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STATEMENT OF
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CHIEF OF NAVAL OPERATIONS
BEFORE THE
HOUSE ARMED SERVICES COMMITTEE
ON
FY10 DEPARTMENT OF NAVY POSTURE
14 MAY 2009

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Navy FY 2010 Posture Statement

Chairman Skelton, Representative McHugh, and members of the Committee, it is an honor to appear before you today representing the more than 600,000 Sailors and civilians of the United States Navy. We are making a difference around the world. We are globally deployed, persistently forward, and actively engaged. I greatly appreciate your continued support as our Navy defends our nation and our national interests.

Last year, I came before you to lay out my priorities for our Navy, which were to build tomorrow's Navy, remain ready to fight today, and develop and support our Sailors, Navy civilians, and families. We made great progress on those priorities this past year. Sustaining our Navy's maritime dominance requires the right balance of capability and capacity for the challenges of today and those we are likely to face in the future. It demands our Navy remain agile and ready.

Our Maritime Strategy, issued by the Navy, Marine Corps, and Coast Guard over a year ago, continues to guide our efforts. The strategy recognizes the importance of naval partnerships, elevates the importance of preventing war to the ability to fight and win, and identifies six core capabilities: forward presence, deterrence, sea control, power projection, maritime security, and humanitarian assistance and disaster response (HA/DR). We have increased the breadth and depth of our global maritime partnerships. We have engaged, more than ever, in stability operations and theater security cooperation. Moreover, we are performing each of our six core capabilities as part of the joint force in Operation Enduring Freedom (OEF) and Operation Iraqi Freedom (OIF), and across the globe.

We continue to build tomorrow's Navy. As I articulated last year, our Navy needs a stable shipbuilding program that provides the right capability and capacity for our Fleet while preserving our nation's industrial base. Since I came before you last year, ten new ships have joined our Fleet. Among them, is USS FREEDOM (LCS 1), an important addition that addresses critical warfighting gaps. We have increased oversight and are working closely with industry to lower LCS costs and meet program milestones. I am pleased to announce we have awarded fixed price, incentive fee contracts for the third and fourth LCS ship. We are aggressively working to ensure LCS is a successful and affordable program. The introduction of USS GEORGE W. BUSH (CVN 77) earlier this year also re-affirmed the strength and power of the American shipbuilder and our industrial base. I remain committed to a carrier force of 11 for the next three decades. In our drive to build the future Fleet, I continue to demand that we accurately articulate requirements and remain disciplined in our processes. As I testified last year, effective procurement requires affordable and realistic programs to deliver a balanced future Fleet.

We reached several key milestones in Navy aviation over the last year. Recently, the first P-8A Poseidon aircraft successfully completed its first flight. The P-8A will replace our aging P-3 Orion maritime patrol aircraft, which we have adapted to the fight we are in by providing critical Intelligence, Surveillance, and Reconnaissance capabilities to current operations in Iraq and Afghanistan. We also issued our first contract for the Broad Area Maritime Surveillance aircraft, which will provide capability to meet the challenges we are likely to face in the future. As I identified last year, we continue to expect a decrease in the number of our strike fighters

between 2016 and 2020 which will affect the capacity and effectiveness of our carrier air wings. The timely delivery of the F-35 Joint Strike Fighter is critical to meeting our strike fighter needs.

While we have been building our Navy for tomorrow, we have also been focused intensely on today's fight. Our Sailors are fully engaged on the ground, in the air, and at sea in support of operations in Iraq and Afghanistan. On the ground, our Navy has more than 13,000 active and reserve Sailors in Central Command supporting Navy, Joint Force, and Combatant Commander requirements. Navy Commanders are leading six of the 12 U.S.-led Provincial Reconstruction Teams in Afghanistan. Our elite teams of Navy SEALs are heavily engaged in combat operations. Navy Explosive Ordnance Disposal platoons are defusing Improvised Explosive Devices (IEDs) and landmines. Our SEABEE construction battalions are rebuilding schools and restoring critical infrastructure. Navy sealift is delivering the majority of heavy war equipment to Iraq, while Navy logisticians are ensuring materiel arrives on time. Our Navy doctors are providing medical assistance in the field and at forward operating bases. In addition, I am thankful for the support of Congress for Navy Individual Augmentees who are providing combat support and combat service support for Army and Marine Corps personnel in Iraq and Afghanistan. On the water, Navy Expeditionary Combat Command Riverine forces are working closely with the Iraqi Navy to safeguard Iraqi infrastructure and provide maritime security in key waterways. Navy forces are also intercepting smugglers and insurgents and protecting Iraqi and partner nation oil and gas infrastructure. We know the sea lanes must remain open for the transit of oil, the lifeblood of the Iraqi economy, and our ships and Sailors are making that happen.

Beyond the fight in Iraq and Afghanistan, however, we remain an expeditionary force, engaged around the world. As the dramatic capture of Maersk Alabama and subsequent rescue of Captain Richard Phillips demonstrated, we do not have the luxury to be otherwise. We are engaged in missions from the Horn of Africa, to the Caribbean and the Philippines. Our operations range from tracking attempted ballistic missile launches from North Korea, to interacting with international partners at sea, to providing medical and humanitarian assistance from the sea. Our Sailors continue to be ambassadors for our nation. This past October marked the first visit ever of a U.S. nuclear-powered ship, USS THEODORE ROOSEVELT, to South Africa, the first year Navy ships were engaged in operations on both the East and West Coasts of Africa, and the first visit ever of a U.S. CNO to South Africa. Additionally, my recent visit to China continued a dialogue with the PLA(N) that will enhance our military-to-military relationships. In total, we have more than 50,000 Sailors deployed and more than 10,500 in direct support of global Requests for Forces and Joint manning requirements.

