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SENATE COMMITTEE ON ARMED SERVICES

STATEMENT OF
THE HONORABLE RAY MABUS
SECRETARY OF THE NAVY
BEFORE THE
SENATE COMMITTEE ON ARMED SERVICES
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MARITIME PRESENCE IS CRITICAL IN TODAY'S WORLD

Chairman McCain and Ranking Member Reed, members of the Committee, thank you for affording this opportunity to discuss readiness and posture of the Department of the Navy. With Chief of Naval Operations Jonathan Greenert and Commandant of the Marine Corps Joseph Dunford, I have the great privilege of representing the Sailors and Marines who serve our nation around the world, the civilians who support them and all of their families.

I cannot let it pass without noting that this will be Admiral Greenert's last posture testimony before this committee. He has been a steady hand on the helm for the U.S. Navy through the past four years of international instability and budget turbulence. Every day his judgment, his advice and his counsel have been critical. He has been a great CNO, and it has been an honor to serve with him. He will leave an enduring legacy of having advanced the interests and capabilities of our Navy and our Department, and I know this committee and our country want to share in offering our heartfelt thanks.

This statement, together with those provided by General Dunford and Admiral Greenert, presents to you and to the American people, an overview of the Department of the Navy, and highlights our priorities as we move forward with the FY16 budget process. As the Secretary of the Navy, I am responsible for recruiting, training, and equipping the almost 900,000 Sailors, Marines, and civilians who spend every day working to defend the American people and our national interests.

This opportunity to review our current posture comes at a particularly critical juncture in our nation's history. Our national security interests face an increasing array of threats and demands

around the globe, even as our fiscal and budgetary situation grows more challenging. However, this is an opportune moment as well, as I firmly believe the threats and demands are best met with a strong and comprehensive maritime response. Similarly, I believe naval assets offer not only the best value to preserve our national security by advancing our global interests, but also the best value in supporting our own and the world's economy to help meet our fiscal challenges. The rationale for that belief is as simple as it is enduring.

The Value of Presence

Uniquely, the United States Navy and the United States Marine Corps provide presence around the globe, around the clock. We are the nation's first line of defense, ready for any challenge that might come over the horizon. Presence means we respond faster, we remain on station longer, we carry everything we need with us, and we carry out the missions assigned by our national leaders without needing anyone else's permission.

America's leadership role in the world is due in large part to our nation's sea services capability and capacity to ensure stability, build on our relationships with allies and partners, deter adversaries, prevent wars, and provide our nation's leaders with options in times of crisis. And, should those measures fail, the combat power necessary to fight and win in any sort of conflict. As America's away team, performing most often far from home, the operational tempo of the Navy and Marine Corps are – unlike our sister services – little different in times of peace or in times of conflict. There are no permanent homecomings for Sailors and Marines because we are never a garrison force.

Born a maritime nation, we have known throughout our 239 years that for America to succeed, we must have an exceptional Navy and Marine Corps. Thomas Paine famously declared in *Common Sense* in 1776 that “the cause of America is in a great measure the cause of all mankind.” He was equally adamant that the defense of liberty required a capable naval force. More than just physical security and defense from European powers, Paine drew direct connections between the Navy and the economic success of the American experiment.

Our nation’s founders, whether northern merchants and lawyers like John Adams or southern planters like Thomas Jefferson, also considered a Navy critical to our nation’s success. Article One of our Constitution grants Congress the power to “raise” an Army when needed, but directs Congress to “provide and maintain a Navy.” Over the past two centuries, American leaders from across the political spectrum have hewed to that Constitutional direction and have, in a nonpartisan fashion, promoted the vital significance of sea power. And over the past two centuries, from Tripoli to Iwo Jima to Tripoli, from the first six frigates to the Great White Fleet to the great fleets of World War II, our Navy and Marine Corps have protected and advanced American interests, stability and freedom around the world.

Today, the value and importance of our naval assets to security and stability here at home and around the world has never been greater. Nearly half the world’s population lives less than 60 miles from the sea. With ninety percent of global trade carried by sea, even those who live in landlocked states are dependent on the world’s oceans. In these days of an internet-connected world, 95% of all the voice and data goes under the ocean through cables, including the data keeping the world’s financial system running.

We live in an age of globalization and worldwide trade. The shelves of stores of every variety are stocked through “just in time” delivery with products from all over the globe. Estimates show that a single major port facility in the U.S. impacts more than a million American jobs and contributes about a billion dollars a day to our nation’s economic productivity. Overall, some 38 million American jobs are directly linked to seaborne international trade.

