective way to defeat a threat or deliver an effect that can be realistically fielded, efficiently. The logic we use to identify our most effective capabilities is to analyze the adversary's "kill chain" or "effects chain" and pursue an asymmetric means to "break the chain." For example, to execute a successful attack, an adversary has to:

- Find the target
- Determine the target's location, course and speed (or relative motion)
- Communicate that information coherently to a platform or unit that can launch an attack
- Execute an attack using anything from a kinetic weapon to electromagnetic systems to cyber

Each (or any) of these "links" in the chain can be broken to defeat the threat. But some are more vulnerable than others and kinetic effects are not always the best way to break the chain. So instead of overinvesting and trying to break every part of the effects chain, we focus on those where the adversary has a vulnerability we can exploit or where we can leverage one of our own advantages asymmetrically.

Similarly, we analyze our own effects chains for strengths and weaknesses; our FY2014 budget submission emphasizes proven technologies that limit the adversary's ability to defeat our ability to project power.

We addressed challenges in the Arabian Gulf throughout 2012 and into this year by emphasizing *Warfighting First*. For example, in response to a Central Command urgent request and with the help of Congress, we rapidly outfitted the amphibious ship USS PONCE, previously an amphibious ship slated for decommissioning, to be an Afloat Forward Staging Base-Interim (AFSB-I) in support of mine warfare and special operations forces in the Arabian Gulf. To improve our mine warfare capabilities we rapidly deployed Mark 18 mine-hunting unmanned underwater vehicles (UUV) and SEAFOX mine neutralization systems to PONCE and our minesweepers (MCM). These systems became force multipliers and enable our forces to find and / or clear mines twice as quickly as the forces we deployed to the Arabian Gulf in 2012 – taking 1-2 weeks instead of 1-2 months depending on the size (and our knowledge) of the minefield.

We tested these new capabilities and improved our ability to operate with a coalition by organizing and conducting an International Mine Countermeasures Exercise (IMCMEX) with 34 other navies in the Arabian Gulf last September.

In addition to improving our mine warfare capability in the Arabian Gulf, we increased our surveillance capability and our ability to counter fast attack craft and submarines in the region. Through rapid fielding efforts supported by the Secretary of Defense and the Congress, we added new electro-optical and infra-red sensors to our nuclear aircraft carriers (CVN), upgraded the guns on our Patrol Coastal (PC) ships based in Bahrain, fielded upgraded torpedoes for our helicopters deployed in the Arabian Gulf and deployed additional anti-submarine warfare (ASW) sensors in the region. Each of these initiatives and our mine warfare improvements continue into FY2014 as part of our budget submission.

We also continued implementing the Air-Sea Battle concept as part of *Warfighting First*. We practiced and refined the concept in war games and real-world exercises including VALIANT SHIELD and Rim of the Pacific (RIMPAC) last summer. RIMPAC brought together 40 ships and submarines, more than 200 aircraft and over 25,000 personnel from 22 nations, including Russia and India for the first time. RIMPAC enabled forces to practice high-end ballistic missile defense, surface warfare and anti-submarine warfare in simulations and more than 70 live-fire missile and torpedo events. RIMPAC 14, supported by our FY2014 budget submission, will include as many or more live-fire events and nations, including China for the first time.

We reinvigorated our efforts to conduct integrated operations with the Marine Corps as the war in Afghanistan draws down and demands for naval crisis response grow in the Mediterranean and Middle East. The Navy-Marine Corps team conducted BOLD ALLIGATOR in 2012; our largest amphibious exercise in more than a decade, yielding dozens of lessons learned which we are incorporating into our capability development efforts. Some of these changes, particularly in command control organizations and communications systems, are reflected in our FY2014 program. BOLD ALLIGATOR 14, supported by our FY2014 budget submission, will build on the results of last year's exercise and will explore the concepts and capabilities needed for a range of amphibious operations from single ARG up to large-scale amphibious assaults.

Operate Forward

The Navy and Marine Corps are our nation's "away team" and first responders to crisis. History has demonstrated that the Navy is at its best when we are forward and ready to respond where it matters, when it matters. To *operate forward* we focus our deployed presence at strategic maritime crossroads such as the Straits of Malacca and Hormuz or the Suez and Panama Canals. It is in these areas and others where sea lanes, resources and vital U.S. interests intersect that influence matters most.

On any given day, about 50,000 of our Sailors are underway on 145 ships and submarines, 100 of them deployed overseas as depicted in Figure 1. They are joined by about 125 land-based patrol aircraft and helicopters, 1,000 information dominance personnel, 1,000 Naval Special Warfare operators, and 4,000 Naval Combat Expeditionary Command sailors on the ground and in inland waters.