My commitment to developing and supporting our Sailors and Navy civilians in their global operations endures. We have met overall officer and enlisted (active and reserve) recruiting goals for 2008 and are on track for success in 2009. We are also improving the diversity of our Navy through significant outreach and mentorship. We continue to provide, support, and encourage training and education for our warfighters in the form of Joint Professional Military Education, Language Regional Expertise and Cultural programs, and top-notch technical schoolhouses. In addition, to help our Sailors balance between their service to the nation and their lives at home and with their families, we have expanded access to childcare, and improved housing for families and bachelors through Public Private Ventures (PPV). We also continue to address the physical and mental needs of our Wounded and Returning Warriors and

their families, as well as the needs of all our Sailors who deploy. I appreciate the support of Congress for these incredible men and women.

My focus as CNO is to ensure we are properly balanced to answer the call now and in the decades to come. As I indicated last year, the balance among capability, capacity, affordability, and executability in our procurement plans is not optimal. This imbalance has increased our warfighting, personnel, and force structure risk in the future. Our risk is moderate today trending toward significant in the future because of challenges associated with Fleet capacity, increasing operational requirements, and growing manpower, maintenance, and infrastructure costs.

We remain a ready and capable Navy today, but the stress on our platforms and equipment is increasing. We can meet operational demands today but we are stretched in our ability to meet additional operational demands while taking care of our people, conducting essential platform maintenance to ensure our Fleet reaches its full service life, and modernizing and procuring the Navy for tomorrow. Our FY 2010 budget aligns with the path our Maritime Strategy has set; however, we are progressing at an adjusted pace. Our budget increases our baseline funding, yet our Navy continues to rely on contingency funding to meet current operational requirements and remain the nation's strategic reserve across the entire spectrum of conflict.

Achieving the right balance within and across my priorities will be critical as we meet the challenges of today and prepare for those of tomorrow. I request your full support of our FY 2010 budget request and its associated capabilities, readiness, and personnel initiatives highlighted below.

Build Tomorrow's Navy

To support our nation's global interests and responsibilities, our Navy must have the right balance of capability and capacity, across multiple regions of the world, to prevent and win in conflict today while providing a hedge against the challenges we are most likely to face tomorrow. You have provided us with a Fleet that possesses the capabilities Combatant Commanders demand. Our budget request for FY2010 increases the capacity of our Fleet to respond to those demands.

We are addressing our aviation capability and capacity by investing in both new and proven technologies. Our E/A-18 G aircraft utilize the same airframe as the F/A-18 F, which improves construction costs and efficiencies, but it is equipped for airborne electronic attack, rather than strike missions. The E/A-18G will complete operational testing this year and eventually replace our existing EA-6B Fleet. Our budget includes procurement and RDT&E funding for this aircraft and for our P-8A Multi-mission Maritime Aircraft, which will replace our aging P-3 Orion Fleet. In addition to manned aviation, our Navy is investing in unmanned aircraft, such as Firescout, which is more affordable, can be built in larger numbers, and can do the missions needed in the small wars and counterinsurgencies we are likely to face in the near to mid-term. We are also investing in the Broad Area Maritime Surveillance System (BAMS), which is the only unmanned aircraft that can provide long-range intelligence, surveillance, and

reconnaissance in the maritime environment. Our aviation programs increased by more than \$4.2B from FY 2009 to FY 2010 to achieve the right balance of capability and capacity.

Our Navy's operational tempo over the past year reaffirms our need for a minimum of 313 ships. The mix of those ships has evolved in response to the changing security environment and our investments in FY 2010 support growing Combatant Commander demands for ballistic missile defense, irregular warfare, and open ocean anti-submarine warfare. We are also addressing demands for high speed and intra-theater lift, as well as a variety of missions in the littoral. Specifically, our FY 2010 budget funds eight ships: the 12th Virginia class submarine, three Littoral Combat Ships (LCS), two T-AKE Dry Cargo and Ammunition Ships, a second Joint High Speed Vessel (JHSV) for the Navy, and an advanced Arleigh Burke Class Destroyer that will restart the DDG 51 program. The budget also funds the balance of LPD 26 and DDG 1002 construction, and provides third-year funding for CVN 78.

American shipbuilding is not broken, but improvements are needed. Since becoming CNO, I have focused on our need to address and control procurement and total ownership costs. Shipbuilding costs have been increasing as a result of reductions in number of ships procured, overtime costs, and challenges associated with the introduction of new technologies and sophisticated systems. We are addressing these costs by maturing new ship designs to adequate levels before commencing production, and by pursuing common hull forms, common components, proven designs, and repeat builds of ships and aircraft to permit longer production runs and lower construction costs. Additionally, our shipbuilding plans incorporate open architecture for hardware and software systems and increasingly use system modularity. These initiatives reduce costs from inception to decommissioning and allow ease of modernization in response to evolving threats.

In 2008, we introduced a more comprehensive acquisition governance process to better link requirements and costs throughout the procurement process. I will work closely with the Secretary of the Navy to grow our acquisition workforce and enhance our ability to properly staff and manage our acquisition programs. I also enthusiastically support reviewing the overall acquisition and procurement processes to determine how the Services can best address costs and accountability.

A solid and viable industrial base is essential to national security and our future Navy, and is a significant contributor to economic prosperity. Shipbuilding alone is a capital investment that directly supports more than 97,000 American jobs and indirectly supports thousands more in almost every U.S. state. Similarly, aircraft manufacturing provides extraordinary and unique employment opportunities for American workers. Like the manufacturing base in other sectors of our economy, the shipbuilding and aircraft industries depend upon stable and predictable workloads to stabilize their workforce and maximize efficiencies. Level loading of ship and aircraft procurements helps retain critical skills and promotes a healthy U.S. shipbuilding and aircraft industrial base.

I seek your support for the following initiatives and programs:

Aircraft Carrier Force Structure

The Navy remains committed to a force of 11 carriers for the next three decades that can respond to national crises and provide options when access is not assured. Our carrier force provides the nation the unique ability to overcome political and geographic barriers to access critical areas and project power ashore without the need for host nation ports or airfields.