The security and stability of the international system of trade and finance is tied irrevocably to the free movement of goods and data across and under the sea, and is more than just a military concern. It impacts potentially every American in the prices we pay for goods and services and in the very availability of those goods and services. While it is far away and out of sight to most Americans, our naval presence around the world isn’t a theoretical construct.

For seven decades, the United States Navy and Marine Corps have been the primary protector of this international system. There is a sound basis in the proposition that rising international prosperity is directly linked to the United States Navy. We have kept the sea-lanes open. We have kept freedom of navigation open for anybody engaged in peaceful and legitimate trade. As the President has said, we have “been the anchor of global security.”

We benefit from this enormously economically, but we also benefit from the way that shared economic success helps to limit conflict and war. Around the world, high unemployment, stagnant economies, financial struggles often lead to social disorder, political unrest, upheaval, and outright conflict. Maritime instability contributes to these problems, stoking the fires- as can increasing competition for scarce resources. By helping to secure the world’s maritime commons, by providing a calming presence, and by responding to crises early to limit their

escalation and enhance diplomatic opportunities, the ability of the U.S. Navy and Marine Corps to be where it matters when it matters is vital to international stability. That is why our national defense strategy is so clearly focused on the maritime domain and requires investment in maritime assets.

Around the Globe, Around the Clock

The best illustration of the extent and impact of the presence provided by our nation's sea services can be seen in just a single day of operations. I've chosen July 26th not because it was especially important, but because it was reasonably typical. On that day, I was on a trip around the world, visiting Sailors and Marines and meeting with some of our international partners. In my nearly six years as Secretary, I've traveled to 131 countries and territories and traveled nearly one million air miles. I believe I can do my job better by actually seeing and talking with the men and women who serve our nation where they are serving, and by meeting face-to-face with representatives of other countries, and not just sitting behind a desk in Washington.

My trip last July began in Hawaii, observing activities and operations in the world's largest maritime exercise, Rim of the Pacific (RIMPAC), which included the navies of 22 nations, including allies from the region, like Japan and Australia and South Korea, but also valued NATO allies like Norway, which sent a warship all the way from the Baltic Sea to join the exercises. For the first time it also involved ships from the People's Republic of China's Navy. During the exercise, these diverse forces worked together on everything from search and rescue and humanitarian missions to practicing counter-piracy tactics and maritime security missions.

As I flew onward to Tokyo to meet with Japanese leaders, an annual exercise, MALABAR, was just beginning in the Indian Ocean. This bilateral U.S. - Indian naval exercise, which has grown in scope and complexity since its first iteration, has fostered mutual understanding with our Indian counterparts and enhanced our ability to operate with one another in a wide range of missions. This year, the Maritime Self-Defense Force from Japan joined the exercise in an important demonstration of multilateral cooperation between Pacific and Indian Ocean nations. The relationship between the nations of the Pacific and the Indian Oceans will continue to be critical in these important maritime regions.

On the same day, in Afghanistan, our Marines were increasing training of Afghan security forces, working toward turning over operational responsibilities to them, as the Marines reduced their direct combat mission. On that day, we had more than 5,000 Marines and Sailors in the country, patrolling, training, and working with our Afghan partners and NATO allies.

At the same time, our Marine Corps Black Sea Rotational Force was involved in PLATINUM LION, a series of exercises with our Romanian, Bulgarian, and Serbian partners, taking place in Bulgaria. Working with these NATO allies and friends from Eastern Europe, this exercise is an important annual event in the Black Sea region to build the capacity and capability of our partners and to promote peace and stability in an area that has been in turmoil for the past several years. Our Marine Corps Black Sea Rotational Force regularly deploys throughout Europe, training with other forces, monitoring security developments, and enhancing our ability to operate with our partners and allies in future contingencies.

On July 26 the U.S. Embassy in Tripoli was evacuated as the fighting in Libya intensified and the State Department decided U.S. personnel were no longer safe at the Mission. The Marines of the Special Purpose Marine Air Ground Task Force-Crisis Response, in support of U.S. Africa Command, helped coordinate the evacuation and escorted the vehicles that carried our diplomatic and military personnel to safety in Tunisia. This kind of operation, reacting to threats and problems as they develop, is the very reason our Navy and Marine Corps are forward deployed, and must be forward deployed to effectively give our leaders options.