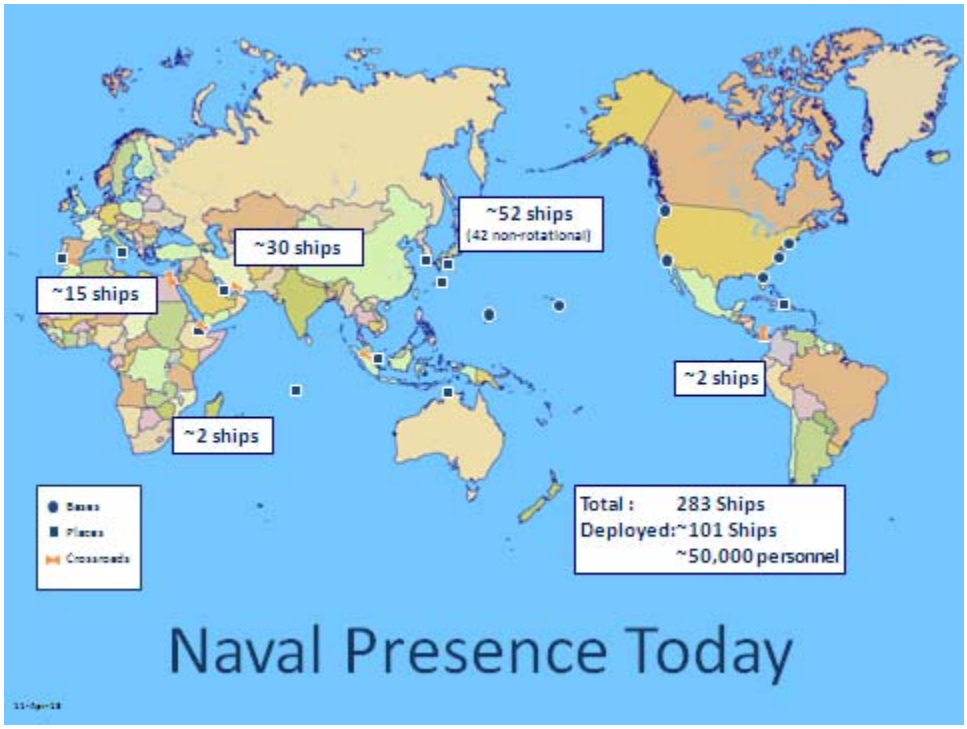

Figure 1

The tenet *Operate Forward* compels us to look for new ways to increase the amount of presence we can deliver at the right places – and to do so more efficiently. Each of these ways places ships overseas where they deliver continuous ("non-rotational") presence, instead of

having to deploy from the continental United States (CONUS) to provide "rotational" presence. One ship operating from an overseas port in this manner provides the same presence as about four ships operating from homeports in the United States.

There are two basic ways in which we can sustain ships overseas. Both of these ways of operating forward rely on "places" overseas where our partners and allies allow us to use their facilities to rest, repair, resupply and refuel:

- Ships can be homeported overseas as part of the Forward Deployed Naval Force (FDNF) with their Sailors and their Families as we do in Japan and will soon do in Rota, Spain. This provides continuous presence, immediate response to crisis, and the means to build a strong relationship with the host nation.
- Ships can also Forward Station overseas and be manned by civilian or military crews that rotate out to the ship. Rotating civilian crews man our Mobile Landing Platform (MLP), Joint High Speed Vessel (JHSV), Afloat Forward Staging Base (AFSB) and Combat Logistics Force (CLF) ships. Rotating military crews man our Littoral Combat Ship (LCS) and nuclear guided missile submarines (SSGN).

Our posture in the Arabian Gulf will improve this year with the addition of three PCs in Bahrain for a total of eight. Further, our FY2014 program supports the homeporting of two more PCs there for a total of 10 by the end of FY2014. During FY2013 we will permanently homeport all our PCs and our four MCMs in Bahrain, instead of manning them with crews rotating from the United States. This will increase the crews' proficiency and continue to build our relationship with partners throughout the Arabian Gulf.

In Europe, we continued preparations for the planned move of four destroyers to Rota, Spain, which highlights the benefit of FDNF ships. Conducting the European ballistic missile defense (BMD) mission today takes 10 ships deploying from CONUS. This same mission can be done with four destroyers based forward, freeing up six rotationally-deployed destroyers to deploy to other regions such as the Asia-Pacific.

In the Pacific, we deployed our first LCS, USS FREEDOM, to Singapore where it will remain for two crew rotations (8 months) to evaluate LCS operational concepts. Our posture in the Asia-Pacific will increase as part of the Department's overall rebalance to the region. Our

FY2014 program supports the basing of another nuclear attack submarine (SSN) in Guam (for a total of four) and the increase in the number of LCS operating from Singapore to four by FY17. In addition to the increase in rotational forces made available by FDNF DDG in Rota and the introduction of new ships such as JHSV in Africa and South America, our efforts to shift 60 percent of our fleet to Pacific homeports will increase our day-to-day presence there by 15-20 percent.