The 11-carrier requirement is based on a combined need for world-wide presence requirements, surge availability, training and exercises, and maintenance. During the period between the planned 2012 inactivation of USS ENTERPRISE (CVN 65) and the 2015 delivery of GERALD R. FORD (CVN 78), however, legislative relief is needed to temporarily reduce the operational carrier force to 10. Extending ENTERPRISE beyond 2012 involves significant technical risk, challenges manpower and the industrial base, and requires expenditures in excess of \$2.8B with a minimal operational return on this significant investment. Extending ENTERPRISE would result in only a minor gain in carrier operational availability and adversely impact carrier maintenance periods and operational availability of the force in the future. The temporary reduction to 10 carriers can be mitigated by adjustments to deployments and maintenance availabilities. I request your approval of this legislative proposal.

F/A-18 and Joint Strike Fighter (JSF)

Navy and Marine Corps carrier-based F/A-18 aircraft are providing precision strike in support of forces on the ground in Iraq and Afghanistan. The F/A-18 E/F is the aviation backbone of our Navy's ability to project power ashore without bases that infringe on a foreign nation's sovereign territory. At the rate we are operating these aircraft, the number of our carrier-capable strike fighters will decrease between 2016 and 2020, which will affect our air wing capacity and effectiveness. The F-35 Joint Strike Fighter (JSF) is essential to addressing the Navy's strike fighter needs. Stable funding of JSF will facilitate the on-time and within budget delivery of the aircraft to our Fleet. I also appreciate the support of Congress for our FY 10 request that continues to fund F/A-18 E/F production while transitioning to JSF.

Littoral Combat Ship (LCS)

LCS is a fast, agile, and networked surface combatant with capabilities optimized to support naval and joint force operations in littoral regions. LCS fills warfighting gaps in support of maintaining dominance in the littorals and strategic choke points around the world. It will operate with focused-mission packages, which will include manned and unmanned vehicles, to execute a variety of missions, primarily anti-submarine warfare (ASW), anti-surface warfare (SUW), and mine countermeasures (MCM).

LCS' inherent characteristics of speed, agility, shallow draft, payload capacity, reconfigurable mission spaces, and air/water craft capabilities, combined with its core Command, Control, Communications, Computers and Intelligence, sensors, and weapons systems, make it an ideal platform for engaging in irregular warfare and maritime security operations, to include counter-piracy missions.

I am pleased to report that USS FREEDOM (LCS 1) is at sea and INDEPENDENCE (LCS 2) will deliver later this year. We have issued fixed-price incentive fee contracts for

construction of the next two LCS ships based on a limited competition between the current LCS seaframe prime contractors.

The Navy is aggressively pursuing cost reduction measures to ensure delivery of future ships on a schedule that affordably paces evolving threats. We are applying lessons learned from the construction and test and evaluation periods of the current ships, and we are matching required capabilities to a review of warfighting requirements. I am committed to procuring 55 LCS, however legislative relief may be required regarding the LCS cost-cap until manufacturing efficiencies can be achieved. Our FY 2010 budget includes funding for three additional LCS seaframes.

DDG-1000 / DDG-51

Ballistic missile capability is rapidly proliferating and, since 1990, the pace of that proliferation has increased markedly. Non-state actors are also acquiring advanced weapons, as demonstrated in 2006 when Hezbollah launched a sophisticated anti-ship missile against an Israeli ship. In addition, while DDG 1000 has been optimized for littoral anti-submarine warfare, the number of capable submarines worldwide does not allow us to diminish our deep-water capabilities. The world has changed significantly since we began the march to DDG 1000 in the early 1990's and, today, Combatant Commander demands are for Ballistic Missile Defense, Integrated Air and Missile Defense, and Anti-Submarine Warfare.

To align our surface combatant investment strategy to meet these demands, we are truncating the DDG 1000 program at three ships and appropriately restarting the DDG 51 production line. The technologies resident in the DDG 51 provide extended range air defense now, and when coupled with open architecture initiatives, will best bridge the transition to the enhanced ballistic missile defense and integrated air and missile defense capability envisioned in the next generation cruiser. In our revised plan, we are addressing the changing security environment and the dynamic capability requirements of the Fleet, while providing maximum stability for the industrial base.

Our FY 2010 budget requests \$1.084 billion to provide the balance of incremental funding for the third ship of the DDG 1000 class authorized in 2009. In addition, \$2.241 billion is requested to re-start the DDG 51 program. The SWAP II Memorandum of Agreement (MOA) will align construction responsibilities to ensure shipyard workload stability, stabilize and minimize cost risk for the DDG 1000 program, and efficiently re-start DDG 51 construction. Research, development, test and evaluation efforts for the DDG 1000 program, will continue in order to deliver the necessary technology to complete the DDG 1000 class ships and support the CVN 78 Class.

Ballistic Missile Defense

The increasing development and proliferation of ballistic missiles threatens our homeland, our allies, and our military operations. Current trends indicate adversary ballistic missile systems are becoming more flexible, mobile, survivable, reliable, accurate, and possess greater range. Threats posed by ballistic missile delivery are likely to increase and become more complex over the next decade.

Our Navy is on station today performing ballistic missile defense (BMD) as a core mission. Maritime BMD is a joint warfighting enabler. Aegis BMD contributes to homeland defense through long range surveillance and tracking and Aegis BMD ships can conduct organic midcourse engagements of short and medium range ballistic missiles in support of regional and theater defense. Our Navy and partner nation Aegis BMD capability, proven and deployed around the world, has an impressive record of success: 18 of 22 direct hits on target, of which 3 of 3 were successful engagements within the earth's endo-atmosphere.

Today, Navy Aegis BMD capability is currently installed on 18 ships: three guided missile cruisers and 15 guided missile destroyers. In response to an urgent Combatant Commander demand, the Defense Department budget requests \$200 million to fund conversion of six additional Aegis ships to provide BMD capability. Ultimately, our plan is to equip the entire Aegis fleet with BMD capability, to provide Joint Commanders an in-stride BMD capability with regularly deploying surface combatants. While development and procurement funding is covered under the Missile Defense Agency budget, Navy has committed \$14.5 million in FY 2010 for operations and sustainment of Aegis BMD systems and missiles that have transferred to the Navy.