On that day about half of our Navy's ships and submarines were at sea, with 99 of our ships forward deployed and another 41 training near our shores. Tens of thousands of Sailors and 36,000 Marines were away from their homes, far from friends and family, forward deployed around the world, serving in both combat and cooperation missions.

That was just one day last July. Each of these exercises on the world's oceans, training events, security cooperation engagements with friends and allies, combat operations in Afghanistan and contingency operations in North Africa, continued to build and strengthen our partnerships and alliances to help protect Americans and secure the global system.

For 365 days per year, the Navy and Marine Corps operate across the planet. When strikes against ISIL targets in Iraq and Syria were ordered, Navy ships and aircraft were quickly in range and launched operations. In fact, for the first 54 days, FA-18s off USS George H.W. Bush were the lone strike component. When the President decided to employ military assets to support the fight against Ebola in West Africa, V-22s and Marines from our Special Purpose Marine Air

Ground Task Force-Crisis Response were on the ground within hours to provide logistical support to the medical responders.

Our nation's Defense Strategic Guidance is clearly a maritime-centric strategy focused on the Asia Pacific, on the Arabian Gulf, on building partnerships, all while maintaining our presence around the globe. To fulfill our role in this strategy the Navy and Marine Corps face daily demands ranging from humanitarian assistance and disaster relief, to protecting our embassies, to working with scores of partners and allies, to dealing with multiple asymmetric threats and potential conflicts. The Navy and Marine Corps meet these demands, and many more, using the same people and the same platforms and equipment demonstrating the versatility and flexibility that is the hallmark of this force.

For the past few years we at the Department of the Navy have attempted to minimize the impact of an uncertain budgetary environment, marked by numerous continuing resolutions, the imposition of sequester-level funding and the threat of the return of sequestration. That environment has made it more difficult, but even more critical, to set priorities to make hard choices and to find opportunities to improve our stewardship of taxpayer dollars.

Almost six years ago, when I was preparing for my confirmation hearing to be Secretary and began closely examining the challenges our Navy and Marine Corps faced, it became clear to me there are four areas that demand our attention in order to provide and maintain the presence our Navy and Marine Corps uniquely deliver. Those four areas are People, Platforms, Power and Partnerships. Those have been, and continue to be, the key factors in assuring the capability,

capacity and success of our naval services, and that is why they have been, and will remain, my top priorities.

People – Our True Advantage

It is one of the great maxims of naval history that Sailors and Marines are the sea services' greatest advantage and most important asset. In the U.S. Navy and Marine Corps, we have the best people in the world. Our Sailors and Marines are well known for the ability to exercise independent judgment, to flexibly adapt to changing circumstances or environments that were unanticipated at the start of a deployment, but for which their training has fully prepared them. Perhaps less well known is how far down the chain of command we devolve critical responsibility. Aboard USS Ronald Reagan in the weeks after the earthquake and tsunami that ravaged Japan, I was surrounded by flag officers, but the briefing on relief operations I received came from a Third Class Petty Officer and a Lieutenant Junior Grade because they had been instrumental not just in executing, but also in designing, the effort.

Providing our Sailors, Marines and civilian workforce the training to deal with the uncertainties they will certainly face and providing the support that they need to do their jobs is one of our most important responsibilities. This also extends to helping their dedicated families and ensuring we support our wounded or injured veterans.

Three years ago, we introduced the 21st Century Sailor and Marine Initiative, to provide a more coordinated and comprehensive approach to assuring we have the healthiest, fittest, most resilient, and best educated force in the world. The goal is to help our Sailors and Marines maximize their personal and professional readiness, and to assist them and their families with the

mental, physical and emotional challenges of military service. It eliminated the stovepipes that existed between many of the programs designed to support our people and helps us address issues like suicide, sexual assault, and alcohol related incidents in a comprehensive way that protects our Sailors and Marines and makes them stronger. A fleet full of successful Sailors will ensure a successful Navy, and a force full of successful Marines will ensure a successful Marine Corps.

We are looking to expand the initiative by exploring new ways to improve the fitness of our force. We are reassessing our physical fitness requirements to make them more relevant to warfighting and to instill a “culture of fitness” instead of just training for a physical fitness test. This means reviewing nutritional standards, making efforts to reduce stress, and improving health care and support networks to deal with issues like suicide and abuse. We are also working hard across these areas to curb the all-too-common factor of alcohol-related incidents, which can end careers and, tragically, sometimes lives. Available data shows that the number of these damaging incidents has trended downward. To ensure we maintain that trend, we are using media and education campaigns, directed actions against the irresponsible use of alcohol like continuing to place reasonable limits on where and when alcohol is sold on base, and the continued use of the alcohol detection program implemented in 2013.