Fundamentally, *operate forward* is about making the most effective and efficient use of what we own. Each of these initiatives reflects that idea.

Be Ready

Our fleet must be ready to meet today's challenges, today. This means more than ensuring maintenance is done and parts and fuel are on hand. Those elements are essential to readiness, but our tenet to *Be Ready* requires that our Sailors be confident in their abilities and equipment and proficient in their operations. *Be Ready* compels us in our decision making to always consider what our Sailors need to be confident and proficient. We will buy proven technology that our Sailors can use and depend on instead of new, unproven equipment. We will use empirical data, such as Board of Inspection and Survey reports, as much as possible in our decision making. This is what our Sailors experience and we must work to make them as confident as possible in the warfighting capability of themselves and their gear. Applying our tenet to *Be Ready* requires that we consider all the factors that will detract from our Sailors' ability to effectively fight when the time comes.

In the past year we increased the proficiency of our Sailors by conducting more live-fire and practical training events. In addition to exercises such as RIMPAC and BOLD ALLIGATOR, we increased live-fire air defense and surface warfare and practical ASW training in our preparations for deployment and purchased additional training missiles, sonobuoys, ammunition and targets. To enhance the proficiency of our operators more efficiently, we funded completion and installation of trainers for new systems such as the P-8A *Poseidon*, E/A-18G *Growler* and LCS.

Current concerns

We are encountering four major factors now that detract from our Sailors' readiness and hinder our ability to make progress in line toward the vision described in *Sailing Directions*. They are: High operational tempo; at-sea manning shortfalls; sexual assault and suicide.

High Operational Tempo (OPTEMPO). Over the last decade, our fleet shrank by about 10% while our deployed presence remained about the same. As a result, each ship and aviation squadron spends on average about 15% more days away from home per year now than it did 10 years ago. This is an average, however; our increased OPTEMPO is not evenly distributed. Our CSGs and ARGs will deploy on average 7-8 months in FY2013, but several will deploy for 9 months or more due to emergent maintenance or the effects of sequestration on operational schedules. Our BMD ships are similarly deploying for about nine months at a time. To address this, we are shifting to a "supply-based" model to prepare forces for deployment starting in FY2014. As part of this we will revise our Fleet Readiness Training Plan (FRTP) to make it more predictable and provide more presence from the same size fleet.

At-sea manning shortfalls. Our goal for at-sea manning is 95 percent of billets filled and 90 percent "fitted" with a Sailor having the right specialty and seniority. At the start of FY2013, we were at about 90 percent fill and 85 percent fit – 5 percent short of our goal in each measure and about 7,000 short of our goal in at-sea manning. We put in place a number of initiatives to shift more Sailors to sea including Sea Duty Incentive Pay, changes to Sea-Shore rotation and shifts of Reserve Component Sailors to Active Duty. We expect to reach our fit and fill goals by the end of FY2013. An enduring factor behind at-sea manning shortfalls is the fact we are about 4,000 Sailors below our planned and budgeted end strength. To permanently address our end strength shortfall we increased accessions by 6,000 per year and broadened and increased reenlistment bonuses for undermanned ratings, adding bonuses for 18 specialties and increasing them for 42 more. We expect to reach our end strength goal by the end of FY2013.

Sexual assault. One of the most significant near-term challenges to our Sailors' ability to be ready is sexual assault, a crime that happens to about two Sailors every day. Sexual assault creates an unsafe workplace and degrades the readiness of our ships and squadrons. Last year we implemented a comprehensive strategy for countering sexual assault. This year we completed a comprehensive training plan for every Navy service member focused on recognition of the

events which may lead to sexual assault and how to deter it and prevent it. We also put in place new requirements for reporting and adjudication of sexual assaults, including review and assessment by the first flag officer in the victim's chain of command and enhanced capability and capacity to investigate and prosecute sexual assault cases. Our FY2014 program continues and expands these initiatives.

Our assessments find that most sexual assaults involve junior Sailors; that alcohol is often a contributor; and that assaults occur most frequently in Navy settings such as barracks, on board ships or at command-related events. We are putting in place measures to address these common factors, including "Resident Advisors" in barracks – not unlike college dormitories – and increasing the frequency of senior leader visits to junior Sailor housing and gathering places. This year we began fielding alcohol detection devices to each Navy command. These devices are not designed to provide evidence or support prosecution. They are designed to educate Sailors about their alcohol use. Our analyses also confirmed the importance of command climate in creating an environment that contributes to or deters sexual assault. By enforcing professional standards at work and holding our people accountable for not meeting them, we can reduce situations in Navy-controlled settings in which sexual assault becomes more likely.