Modernizing Cruisers and Destroyers

Our Cruiser and Destroyer modernization programs provide vital mid-life upgrades to the combat systems and hull, mechanical, and engineering systems. These upgrades complement our engineered ship life-cycle maintenance efforts, which are necessary to ensure our ships maintain their full service life. Combat systems upgrades, in particular, reduce technology risk for future surface combatants and provide a rapid and affordable capability insertion process. Maintaining the stability of the Cruiser and Destroyer modernization programs will be critical to our future Navy capability and capacity. Our FY 2010 budget includes funds to modernize two Cruisers and two Destroyers.

Joint High Speed Vessel (JHSV)

Intra-theater lift is key to enabling the United States to rapidly project, maneuver, and sustain military forces in distant, anti-access or area-denial environments. The Joint High Speed Vessel (JHSV) program is an Army and Navy joint program to deliver a high-speed, shallow draft surface ship capable of rapid transport of medium payloads of cargo and personnel within a theater to austere ports without reliance on port infrastructure for load/offload. The detail design and lead ship construction contract was awarded to Austal USA on November 13, 2008, and includes contract options for nine additional ships for the Army and Navy. Delivery of the first vessel will be to the Army and is expected in 2011. Our FY 2010 budget includes \$178 million for the construction of the Navy's second JHSV. Navy will oversee procurement of the second Army funded vessel.

LPD 17 Class Amphibious Warfare Ship

The LPD 17 Class of amphibious warfare ships represents the Navy's commitment to a modern expeditionary power projection Fleet that will enable our naval force to operate across the spectrum of warfare. The class will have a 40-year expected service life and serve as the replacement for four classes of older ships: the LKA, LST, LSD 36, and the LPD 4. SAN ANTONIO Class ships will play a key role in supporting ongoing overseas operations by

forwardly deploying Marines and their equipment to respond to global crises. USS GREEN BAY (LPD 20) was commissioned in January 2009 and USS NEW ORLEANS (LPD 18) deployed the same month. New York (LPD 21) is planned to deliver this fall. LPDs 22-25 are in various stages of construction. Our FY 2010 budget requests \$872 million for the balance of the funding for LPD 26, which was authorized in 2009. Further, we request \$185 million of advance procurement for LPD 27 to leverage production efficiencies of the existing LPD 17 class production line. Amphibious lift will have my highest attention as we address it in the ongoing Quadrennial Defense Review.

P-3 Orion and P-8 Multi-mission Maritime Aircraft

Your continued support of the P-3 and P-8A force remains essential. The legacy P-3 Orion, is providing critical intelligence, surveillance and reconnaissance (ISR) to the current fight and it is a key enabler in the execution of our Maritime Strategy. An airframe in very high demand, the P-3 supports the joint warfighter with time-critical ISR, contributes directly to our maritime domain awareness across the globe, and is our nation's pre-eminent airborne deterrent to an increasing submarine threat. Thirty-nine P-3s were grounded in December 2007 due to airframe fatigue. I thank Congress for providing \$289.3 million to our Navy in the FY 2008 Supplemental to fund the initial phase of the recovery program.

Boeing has resolved labor issues with their workforce and is implementing a recovery plan for the P-8A within fiscal resources that will restore the program schedule from delays caused by last year's strike.

The P-8A Poseidon will start to fill the P-3 capability in 2013. I am pleased to report the program reached a critical milestone this April when the first P-8A test aircraft successfully completed its first flight. I request your support of our FY10 budget request for six P-8A aircraft.

E-2D Advanced Hawkeye

The E-2D Advanced Hawkeye aircraft replaces the E-2C Hawkeye aircraft. The aircraft's APY-9 radar is a two-generation leap in airborne surveillance radar capability, significantly improving detection and tracking of small targets in the overland and littoral environment when compared to the E-2C. The E-2D improves nearly every facet of tactical air operations, maintains open ocean capability, and adds overland and littoral surveillance to support Theater Air and Missile Defense capabilities against air threats in high clutter, electro-magnetic interference, and jamming environments. I ask Congress to support our FY 2010 budget request for two E-2D Hawkeye aircraft.

Unmanned Aerial Systems

We are investing in unmanned systems to enhance our capacity to meet increasing global demands for Intelligence, Surveillance and Reconnaissance (ISR) capability. The Broad Area Maritime Surveillance (BAMS) UAS enhances situational awareness of the operational environment and shortens the sensor-to-shooter kill chain by providing persistent, multiple-sensor ISR to Fleet Commanders and coalition and joint forces. Our FY 2010 budget requests funding for continued research and development of BAMS. We are also requesting funding for the procurement of five MQ-8 Vertical Takeoff and Landing Tactical UAVs (VTUAV). The MQ-8 supports LCS core mission areas of ASW, Mine Warfare, and SUW. It can operate from

all air-capable ships and carry modular mission payloads to provide day and night real time reconnaissance, surveillance and target acquisition capabilities. VTUAV began operational testing this March aboard USS MCINERNEY (FFG 8).

MH-60R/S Multi-Mission Helicopter

The MH-60R multi-mission helicopter program will replace the surface combatant-based SH-60B and carrier-based SH-60F with a newly manufactured airframe and enhanced mission systems. The MH-60R provides forward-deployed capabilities, including Surface Warfare, and Anti-Submarine Warfare, to defeat area-denial strategies, which will enhance the ability of the joint force to project and sustain power. MH-60R deployed for the first time in January 2009 with the USS JOHN C. STENNIS. Our FY 2010 budget requests funding to procure 24 MH-60R helicopters.

The MH-60S will support deployed forces with combat logistics, search and rescue, air ambulance, vertical replenishment, anti-surface warfare, airborne mine counter-measures, and naval special warfare mission areas. Our FY 2010 budget requests funding to procure 18 MH-60S helicopters.