Sexual assault and harassment remains a challenge that we are responding to aggressively. In the past several years we have taken numerous steps to address it. These include widespread training like our bystander intervention program, increased use of interactive means, victim support programs like the Victim’s Legal Counsel, and new investigative resources. Combined with much more direct leadership engagement, evidence suggests that these efforts are

improving the confidence of Sailors and Marines in the system and their belief that reports will be taken seriously. Because of this increased trust in their chain of command, we have seen survivors coming forward in larger numbers and also, increasingly, reporting incidents that took place earlier than the year it is being reported. This large increase in reports, especially since 2012 when many programs began to mature, is what we anticipated seeing if our efforts were successful, since they would represent increased confidence in the system. We are turning more attention to the risk of retaliation, especially by peers, as this issue has increased in prominence in our surveys. Our interactive education programs are having a measurable impact, and we will continue to develop and deploy those. Sexual assault is an “insider threat” with devastating impacts on the Navy and Marine Corps. We’ve done myriad things to attack this insidious threat, but, no matter how much we've done, there is more to do until we’ve eliminated the scourge of sexual assault.

Vice Admiral James Calvert, who earned two Silver Stars as a submariner in World War II, once wrote that “as important as ships are, naval history is made by men.” I would make one change to that statement: today naval history is made by men and women. From the appointment of Admiral Michelle Howard as the Vice Chief of Naval Operations, to our work expanding roles and missions open to women to the maximum extent possible, we are leading the military in our quest to ensure we’re using our best and most talented service members across the force. We will continue our efforts to recruit and retain a diverse force, including a more representative number of women. A more diverse force is a stronger force.

For several years now, female officers have had the opportunity to serve on our ballistic and guided-missile submarines, and they have performed exceptionally well, as anticipated, earning

their qualifications and opening a new path. We are expanding opportunities for them. USS Minnesota and USS Virginia, both fast attack submarines, are leading the integration of women into the rest of the submarine force at this moment. In January, the Navy also announced a plan and a set of milestones for fully including enlisted women on submarines that will begin next year.

Women have also been integrated into the Coastal and Riverine Squadrons and have deployed. We have also opened 348 billets for Navy positions that support Marine Corps units. The Marine Corps continues on pace with their study of the positions that are currently closed to women and will have results later this year. In accordance with the Secretary of Defense's guidance, the default position will be that all currently closed positions will be opened to the assignment of women unless an exception is formally requested.

Talent is best cultivated by promoting and advancing our Sailors and Marines on merit and competition. It also requires us to maximize their opportunities to broaden their experience and exposure to new ways of doing things. We have to look at things like moving away from year group management for our officers and expansion of the Career Intermission Program (CIP), as well as other reforms and adjustments within our current system. While a number of our initiatives can be undertaken within our current authorities, there are some that will require adjustments to the law, including changes to the Defense Officer Personnel Management Act (DOPMA), which is almost four decades old. We have made legislative proposals in this area, and we ask for your help in bringing our personnel system into the 21st century.

Maintaining our presence around the world is hard on our force. That is one of the reasons why in 2014 we began the implementation of the Optimized Fleet Response Plan (OFRP). This is a program that Navy is using to schedule and plan our deployments and the maintenance of our platforms. Over the course of the past 13 years of war, one of the biggest challenges for our Sailors and Marines has been predictability in their deployments. The goal of OFRP is to return some amount of scheduling to their lives. Missing holidays, birthdays, and other significant family events is hard enough, but not knowing when it will happen makes things even more difficult. There is no way to completely eliminate the unexpected. Events around the world can, and do, take on a life of their own, and our men and women know this. Increasing the predictability of deployments will help with the stress on our Sailors and Marines and their families and also has the added benefit of helping us properly support our maintenance requirements and readiness posture.

There will be times when a crisis erupts somewhere in the world and our Sailors and Marines remain deployed in order to deal with it. The world gets a vote. For the past several years we have had a number of ships and units remain at sea far beyond the normal deployment length. In order to help our Sailors and Marines and their families during these extended deployments, we've implemented the Hardship Duty Pay – Tempo (HDP-T) program. When operational tempo is high and a deployment extends beyond more than 220 consecutive days, this pro-rated additional payment kicks in. This is an effort to show our Sailors and Marines we understand the difficulty these extended deployments create for them and their families and to show them, in a tangible way, the gratitude of the Department of the Navy and the American people.