We are implementing and refining our sexual assault prevention strategy by building on our successful pilot program for preventing sexual assaults at our training command in Great Lakes (which reduced sexual assaults by 60 percent over two years). We expanded this model to our base in San Diego starting last December. We will establish a similar program in Naples, Italy this month and in Pensacola, Florida and Yokosuka, Japan later this year.

Suicide: Suicide is a growing problem in our nation, our military and our Navy. The number of suicides per 100,000 Sailors per year has risen steadily from 13 two years ago to 16 in the last 12 months. To help address this troubling trend, Navy stood up a task force to examine Navy suicide prevention and resilience-building programs as well as evaluate DoD, other service, and non-DoD approaches and programs. The task force completed their assessment this month and is providing a comprehensive set of actions for implementation. Their findings showed that while no program to date has stopped suicides in the military, there are some key factors contributing to suicide that we can address. Their recommendations are being

incorporated into our existing efforts to prevent suicide, focused on education and awareness; intervention; Sailor care; and continued assessment of our progress.

In particular, the task force will revise our current collection of 123 programs designed to improve resiliency or prevent suicide and focus them on the factors they found to be most effective at preventing suicide. We will implement many of these recommendations in FY2013 and into FY2014. The Navy also works with DoD's Defense Suicide Prevention Office to promote awareness of the Military Crisis Line, a service that provides 24/7 confidential crisis support to those in the military and their families. This line provides immediate access to care for those who may be at risk for suicide, along with additional follow-up and connection with Metal health services.

Our Course for FY2014

Our FY2014 budget submission implements the DSG and continues our current efforts by making decisions based on our three tenets. Our approach to building our FY2014 program focused on three main areas, in order:

- *First*, we ensured sufficient forces and readiness to provide the presence required to meet the current and projected future GFMAP.
- *Second,* we sustained our FY2013 investments required to support our critical near-term capability to perform DSG missions.
- *Third,* we addressed our most relevant future capability requirements to support the DSG missions.

The resulting FY2014 program and associated plans implement DSG direction to rebalance our effort toward the Asia-Pacific region, support our partners in the Middle East, sustain our alliance commitments in Europe and employ low-cost, small footprint approaches to security on other regions.

1. Delivering presence: Our FY2014 submission includes the investments in force structure needed to meet the presence requirements of the FY2014 GFMAP. Our investments in ships and aircraft are complemented with the funding for training, maintenance and operations necessary for readiness today and to ensure they can continue to provide presence over their expected service life. Figure 2 depicts the presence levels generated by our planned investments

in the FY2014 Future Years Defense Program (FYDP). Figure 2 also includes the number of "non-rotational" ships that are either homeported in the region or are Forward Stationed in the region and manned by rotational crews from CONUS.