Virginia Class SSN

The VIRGINIA Class submarine is a multi-mission submarine that dominates in the littorals and open oceans. Now in its 10th year of construction, the VIRGINIA program is demonstrating that this critical undersea capability can be delivered affordably and on time. We have aggressively reduced construction costs of the VIRGINIA Class to \$2 billion per submarine, as measured in FY 2005 dollars, through construction performance improvements, redesign for affordability, and a multi-year procurement contract, which provides an assured build rate for shipyards and vendors and offers incentives for cost, schedule, and capital expenditure for facility improvements. Not only are these submarines coming in within budget and ahead of schedule, their performance is exceeding expectations and continues to improve with each ship delivered. I consider Virginia Class cost reduction efforts a model for all our ships, submarines, and aircraft.

SSBN

Our Navy supports the nation's nuclear deterrence capability with a credible and survivable fleet of 14 Ohio Class ballistic missile submarines (SSBN). Originally designed for a 30-year service life, this class will start retiring in 2027 after over 40 years of service life.

As long as we live in a world with nuclear weapons, the United States will need a reliable and survivable sea-based strategic deterrent. Our FY 2010 budget requests research and development funds for the Ohio Class Replacement, to enable the start of construction of the first ship in FY 2019. The United States will achieve significant program benefits by aligning our efforts with those of the United Kingdom's Vanguard SSBN replacement program. The US and UK are finalizing a cost sharing agreement.

Foreign Military Sales

Our Navy also supports the development of partner capability and capacity through a robust Foreign Military Sales (FMS) program. FMS is an important aspect of security cooperation programs designed to improve interoperability, military-to-military relations, and global security. Navy uses the FMS program to help build partner nation maritime security capabilities through transfers of ships, weapon systems, communication equipment, and a variety of training programs. Sales and follow-on support opportunities may also result in production line efficiencies and economies of scale to help reduce USN costs. In the past year, Navy FMS has worked with over 147 nations and international organizations, coordinating 2 ship transfers and twenty five ship transfer requests, providing military training to over 12,000 international military members, with total foreign military sales of roughly \$6.8 billion. Congressional support is key to the successful transfer of U.S. equipment to our partners. I thank you for your continued support in this area.

Next Generation Enterprise Network (NGEN)

To pace the complex and adaptive techniques of potential adversaries, we need survivable and persistent network communications that enable secure and robust means to command and control our assets, and to use, manage, and exploit the information they provide. These functions come together in cyberspace, a communication and warfighting domain that includes fiber optic cables on the ocean floor, wireless networks, satellite communications, computer systems, databases, Internet, and most importantly, properly trained cyber personnel to execute cyberspace effects. Cyberspace presents enormous challenges and unprecedented opportunities to shape and control the battlespace. Recent activities, such as the cyber attacks on Georgia and Estonia last year, highlight the complex and dynamic nature of cyber threats.

Our Navy has provided cyber capabilities to the joint force for more than 11 years and we continue to make security and operations in the cyberspace domain a warfighting priority. The challenge we face today is balancing our need to collect and share information with our need to protect against 21st century cyber threats. We are taking steps to effectively organize, man, train, and equip our Navy for cyber warfare, network operations, and information assurance. We are also working closely with Joint and interagency partners to develop offensive and defensive cyberspace capabilities, infrastructure, experience, and access, rather than developing independent, Navy-only capabilities.

As we move from the Navy-Marine Corps Intranet (NMCI) to the Next Generation Enterprise Network (NGEN), the sophistication, speed, and persistence of cyber threats we observe today makes it imperative that we continually improve our network capabilities, improve our flexibility to adapt to changing environment, and maintain complete operational control of the network. NGEN Block 1 is the follow-on to the existing NMCI contract that expires 30 September 2010. It replaces the services currently provided by NMCI and takes advantage of lessons learned from that network. Future NGEN Blocks will upgrade services provided by NMCI and the OCONUS Navy Enterprise Network. NGEN will also integrate with shipboard and Marine Corps networks to form a globally integrated, Naval Network Environment to support network operations. NGEN will leverage the Global Information Grid (GIG) and, where possible, utilize DoD enterprise services. A comprehensive transition strategy is currently being

developed to detail the approach for transition from NMCI to NGEN. I appreciate the support of Congress as we execute a Continuity of Services Contract to assist in this transition.

Remain Ready to Fight Today

Our Navy is operating at its highest levels in recent years. As I testified last year, even as our nation shifts its focus from Iraq to Afghanistan, our Navy's posture, positioning, and frequency of deployment remain high. Combatant Commanders recognize the value of Navy forces to the current fight and to operations world-wide. We are meeting new needs for ballistic missile defense in Europe and the Pacific, counter-piracy and maritime security in Africa and South America, and humanitarian assistance in the Caribbean and Southeast Asia. Many of these demands started as one-time sourcing requests and have evolved into enduring requirements for Navy forces. As a result, we have experienced a significant difference between our budgeted and actual Fleet operations from year to year, as well as an increase in maintenance requirements for our Fleet as a result of its increased operational tempo.

We have been able to meet these requirements by relying on a combination of base budget and contingency funding and the continuous readiness of our force generated by the Fleet Response Plan (FRP). FRP allows us to provide continuous availability of Navy forces that are physically well-maintained, properly manned, and appropriately trained to deploy for ongoing and surge missions. Any future funding reductions or increased restrictions limit our Navy's ability to respond with as much flexibility to increased Combatant Commander demands world-wide.

I appreciate your support for the following initiatives:

Training Readiness

The proliferation of advanced, stealthy, nuclear and non-nuclear submarines, equipped with anti-ship weapons of increasing range and lethality, challenge our Navy's ability to guarantee the access and safety of joint forces. Effective Anti-Submarine Warfare (ASW) remains a remarkably and increasingly complex, high-risk warfare area that will require continued investment in research and development to counter the capabilities of current and future adversaries.

Active sonar systems, particularly medium frequency active (MFA) sonar, are key enablers of our ability to conduct effective ASW. MFA sonar is the Navy's most effective tool for locating and tracking submarines at distances that preclude effective attack on our ships. We must conduct extensive integrated training, to include the use of active sonar, which mirrors the intricate operating environment present in hostile waters, particularly the littorals. This is of the highest importance to our national security and the safety of our Sailors and Marines.