Those Sailors and Marines on sea duty, deployed away from home around the world, are the backbone of the Navy and Marine Corps, and they enable us to provide and maintain our global presence. Despite the challenges involved, we need to ensure our men and women are incentivized to take on sea-going assignments. This past year we increased Career Sea Pay for those who have spent a total of three years at sea in order to both improve critical sea-duty manning and reward those who take these challenging sea-going assignments. We also increased Career Sea Pay - Premium, which recognizes Sailors and Marines who spend more than 36 consecutive months in sea-going positions or who have spent a cumulative eight years at sea during their career. These increases are long overdue since they were last adjusted in 2001.

The Reserve Component continues to be a vital part of the Navy and Marine Corps Team. In FY-14 we mobilized 2,700 individual Reserve Sailors and Marines to support operations around the world. As the force level shifts in Afghanistan, our Reserve Component will be taking on the vast majority of the individual augment requirements requested by the joint force. This allows us to focus our active component on filling critical sea billets to help ensure fleet wholeness and readiness. Reserve Sailors and Marines are deployed globally, and we will continue to maintain a Reserve that is ready, relevant, and responsive to the nation's needs.

Attracting and retaining our talent is critical to maintaining our innovative and adaptive force. An important part of that involves the challenge of military compensation. Cooperation between Congress and the Department of Defense on this issue will be vital as we look at slowing the growth rate of our personnel costs. We must keep the faith with the men and women who are in uniform. And we must look for the right ways to build incentives and retain our most talented

people. But we also must recognize that growth in pay and benefits must be contained or we will not be able to provide our Sailors and Marines with the training and equipment that they need.

Our civilian workforce is also vital to the success of the Department of the Navy. They help design our ships, aircraft, and equipment and are critical enablers of our forces. Without them, we literally would not have a fleet to put to sea. And we could not operate ashore at our bases across the globe. Over the past few years our civilian workforce has persevered through some very trying times. From pay freezes, to hiring freezes, and the huge, negative impact of furloughs, they have shown an immense amount of dedication to our Navy, Marine Corps, and our nation. In 2013 twelve of our civilians were killed, and others injured in visible and invisible ways, in the attack on the Washington Navy Yard. There is no more tragic example of how our civilians share the burden with those in uniform. We continue to support the victims and the families who endured this tragic attack and have implemented numerous security measures to improve the safety of our workforce.

This committed and patriotic workforce is the foundation of how the Department of the Navy operates. In order to ensure we have the most capable people, in the right positions, we run a number of leadership development programs. Annually we select participants for senior leader, executive leader, and developing leader programs to provide education and training that will help our people tackle the issues we face.

Platforms – America’s Fleet

The hard truth of providing the presence the American people and our nation’s leaders expect is that it requires platforms. To be where we are needed, when we are needed, we must have the

ships, submarines, aircraft, vehicles, and equipment for our Sailors and Marines to operate. That means we must have a properly sized fleet. Quantity has a quality all its own.

Recently much has been said in many venues about the size of our fleet. The completely wrong assertion is made over and over that our fleet is shrinking. Let me state this very clearly: our fleet is growing and will number greater than 300 ships before the end of this decade.

It is absolutely true that our fleet shrank dramatically between 2001 and 2008. On September 11, 2001, the Navy's battle force stood at 316 ships. But, by 2008, after one of the great military buildups in American history, our fleet had declined to 278 ships.

Part of the reason for that was understandable: our focus was on two ground wars. But, frankly, it cannot all be attributed to that. In the five years before I took office as Secretary, the Navy only contracted for 27 ships, far too few to maintain the size of the fleet, much less grow it. In my first five years as Secretary, we contracted for 70 ships. We have halted and reversed the decline.

And we haven't done this at the cost of naval aviation. During my time in office we have bought 1,300 aircraft. That is 40 percent more than the Navy and Marine Corps bought in the 5 years before this administration took office.

We have done this both in ships and aircraft by taking some direct and basic actions including: block buys and multi-year procurements; increased competition; stable designs and mature technologies; targeted reviews; pursuing cross-program common-equipment buys; and

affordability through hard but fair bargaining. In addition, we have: supported shipyard facility improvements and optimal-build plans; conducted rigorous “should cost” studies; designed equipment for affordability and modularity; instituted strict controls to fight “requirements creep;” used open-architecture systems to the maximum extent possible; and signed shipbuilding capability preservation agreements resulting in more competitive shipyards and lower costs for the Navy.