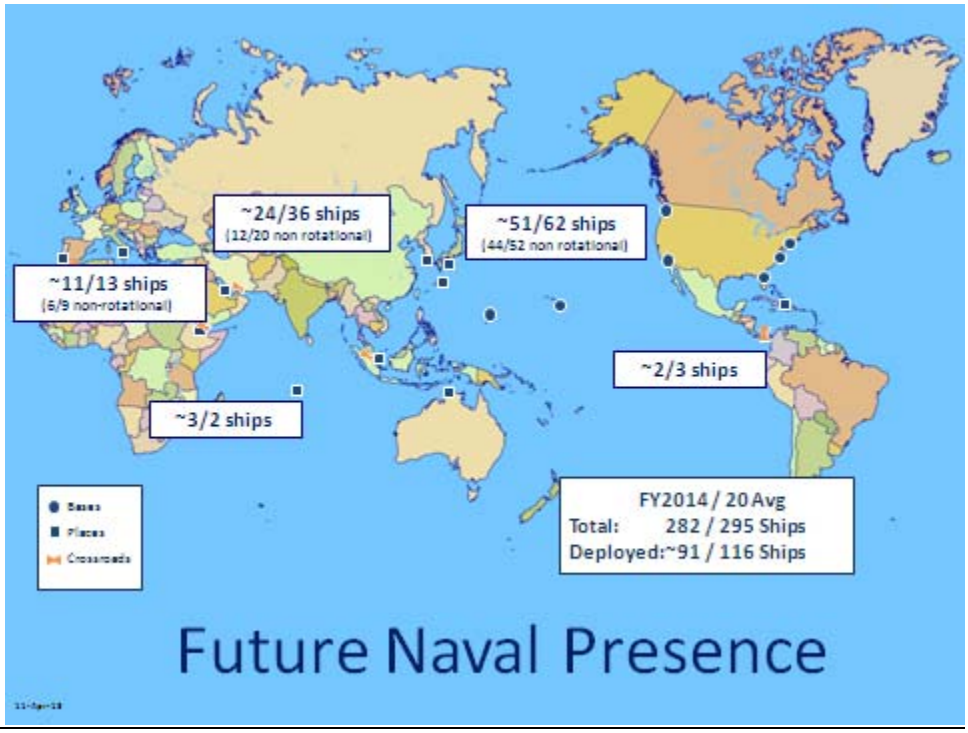

Figure 2

Shipbuilding: We determined the number and type of ships required over the long-term through a comprehensive, analytically-driven Force Structure Assessment (FSA). The FSA determined the day-to-day presence required to execute the DSG, informed by today's GFMAP and the introduction of new ships, systems or payloads, and concepts that deliver presence more efficiently or that better match capabilities to their theater. The FSA resulted in a required number of each type of ship to meet the projected presence requirements. Although presence is the governing factor for Navy force structure requirements, the FSA also ensured Navy's force structure would be sufficient to meet the surge requirements of CCDR operational plans and DoD Defense Planning Scenarios, informed by the DSG direction to reevaluate those plans in view of our resource limitations.

The FSA analysis resulted in a battle force requirement of 306 ships. This requirement is different from our previous 313-ship requirement because of: (1) reduced presence requirements resulting from the DSG's priorities; (2) increased forward basing of ships; (3) introduction of

new payload capacity for SSNs (replacing the SSGNs) and; (4) the increased use of ships manned with rotating civilian and military crews which provide more presence per ship.

Our FY2014 long-term shipbuilding plan is designed and planned to deliver the fleet, by ship type, required per our FSA over the long term. Our investments are not programmed to reach the precise number and mix of ships within this FYDP, but do deliver a fleet of 300 ships by 2019 with increased capability and flexibility compared to the fleet of today. To meet the required force mix and number, however, Navy will need the means to resource, in particular, construction of the next generation nuclear ballistic missile submarine (SSBN). Deputy Secretary of Defense Carter acknowledged this resourcing challenge in his memo of March 2012 that forwarded the FY2013 Shipbuilding Plan to Congress.

Our FY2014 program continues the construction of ships that employ rotational military or civilian crews to improve their ability to operate and stay forward. Our FY2014 budget submission funds the final MLP, which will be configured as an AFSB and manned by rotating civilian crews with military detachments, and four LCS that will employ rotational military crews. During FY2014 we will deploy the first JHSV, USNS SPEARHEAD, and continue the first deployment of USS FREEDOM. We will use these deployments to integrate these new, highly adaptable platforms into the fleet and evaluate the ways we can employ their combination of persistent forward presence and flexible payload capacity.

During FY2014, seven ships will enter the fleet, including two new classes of ships. The first *Zumwalt* class DDG will deliver next year, bringing with it an all-electric integrated propulsion system and the Advanced Gun System, able to reach targets with precision up to 60 miles away. The amphibious assault ship USS AMERICA will join the fleet in FY2014 and empower new concepts for amphibious operations that take advantage of its expanded aviation capacity. Over the next five years, we will deliver 46 ships, including the GERALD R. FORD, the first of a new class of CVN that will provide much higher sortie generation with about 500 fewer Sailors.

Aviation: Our aviation requirements are tied to requirements for the ships from which they operate, and on our required forward presence of land-based aircraft such as the P-8A *Poseidon*. Our FY2014 program invests in aircraft to meet those requirements. To support our carrier air wings and independent deploying ships, our FY2014 budget submission continues

construction of the proven and adaptable MH-60R/S *Seahawk* and E-2D *Hawkeye.* We also continue investment in development and low-rate production of the F-35C *Lightning II* to replace our older F/A-18 *Hornet* models (A-D).

Readiness: Our funded operations and maintenance in FY2013 will complete the manning, training, maintenance and other preparations necessary to enable Navy to meet the FY2014 GFMAP. Our FY2014 budget submission, combined with anticipated Overseas Contingency Operations (OCO) funding, fully funds our planned ship and aircraft maintenance and the ship and aircraft operations needed to execute the FY2014 GFMAP.

Our overall FY2014 readiness is dependent on OCO funding. OCO funding subsidizes about 20 percent of our ship and aircraft maintenance costs in FY2014, including depot maintenance, as our fleet supports operations in Afghanistan. We are requesting OCO funding for about 20% of our planned ship operations to support training and certification for deployment and deployed operations. Our dependence on OCO funding for baseline operations has decreased from $3.3 billion in FY2011 to $2.3 billion FY2013 as we "migrate OCO to base" funding. A more enduring funding strategy will eventually be required for Navy to maintain its current readiness and level of overseas presence into the future.