Over the past five years, Navy has expended significant effort and resources preparing comprehensive environmental planning documentation for our at sea training and combat certification activities. The Navy remains a world leader in marine mammal research, and we will continue our robust investment in this research in FY 2010 and beyond. Through such efforts, and in full consultation and cooperation with our sister federal agencies, Navy has

developed effective measures that safely protect marine mammals and the ocean environment from adverse impacts of MFA sonar while not impeding vital naval training.

In overruling attempts to unduly restrain Navy's use of MFA sonar in Southern California training ranges, the Supreme Court cited President Teddy Roosevelt's quote "the only way in which a navy can ever be made efficient is by practice at sea, under all conditions which would have to be met if war existed." We can and do balance our responsibility to prepare naval forces for deployment and combat operations with our responsibility to be good stewards of the marine environment.

Depot Level Maintenance

Optimum employment of our depot level maintenance capability and capacity is essential to our ships and aircraft reaching their expected service life. Depot maintenance is critical to the safety of our Sailors and it reduces risk caused by extension of ships and aircraft past their engineered maintenance periodicity. Effective and timely depot level maintenance allows each ship and aircraft to reach its Expected Service Life, preserving our existing force structure and enabling us to achieve our required capacity.

I have taken steps to enhance the state of maintenance of our surface combatants. In addition to our rigorous self-assessment processes that identify maintenance and readiness issues before our ships and aircraft deploy, I directed the Commander, Naval Sea Systems Command to reinstate an engineered approach to surface combatant maintenance strategies and class maintenance plans with the goal of improving the overall condition of these ships. Our Surface Ship Life Cycle Maintenance Activity will provide the same type of planning to address surface ship maintenance as we currently have for carriers and submarines.

Consistent, long term agreements and stable workload in both the public and private sector are necessary for the efficient utilization of depots, and it is the most cost effective way to keep our ships and aircraft at the highest possible state of readiness. Consistent with my intent to drive our Navy to better articulate requirements and costs in all we do, we have rigorously updated the quantitative models we use to develop our maintenance budgets, increasing their overall fidelity. These initial editions of the revised maintenance plans have resulted in increased maintenance requirements and additional costs. Our combined FY10 budget funds 96 percent of the projected depot ship maintenance requirements necessary to sustain our Navy's global presence. Our budget funds aviation depot maintenance at 100 percent for deployed squadrons and at 87 percent for aviation maintenance requirements overall. I request the support of Congress to fully support our baseline and contingency funding requests for our operations and maintenance to ensure the safety of our Sailors and the longevity of our existing ships and aircraft.

Shore Readiness

Our shore infrastructure enables our operational and combat readiness and is essential to the quality of life and quality of work for our Sailors, Navy civilians, and their families. For years, increased operational demand, rising manpower costs, and an aging Fleet have led our Navy to underfund shore readiness and, instead, invest in our people, afloat readiness, and future force structure. As a result, maintenance and recapitalization requirements have grown and the

cost of ownership for our shore infrastructure has increased. At current investment levels, our future shore readiness, particularly recapitalization of our facilities infrastructure, is at risk.

In an effort to mitigate this risk in a constrained fiscal environment, we are executing a Shore Investment Strategy that uses informed, capabilities-based investment decisions to target our shore investments where they will have the greatest impact to our strategic and operational objectives. I appreciate the enthusiastic support and confidence of Congress in the Navy through the inclusion of Navy projects in the American Reinvestment and Recovery Act. Through the Recovery Act, you allowed our Navy to address some of our most pressing needs for Child Development Centers, barracks, dry dock repairs, and energy improvements. These Navy projects are located in 22 states and territories and fully support the President's objectives of rapid and pervasive stimulus efforts in local economies. I am committed to further improvements in our shore infrastructure but our Navy must balance this need against our priorities of sustaining force structure and manpower levels.

Energy

Our Navy is actively pursuing ways to reduce our energy consumption and improve energy efficiency in our operations and at our shore installations. Our emerging Navy Energy Strategy spans three key areas, afloat and on shore: 1) an energy security strategy to make certain of an adequate, reliable and sustainable supply; 2) a robust investment strategy in alternative renewable sources of energy and energy conservation technologies; and 3) policy and doctrine changes that are aimed at changing behavior to reduce consumption.

I will be proposing goals to the Secretary of the Navy to increase energy independence in our shore installations, increase use of alternative fuels afloat and reduce tactical petroleum consumption, and to reduce our carbon footprint and green house gas emissions. We are leveraging available investment dollars and current technological advances to employ technology that reduces energy demand and increases our ability to use alternative and renewable forms of energy for shore facilities and in our logistics processes. This technology improves energy options for our Navy today and in the future. Our initial interactions with industry and academic institutions in public symposia over the past few months have generated an enthusiastic response to our emerging strategy.

United Nations Convention on the Law of the Sea

The Law of the Sea Convention codifies navigation and overflight rights and high seas freedoms that are essential for the global mobility of our armed forces. It directly supports our National Security interests. Our current non-party status constrains efforts to develop enduring maritime partnerships, inhibits efforts to expand the Proliferation Security Initiative, and elevates the level of risk for our Sailors as they undertake operations to preserve navigation rights and freedoms, particularly in areas such as the Strait of Hormuz and Arabian Gulf, and the East and South China Seas. Accession to the Law of the Sea Convention remains a priority for our Navy.

Develop and Support Our Sailors and Navy Civilians

Our talented and dedicated Sailors and Navy civilians are the critical component to the Navy's Maritime Strategy. I am committed to providing the necessary resources and shaping our personnel policies to ensure our people are personally and professionally supported in their service to our nation.