The amphibious and auxiliary ships industrial base is of concern to us and is at risk should future funding levels be reduced. We have recently introduced an integrated acquisition strategy for LHA 8, T-AO(X), and LX(R) to support stability and competition within this sector of the industrial base. The strategy will help ensure the ships are built affordably, while providing the greatest degree of stability for the industrial base.

There are a number of references previously to the industrial base. A healthy design and production industrial base is critical to achieving what is needed for our fleet in ships, aircraft, weapons and all procurements. Stability and predictability are critical to the health and sustainment of this industrial base.

This is especially true in shipbuilding. Changes in ship-build plans are significant because of the long lead time, specialized skills, and extent of integration needed to build military ships. Each ship is a significant fraction of not only the Navy’s shipbuilding budget but also industry’s workload and regional employment. Consequently, the timing of ship procurements is a critical matter to the health of American shipbuilding industries, and has economic impacts at the local, regional and national levels.

It is important, therefore, to provide stability and predictability to the industrial base to maintain our ability to continue to build the future fleet. In the overall picture, we should not pay for one Navy ship by cutting another Navy ship; each ship is crucial in many, many ways.

The Department's shipbuilding plan continues to build the balanced force we require. This year we have requested funding for nine new ships as well as for the refueling of the carrier USS George Washington. We also plan to modernize 11 cruisers, which are our most capable ships for controlling the air defense of a carrier strike group. The Navy's cruiser modernization plan, in accordance with FY 2015 Congressional direction, will allow the Navy to reduce overall funding requirements while most efficiently increasing the capability and extending the service life of these large surface combatants.

Our efforts to maintain and affordably procure our fleet's ships and submarines have continued through this past year. The Department has established a steady state Ford Class procurement plan designed to deliver each new ship in close alignment with the Nimitz Class ship it replaces. CVN 78 (future USS Ford) cost performance has remained stable since 2011 and under the Congressional cost cap. We are also committed to driving down and stabilizing aircraft carrier construction costs for the future John F. Kennedy (CVN 79) and the future Enterprise (CVN 80) and have made significant progress in doing so. As a result of the lessons learned on CVN 78, we have made significant changes to reduce the cost to build CVN 79, including improvements in material availability and pricing; major changes in build strategy and processes determined to execute construction activities where they can most efficiently be performed; incorporation of design changes only for safety, those mandated or lower costs; and aggressive measures for cost

control in government furnished equipment. The costs of CVN 79 also remain stable and under the Congressional cost cap.

In our attack submarine program we are continuing procurement of two Virginia Class submarines per year while reducing construction time and also developing the Virginia Payload Module (VPM). Thanks to the support of Congress in authorizing the use of a multi-year procurement (MYP), in April 2014, the Navy awarded the Block IV contract for ten submarines. The savings realized with this MYP contract was more than \$2 billion, effectively giving the Navy ten ships for the price of nine.

SSBNs, coupled with the Trident II D-5 Strategic Weapons System, represent the most survivable leg of the Nation's strategic arsenal and provide the nation's only assured nuclear response capability. Originally designed for a 30-year service life, the Ohio Class has been extended to 42 years of operation. They cannot be extended further. For this reason, we are intensively continuing development of the follow-on twelve-submarine Ohio Replacement Program (ORP). This effort is driven by meeting the program's performance requirements while reducing costs across design, production, operations and sustainment. However, in order to afford the ORP procurement costs beyond this Future Years Defense Program (FYDP) it is clear that this program must be funded by a significant increase in the Navy's shipbuilding budget, or from other sources. Otherwise, funding this necessary program will effectively keep the Navy from performing its other critical missions.

The Arleigh Burke Class (DDG 51) program remains one of the Navy's most successful shipbuilding programs – 62 of these ships are currently operating in the fleet. We are in the third

year of an MYP. The second of our FY 16 ships will provide significant upgrades to integrated air and missile defense and additional ballistic missile defense capability by introducing the next flight (Flight III), which incorporates the Air and Missile Defense Radar (AMDR) designed to address a number of growing threats.