The Navy also continues to develop more efficient ways to generate presence. Our FY2014 budget submission requests investments needed to modify the Fleet Readiness Training Plan (FRTP), which is the means Navy uses to train and maintain ships and aircraft in our CSGs and ARGs in preparation for deployment. This change, called "Enhanced CSG Presence," will enable increased overseas presence of rotationally-deployed CSGs by: lengthening the overall FRTP cycle; adding time for maintenance and training; and increasing the total deployed time of each CSG per operating cycle. This transition will take two years to complete but at the end we will have established a more sustainable process for training and maintaining our rotationally deploying ships, aircraft and crews.

Enhanced CSG Presence addresses increased use and overseas presence of CSGs over the last decade since the current FRTP was first developed. The current FRTP organizes the training and maintenance of ships and aircraft in the CSG to conduct one deployment (nominally seven months) per 32-month cycle; the CSG is then available to deploy for contingencies for another 12 months. In the last several years, Requests For Forces (RFF) added to the GFMAP compelled

Navy to routinely deploy CSGs twice in each operating cycle. This caused personnel to exceed DoD personnel tempo limits and expended the CVNs nuclear fuel at a higher rate than planned – causing some CVN to be constrained in the amount of operations they can do before they are refueled. Enhanced CSG Presence is designed to deploy CSGs twice each operating cycle while providing the time at home needed to stay within PERSTEMPO limits and maintain ships and aircraft. This model is more efficient because it trains and maintains the CSG once for two deployments. It is also a "supply-based" model because it delivers a set amount of overseas CSG presence and does not include "on demand" surge capacity except in most extreme contingencies. Our FY2014 program includes the near-term investment in personnel and shipyard capacity needed to implement Enhanced CSG Presence, but future investment in CVN and aircraft recapitalization may be needed to address increased usage over time.

Arctic. Emerging projections assess that the Arctic will become passable for shipping several months out of the year within the next decade – about 10 years earlier than predicted in 2009 when we first published our Arctic Roadmap. This will place new demands on our fleet for presence in the Arctic and capabilities to operate in the Arctic environment. Between now and the start of FY2014 we will update our Arctic Roadmap, and accelerate many of the actions Navy will take in preparation for a more accessible Arctic. During FY2014 we will implement this revised roadmap, including developing with the U.S. Coast Guard plans for maintaining presence and search and rescue capability in the Arctic and pursuing exchanges with other Arctic countries to familiarize our Sailors with Arctic operations.

2. Fielding near-term capabilities: Mine warfare continues to be a significant emphasis in the near-term. Our FY2014 program increases investment in the new AQS-20 towed mine hunting sonar and the new unmanned surface vehicle that will tow it, freeing up manned helicopters and ships and further expanding our mine hunting capacity. Our budget submission funds upgrades for our existing helicopter-towed mine hunting sonar and MCM hull-mounted sonar and accelerates fielding of the Mk-18 UUV and Sea Fox mine neutralization system. To support our MCMs and PCs in Bahrain, Navy's FY2014 program sustains USS PONCE as an AFSB-I in the Arabian Gulf and funds the outfitting of its replacement – the first MLP modified to be an AFSB.

To address the near-term threat from submarines, our FY2014 program sustains accelerated procurement of Mk-54 torpedoes, improves sustainment and replacement of today's fixed and mobile undersea sensors and further accelerates fielding of the surface ship torpedo defense system, which is scheduled to deploy in FY2014.

Small boats with explosives or anti-ship missiles remain a potential threat to our forces in the constrained waters of the Arabian Gulf. Our FY2014 program funds integration of the Advanced Precision Kill Weapon System (APKWS) onto our MH-60R helicopters to counter this threat. We also will test the new Laser Weapons System (LaWS) during FY2014 in the Arabian Gulf aboard USS PONCE. LaWS brings capabilities to defeat small boats and unmanned air vehicles (UAV) for about $1 a shot compared to thousands or millions of dollars per artillery round or missile. To improve our ability to defeat larger surface combatants, our FY2014 program invests in development and testing of near-term modifications to existing weapons that would enable them to be used for surface warfare.

3. Developing future capabilities: Our development of future capability is benchmarked to support our rebalance toward the Asia-Pacific and is guided in large part by the Air-Sea Battle concept, which implements the Joint Operational Access Concept. Both these concepts are designed to assure U.S. forces freedom of action and access to support deterrence, assurance of our allies and partners, and the ability to respond to crises. Our investments focus on assuring access in each domain, often by exploiting the asymmetric capability advantages of U.S. forces across domains

Undersea. Navy's dominance of the undersea domain provides U.S. forces their most significant asymmetric advantage. Our FY2014 program continues improving our capability to deny the undersea to adversaries, while exploiting it for our own operations. Our ASW concepts combine U.S. air, space, cyber, surface and subsurface capabilities to prevent adversaries from effectively using the undersea domain. Navy's FY2014 budget submission sustains and plans production of proven ASW platforms including MH-60R *Seahawk* helicopters, P-8A *Poseidon* maritime patrol aircraft, *Arleigh Burke* class destroyers and *Virginia* class nuclear submarines (SSN) – including a second SSN in FY2014 thanks to Congressional support in FY2013. Our budget submission also funds Advanced Airborne Sensors for the P-8A Poseidon, accelerates torpedo defense systems for our aircraft carriers, transitions the PLUS system to an acquisition

program and improves Navy's Integrated Undersea Surveillance System. To tie these manned and unmanned air, surface and undersea systems together in a networked, our FY2014 budget submission continues development of the Undersea Warfare Decision Support System.