Since 2003, the Navy's end strength has declined by approximately 10,000 per year aiming for a target of 322,000 Active Component (AC) and 66,700 Reserve Component (RC) Sailors. While end strength declined, we have increased operational availability through the Fleet Response Plan, supported new missions for the joint force, and introduced the Maritime Strategy. This increased demand includes maritime interdiction, riverine warfare, irregular and cyber warfare, humanitarian and disaster relief, an extended individual augmentee requirement in support of the joint force, and now, counter-piracy.

To meet increased demands, maintain required Fleet manning levels with minimal risk, and minimize stress on the force, we have transitioned from a posture of reducing end strength to one of stabilizing the force. We anticipate that we will finish this fiscal year within two percent above our authorized level.

The FY10 budget request supports an active component end strength of 328,800. This includes 324,400 in the baseline budget to support Fleet requirements, as well as increased capacity to support the individual augmentee missions. The budget also supports the reversal of the Defense Health Program military-to-civilian conversions as directed by the Congress. The FY 2010 budget also requests contingency funding for individual augmentees supporting the joint force in non-traditional Navy missions. To maintain Fleet readiness, support Combatant Commanders, and to minimize the stress on the force, our Navy must be appropriately resourced to support this operational demand.

I urge Congress to support the following manpower and personnel initiatives:

Recruiting and Retention

Navy has been successful in attracting, recruiting, and retaining a highly-skilled workforce this fiscal year. The FY10 budget positions us to continue that success through FY10. We expect to meet our overall officer and enlisted recruiting and retention goals, though we remain focused on critical skills sets, such as health professionals and nuclear operators.

As demand for a professional and technically-trained workforce increases in the private sector, Navy must remain competitive in the marketplace through monetary and non-monetary incentives. Within the health professions, Navy increased several special and incentives pays, and implemented others, targeting critical specialties, including clinical psychology, social work, physician assistant, and mental health nurse practitioners. We are also offering mobilization deferments for officers who immediately transition from active to reserve status. We have increased bonuses and other incentives for nuclear trained personnel to address an increasing demand for these highly-trained and specialized professionals in the private sector.

We continually assess our recruiting and retention initiatives, taking a targeted investment approach, to attract and retain high-performing Sailors. We appreciate Congressional support for the Post-9/11 GI Bill. Navy's goal is to maintain a balanced force, in which seniority, experience, and skills are matched to requirements.

Total Force Integration

Navy continues to invest in Navy Reserve recruiting, retention and training while achieving Total Force integration between active and reserve components. The Navy Reserve Force provides mission capable units and individuals to the Navy and Marine Corps team through a full range of operations. Navy's goal is to become a better aligned Total Force in keeping with Department of Defense and Department of the Navy strategic guidance, while providing fully integrated operational support to the Fleet. Navy continues to validate new mission requirements and an associated Reserve Force billet structure to meet future capability requirements. Navy has leveraged incentives to best recruit Sailors within the Total Force and is developing and improving programs and policies that promote a continuum of service through Navy Reserve affiliation upon separating from the active component. Navy is removing barriers to ease transition between active and reserve components and is developing flexible service options and levels of participation to meet individual Sailor ability to serve the Navy throughout a lifetime of service.

Sailor and Family Continuum of Care

Navy continues to provide support to Sailors and their families, through a "continuum of care" that covers all aspects of individual medical, physical, psychological, and family readiness. Through an integrated effort between Navy Medicine and Personnel headquarters activities and through the chain of command, our goal is reintegrating the individual Sailor with his or her command, family, and community.

Our Navy and Coast Guard recently signed a memorandum of agreement for the Coast Guard to share the services provided by the Navy Safe Harbor Program. The program is currently comprised of approximately 375 lifetime enrollees and 217 individuals receiving personally-tailored care management. It provides recovery coordination and advocacy for seriously wounded, ill, and injured Sailors and Coast Guardsmen, as well as a support network for their families. We have established a headquarters support element comprised of subject matter expert teams of non-medical care managers and recovery care coordinators, and Reserve surge support to supplement field teams in mass casualty situations.

We have also developed the Anchor Program, which leverages the volunteer services of Navy Reserve members and retirees who assist Sailors in reintegrating with family and community. Navy recently institutionalized our Operational Stress Control (OSC) Program which provides an array of initiatives designed to proactively promote psychological resilience and sustain a culture of psychological health among Sailors and their families. We are developing a formal curriculum which will be integrated into the career training continuum for all Sailors throughout their Navy careers.

Active and Reserve Wounded, Ill and Injured

Navy Medicine continues to assess the needs of wounded, ill and injured service members and their families. In 2008, Navy Medicine consolidated all wounded, ill and injured warrior healthcare support with the goal of offering comprehensive implementation guidance, the highest quality and most compassionate care to service members and their families. As of October 2008, 170 additional clinical care managers were assigned to military treatment facilities (MTFs) and ambulatory care clinics caring for approximately 1800 OIF/OEF casualties. Over 150 clinical medical case managers at Navy MTFs advocate on behalf of wounded warriors and their family members by working directly with the multi-disciplinary medical team caring for the patient.

The Navy recognizes the unique medical and administrative challenges faced by our Reserve Wounded Sailors when they return from deployment, and we know their care cannot end at the Military Treatment Facility (MTF). In 2008, we established two Medical Hold Units responsible for managing all aspects of care for Reserve Sailors in a Medical Hold (MEDHOLD) status. Co-located with MTFs in Norfolk and San Diego, these units are led by Line Officers with Senior Medical Officers supporting for medical issues. Under their leadership, case managers serve as advocates who proactively handle each Sailor's individualized plan of care until all medical and non-medical issues are resolved. We have reduced the numbers of Sailors in the MEDHOLD process and the length of time required to resolve their cases. The RC MEDHOLD program has become the single, overarching program for providing prompt, appropriate care for our Reserve Wounded Sailors.