With four Littoral Combat Ships (LCS) in service, operational experience continues to increase through at-sea testing and rotational deployments, and the value of this class continues to be demonstrated. USS Fort Worth began her maiden deployment to the western Pacific, and upon arrival in Singapore was sent to assist in the search and recovery efforts for the downed Air Asia airliner in the Java Sea. USS Fort Worth's deployment marks the beginning of continuous LCS forward presence in Southeast Asia and will validate the 3:2:1 (three crews, two ships, one ship always forward-deployed) rotational manning and crewing concept for the LCS class. This will also be the first deployment of the Navy's MH-60R Seahawk helicopter along with the MQ-8B Fire Scout on an LCS.

After an exhaustive analysis by the Navy's Small Surface Combatant Task Force, in December 2014 the Secretary of Defense approved the Navy's proposal to procure a new small surface combatant based on an upgraded LCS. This followed his February guidance to review the program and consider development of a more lethal and survivable small surface combatant. The upgraded LCS will provide multi-mission anti-surface warfare and anti-submarine capabilities, as well as continuous and effective air, surface and underwater self-defense. They are both more lethal and more survivable, as well as continuing to be affordable and providing the fleet with the requirements it needs. As these capabilities are consistent with those of a frigate, I directed designation of these new small surface combatants as Frigates (FF).

Our amphibious ships are incredibly versatile. Across the spectrum of maritime operations, from the humanitarian assistance and disaster relief efforts in the Philippines following super-typhoon Haiyan to the combat operations in Libya during Operation ODYSSEY DAWN, the Navy and Marine Corps team do a wide array of things with these ships. At this moment, the USS Iwo Jima Amphibious Ready Group and 24th Marine Expeditionary Unit are in the Fifth Fleet area of operations, ready for anything that might happen from Iraq and Syria to Yemen.

Congress provided \$1 billion of funding in the FY 2015 Appropriations Act toward a twelfth LPD, and we have requested the balance of funding this year for this ship, LPD 28. Procurement of LPD 28 will assist in mitigating impacts to shipbuilding and combat systems industrial bases, and the ship's design and construction features will fully exploit some of the ongoing design innovations and cost reduction initiatives that are necessary for the LX(R) to achieve its affordability goals.

Support vessels such as the Mobile Landing Platform (MLP) and the Joint High Speed Vessel (JHSV) provide many additional options and flexibility to Combatant Commanders. The future USNS Lewis B. Puller (MLP 3), the first Afloat Forward Staging Base (AFSB) variant of the MLP, which includes a flight deck, was christened in early February in San Diego and will deliver in summer 2015. The Navy awarded MLP 4 AFSB in December 2014, and plans to request MLP 5 AFSB in FY 2017. JHSV production continues with delivery of the fifth JHSV anticipated in April 2015. JHSVs 6 through 10 are also under contract. In FY 2015, Congress provided funding for an eleventh JHSV, which we expect to be put under contract this coming summer.

Combat Logistics Support ships fulfill the vital role of providing underway replenishment of fuel, food, repair parts, ammunition and equipment to forward deployed ships and embarked aircraft to enable them to operate at sea for extended periods of time. We will begin to replace the Fleet Replenishment Oilers beginning in FY16 with the TAO (X). These will be double-hulled and meet Oil Pollution Act of 1990 and International Marine Pollution Regulations.

With the strong support of Congress, we continue to strengthen naval aviation as well. Adding new aircraft to our growing fleet will increase U.S. naval strength, in terms of both force capacity and capability. In the vertical lift community, multi-year production contracts for the MV-22 and MH-60R continue, as does the Marine Corps procurements of the AH-1Z and UH-1Y.

The E-2D, our new and upgraded electronic early-warning aircraft, reached initial operating capability in October and is continuing production under a multi-year contract. We continue to buy P-8As to replace the venerable P-3. Last year, in 2014, we saw the first deployment of this aircraft and continuous rotational deployments to Seventh Fleet are now underway. This past year also continued the integration of the EA-18G Growler electronic attack aircraft into the fleet. With Congress's addition of 15 Growlers in 2015, we will have 153 of these aircraft in 16 squadrons. With the final Navy deployment of the legacy EA-6B Prowler, and the looming retirement of the Marine Corps' last Prowlers, these incredibly capable new aircraft take over the nation's airborne electronic attack mission.