Our submarines and undersea vehicles can exploit their ability to circumvent anti-access challenges to conduct missions such as surveillance, strike, and ASUW into the air and surface domains with near-impunity. In addition to building two *Virginia* class SSNs in FY2014 our budget submission continues development of the Large Displacement Unmanned Underwater Vehicle (LDUUV) and additional payloads for our existing submarines.

Air. Our FY2014 program continues to improve the capability of our CSGs to project power despite threats to access. In FY2014 our budget submission funds two squadrons E/A-18G *Growler* electronic warfare aircraft and the Next Generation Jammer. E/A-18G provides key and critical capabilities to our CVW and expeditionary forces by jamming or deceiving adversary electromagnetic sensors while providing improved capability for sensing of adversary electromagnetic emissions. Our FY2014 budget submission also continues to invest in the development and low-rate production of the new F-35C *Lightning II*. We will continue to evaluate how to best integrate F-35C into our CVW from a training, logistics and operational perspective. In particular, we are concerned about the sustainment model and costs for F-35C and how to manage them. While we expect the F-35C to be able to do all the missions of today's F/A-18 E/F, it will also bring improved C4ISR capabilities that will make possible a number of new operational concepts.

Our FY2014 program funds the fielding of new "kill chains" that are better able to defeat adversary jamming. One chain uses infra-red sensors and weapons to provide air-to-air capability that operates outside the radiofrequency (RF) band and is therefore not susceptible to traditional RF jamming. The other kill chain uses networked sensors and weapons in the Navy Integrated Fire Control-Counter Air (NIFC-CA) system. NIFC-CA uses the Cooperative Engagement Capability (CEC) datalink between Aegis ships and E-2D aircraft and Link-16 between E-2D and F/A-18 aircraft to seamlessly share threat information between Navy ships and aircraft. NIFC-CA enables each platform to engage targets on another platform's data, even if the shooting platform does not even see the target on its own radar due to jamming or extreme range. Since NIFC-CA incorporates Link-16, other Link-16-equipped sensors such as the Army's Joint

Land Attack Cruise Missile Elevated Netted Sensor (JLENS) and Airborne Warning and Control System (AWACS) could also participate in the network. We will field the first NIFC-CA equipped CSG in 2015 and will pursue greater Joint and coalition employment of NIFC-CA as part of the Air-Sea Battle Concept.

Enhancements to our manned aircraft are still limited by the range and persistence of manned platforms. Our FY2014 program continues testing and development of the X-47 Unmanned Combat Air System Demonstrator (UCAS-D) UAV, which completed flight deck trials at sea aboard USS HARRY S TRUMAN, its first land-based catapult launches, and is slated for its first at-sea catapult launch and recovery in late May. This spring we will finalize the requirements for the follow-on Unmanned Carrier Launched Airborne Strike and Surveillance (UCLASS) system, followed by an initial request for proposals from industry. By FY2020, UCLASS will enhance the reach and persistence of our CSGs by conducting surveillance and strike missions several hundreds of miles from the carrier and with two to three times the endurance of a manned aircraft. The UCLASS can also be equipped to take on missions such as tanking that today take several F/A-18 E/F out of the tactical missions for which they were designed.

Electromagnetic spectrum (EMS) and cyber. Future conflicts will be fought and won in the electromagnetic spectrum and cyberspace, which are converging to become one continuous environment. This environment is increasingly important to defeating threats to access, since through it we can disrupt adversary sensors, command and control and weapons homing. Our FY2014 budget submission aggressively supports Navy's efforts to exploit the EMS and cyberspace. In addition to E/A-18G aircraft and Next Generation Jammer, our FY2014 budget submission funds seven SLQ-32 Surface Electronic Warfare Improvement Program (SEWIP) Block 1 upgrades and fields new deployable decoys to defeat anti-ship missiles. The FY2014 program also accelerates research and development on SEWIP Block 3, which expands the frequency range of the SLQ-32 electronic warfare system to address emerging missile threats and provides enhanced electronic attack capabilities. To disrupt adversary surveillance and communications, our FY2014 budget submission continues procurement of improvements to Navy's Ships Signal Exploitation Equipment (SSEE), which will host a growing number of electronic surveillance and attack payloads.