Traumatic Brain Injury (TBI)

TBI represents the defining wound of OIF/OEF due to the proliferation of improvised explosive devices (IED). The Department of the Navy has implemented a three-pronged strategy to increase detection of TBI throughout the deployment span, which includes mental health stigma reduction efforts, lowering the index of suspicion for TBI symptoms and improving seamless coordination of screening, detection and treatment among line and medical leaders. Navy Medicine continues to expand its efforts to identify, diagnosis and treat TBI. The traumatic stress and brain injury programs at National Naval Medical Center (NNMC) Bethesda, Naval Medical Center San Diego (NMCS), Naval Hospital (NH) Camp Pendleton, and NH Camp Lejeune are collaborating to identify and treat service members who have had blast exposure. Furthermore, Navy Medicine has partnered with the Line community to identify specific populations at risk for brain injury such as front line units, SEALs, and Navy Explosive Ordnance disposal units.

Psychological Health

The number of new cases of Post Traumatic Stress Disorder (PTSD) in the Navy has increased in the last year, from 1,618 in FY 2007 to 1,788 in FY 2008 and we have expanded our efforts to reach out to service members. We continue to move mental health providers closer to the battlefield and remain supportive of the Psychologist-at-Sea program. Incentives for military mental health providers have also increased to ensure the right providers are available. We are actively working to reduce the stigma associated with seeking help for mental health. Our recently established Operational Stress Control (OSC) program implements training and tools that line leadership can use to address stigma. Since inception, OSC Awareness Training, which

included mental health stigma reduction, has been provided to over 900 non-mental health care givers and 16,000 Sailors including over 1,395 at Navy's Command Leadership School and Senior Enlisted Academy.

Diversity

We have had great success in increasing our diversity outreach and improving diversity accessions in our ranks. We are committed to a Navy that reflects the diversity of the nation in all specialties and ranks by 2037. Through our outreach efforts, we have observed an increase in NROTC applications and have increased diverse NROTC scholarship offers by 28 percent. The NROTC class of 2012 is the most diverse class in history and, with your help through nominations, the U.S. Naval Academy class of 2012 is the Academy's most diverse class in history. Our Navy is engaging diversity affinity groups such as the National Society of Black Engineers, Thurgood Marshall College Fund, Society of Hispanic Professional Engineers, American Indian Science and Engineering Society, Mexican American Engineering Society, and the Asian Pacific Islander American Scholarship Fund to increase awareness of the opportunities for service in the Navy. Our engagement includes Flag attendance, junior officer participation, recruiting assets such as the Blue Angels, direct Fleet interaction. We have also established Regional Outreach Coordinators in Atlanta, Chicago, Houston, Los Angeles, and Miami to build Navy awareness in diverse markets.

As we continue to meet the challenges of a new generation, the Navy is already being recognized for our efforts through receipt of the Work Life Legacy Award (Families and Work Institute), the Work Life Excellence Award (Working Mother Media), Most Admired Employer (U.S. Black Engineer and Hispanic Engineer Magazine), and Best Diversity Company (Diversity/Careers in Engineering and IT).

Life-Work Integration

Thank you for your support of our Navy's efforts to balance work and life for our Sailors and their families. You included two important life-work integration initiatives in the FY 2009 National Defense Authorization Act (NDAA) in which our Sailors have consistently expressed strong interest. The NDAA authorized 10 days of paternity leave for a married, active duty Sailor whose wife gives birth to a child, establishing a benefit similar to that available for mothers who receive maternity leave and for parents who adopt a child. The NDAA also included a career intermission pilot program, allowing participating Sailors to leave active duty for up to three years to pursue personal and professional needs, while maintaining eligibility for certain medical, dental, commissary, travel and transportation benefits and a portion of basic pay. In addition to these new authorities, Navy is also exploring other life-work integration initiatives, such as flexible work schedules and telework in non-operational billets through use of available technologies such as Outlook Web Access for e-mail, Defense Connect Online, and Defense Knowledge Online for document storage and virtual meetings. The Virtual Command Pilot, implemented within the Total Force Domain for an initial group of officers, will allow individuals to remain in their current geographic locations while working for parent commands located elsewhere within the U.S.

Education

We recognize the importance both to the individual and to our mission of providing a life-long continuum of learning and development. Education remains a critical component of this continuum. The Navy's Professional Military Education Continuum, with an embedded Joint Professional Military Education (JPME) component, produces leaders skilled in maritime and joint planning. Additionally, we offer several college-focused incentives. Tuition assistance provides funds to individuals to pay for college while serving. The Navy College Fund provides money for college whenever the Sailor decides to end his or her Navy career. The Navy College Program Afloat College Education (NCPACE) provides educational opportunities for Sailors while deployed. Furthermore, officers are afforded the opportunity to pursue advanced education through the Naval Postgraduate School (NPS), NPS distance learning programs, the Naval War College, and several Navy fellowship programs. In addition, our Loan Repayment Program allows us to offer debt relief up to \$65,000 to recruits who enlist after already earning an advanced degree. The Advanced Education Voucher (AEV) program provides undergraduate and graduate off-duty education opportunities to selected senior enlisted personnel as they pursue Navy-relevant degrees. The Accelerate to Excellence (A2E) program, currently in the second year of a three-year pilot, combines two semesters of education completed while in the Delayed Entry Program, one semester of full-time education taken after boot camp, and college credit earned upon completion of "A" school to complete an Associates Degree. The Navy Credentialing Opportunities Online (COOL) program matches rate training and experience with civilian credentials, and funds the costs of credentialing and licensing exams. As of the end of March 2009, there have been more than 35 million visits to the COOL web site, with more than 13,000 certification exams funded and approximately 8,500 civilian certifications attained.

Conclusion

Despite the challenges we face, I remain optimistic about the future. The men and women, active and reserve, Sailor and civilian, of our Navy are extraordinarily capable, motivated, and dedicated to preserving our national security and prosperity. We are fully committed to the current fight and to ensuring continued US global leadership in a cooperative world. We look forward to the upcoming Quadrennial Defense Review, which will address how we can best use our military forces to meet the complex and dynamic challenges our nation faces today and will face in the future. We have seen more challenging times and emerged prosperous, secure, and free. I ask Congress to fully support our FY 2010 budget and identified priorities. Thank you for your continued support and commitment to our Navy, and for all you do to make the United States Navy a force for good today and in the future.