Improving the defense of our computer networks depends on reducing our "footprint" or the number of different networks; reducing the number of different applications on our networks; improving our day-to-day cyber "hygiene"; and developing an effective cyber workforce. Our FY2014 program continues fielding the Consolidated Afloat Network and enterprise Services (CANES) on ships and the Next Generation Network (NGEN) ashore to reduce the number of Navy networks and applications while we continue to expand the inspection of our cyber "hygiene" with improving results. To expand our cyber warfare capabilities, our FY2014 program funds the manpower and training to man and train a cyber force increase of about 1,000 personnel by FY2016 in addition to the 800 billets realigned in FY2013 from other specialities. These cyber specialists will help form 40 computer defense, attack and exploitation teams at U.S. Cyber Command. Navy studied the challenges associated with the EMS and cyber domains in 2012. We are now building on these initial capabilities with a comprehensive plan to improve our ability to exploit the EMS and cyberspace.

Amphibious warfare. Not all threats to access are from enemy missiles or torpedoes. Adversaries will exploit geography and coerce neighbors to not allow our forces to use their facilities. Naval forces also need the flexibility to come ashore in unexpected areas or from less predictable directions to catch the adversary off guard. Amphibious warfare exploits the inherent maneuverability of naval forces to provide an asymmetric advantage against adversary anti-access efforts. Our FY 2014 budget submission funds construction of an 11th "big deck" amphibious assault ship (LHA), LHA-8, which will bring enhanced aviation capacity and a traditional well deck to expand its ability to support the full range of amphibious operations. Our FY2014 program also extends the life of USS PELELIU through FY2015 and sustains our ship to shore connector capacity through life extensions and recapitalization. We are complementing this investment with revised concepts for Marines to operate at sea on a larger number of ships to conduct missions from peacetime security cooperation to wartime amphibious assault.

While developing new Navy-Marine Corps operating concepts, we will address in the near-term the need for improved communications systems on our amphibious ships. Our FY2014 program continues to install the CANES on *San Antonio* class Amphibious Transport Dock ships (LPD) and on LHAs and LHDs. This only addresses a part of our shortfall. We are analyzing the need for upgraded communications on our older amphibious ships and will correct those shortfalls in the near-term. We are also developing changes to our command and control

organizations to enable our amphibious forces to scale their operations from disaggregated Amphibious Ready Groups (ARG) up to large scale operations involving multiple ARGs and CSGs.

Asia-Pacific Rebalance. Our FY2014 program continues rebalancing our efforts toward the Asia-Pacific region in four main ways:

- Increased presence: As indicated in Figures 1 and 2, our FY2014 budget submission enables Navy presence in the Asia-Pacific to increase by almost 20 percent between now and 2020. This is in large part a result of more ships operating from forward locations, including an additional SSN homeported in Guam, LCS operating from Singapore and JHSV, MLP and AFSB operating from ports throughout the region. It also reflects additional DDG and amphibious ships rotationally deployed to the Asia-Pacific after being made available by forward homeporting of DDG in Rota, Spain or because they were replaced by JHSV and LCS in Africa and South America.
- Homeporting: We implemented a plan in FY2013 to shift 60 percent of our fleet to be homeported on the Pacific by 2020. Our FY2014 program continues this plan.
- Capabilities: Our capability investments for the Asia-Pacific are guided by the Air-Sea Battle concept and the future capabilities described above will be deployed preferentially and first to the Asia-Pacific region. For example, the P-8A will conduct its first deployment to the Asia-Pacific in 2014, followed by the MQ-4C and F-35 later this decade. Our improved aviation kill chain capabilities will go first to the CVW in Japan and NIFC-CA will be first fielded to the Pacific Fleet once it completes its operational testing.
- Intellectual Capital: Our investments in education, exercises, interoperability and engagement continue to focus on the Asia-Pacific region. We continue to conduct more than 150 exercises annually in the Asia-Pacific and our plan for RIMPAC 14 is to continue growing in sophistication and participation, including China for the first time. We established a permanent squadron staff to support LCS in Singapore and manage Navy security cooperation activities in the South China Sea.

Conclusion

Budget uncertainties or reductions may slow progress toward our goals, but the tenets which guide our decisions will remain firm. Along with our primary joint partner the U.S. Marine Corps we will remain America's "force in readiness," prepared to promptly respond to crises overseas. On behalf of the approximately 613,000 Navy Sailors and civilians, we appreciate the support that the Congress has given us to remain the world's preeminent maritime force. I can assure the Congress, the American people, and those who would seek to do our nation harm, that we will be focused on warfighting first, operating forward and being ready.