The F-35 Joint Strike Fighter remains a central part of the future of both Navy and Marine Corps aviation. This past year we saw the Marine Corps begin F-35B operations at two additional bases. The Marines are on track to have initial operating capability (IOC) for the first squadron this year. The Navy completed the F-35C's first flight operations at sea aboard USS Nimitz (CVN 68). According to plan, the Navy is the last service to acquire the F-35 and is continuing an acquisition strategy to achieve IOC in the 2018-2019 time frame. Incentive agreements with the builders have been achieved that will improve aircraft unit costs while also improving the learning curve on production.

Unmanned systems are critical to our ability to be present; they lessen the risk to our Sailors and Marines and allow us to conduct missions that are longer, go farther, and take us beyond the physical limits of pilots and crews. Launching and recovering unmanned aircraft as large and capable as our manned fighters from the rolling decks of aircraft carriers, launching unmanned rotary-wing patrols from our small surface combatants, and deployment of unmanned underwater vehicles globally are elements of both the present and future of maritime presence and naval warfare.

We are moving ahead with a number of unmanned programs in the effort to rapidly integrate them into the fleet. The MQ-8B Fire Scout has already begun regular deployments. When USS Fort Worth deployed to Singapore recently the ship took a mixed aviation detachment of a manned MH-60R helicopter and MQ-8B UAV's. This kind of hybrid employment, pairing our manned and unmanned systems to take advantage of the strengths of each, will be a hallmark of our future approach to unmanned systems. The first operational variant of the larger and more

capable next generation Fire Scout, the MQ-8C, was delivered in 2014. This aircraft will bring double the endurance and double the payload of the older versions.

We continue to work toward a full start of the Unmanned Carrier Launched Airborne Surveillance and Strike system (UCLASS) program. This unmanned addition to the air wings aboard our aircraft carriers is a vital part of the future of naval aviation. Full start of this program has been delayed pending a defense-wide review. Having the proper balance of long-endurance surveillance capabilities and the ability to grow into long range, penetrating strike missions in the future is critical. Development also continues of the unmanned underwater systems that are part of our future mine warfare capabilities. These systems will see formal operational testing in the Littoral Combat Ship program in 2016.

Maintaining the required pace of Navy shipbuilding while continuing the recapitalization of our aviation assets and other platforms made necessary by our deployment cycles and operational tempo is a very real issue. It will necessitate continued leadership, oversight and management to make sure we develop innovative solutions and maximize the efficiency in our acquisition system. Building our platforms is a unique public-private partnership and a key economic engine in nearly every state in the union. It provides more than 100,000 high-skill, high-paying jobs and helps ensure the foundation of global prosperity and security that our naval presence has assured since World War II.

Because cuts to our shipbuilding programs are the least reversible in their impact on our fundamental mission of providing presence and in their consequences to the industrial base and to our economy, I am committed, to the maximum extent possible, to preserve ship construction

and to seek reductions in every other area first, should further budget reductions such as sequestration become reality.

Power - Energy and Efficiency

For two centuries the United States Navy has had a history of leadership in energy innovation, transitioning from wind to coal, coal to oil and finally pioneering nuclear power. Fueling the ships, aircraft, and vehicles of our Navy and Marine Corps is a vital operational concern and enables the global presence necessary to keep the nation secure. But power and energy are also issues of national and international security.

My responsibility as Secretary of the Navy is to ensure that the Navy and Marine Corps have the right people, with the right training and the right tools to defend our country. Power and energy are an important part of ensuring our people have what they need and can get where they are needed. It is a critical element of our presence and why Navy has always been an energy innovator.

Throughout human history, access to resources has been a major source of conflict. Energy and fuel can and are being used as weapons. Threats against the shipping lanes in the Middle East, European dependence on Russian gas supplies and the impact of Russian energy dependence by the Ukraine are the subject of daily headlines. This is true regardless of the price of a barrel of oil, although the price decline of the last year has certainly impacted strategic calculations around the globe.

Here in the United States, with domestic production up and new oil and gas reserves being discovered even as prices have fallen, energy still remains a security concern. Even if we were able to produce every single drop of oil or gas that America needs domestically, we cannot control the price. Oil is the ultimate global commodity, often traded on world markets based on speculation and rumor. Oil price instability is often the result of global instability, and prices fluctuate with little warning. The volatility of oil prices, both up and down, has been repeatedly demonstrated in recent years. And energy supply will remain an issue for many of our allies and for others around the globe, creating the potential for instability and even conflict.

Operationally, energy matters now more than ever. The ships and aircraft that we deploy include advanced capabilities that make us the most effective expeditionary fighting force in the world. But our weapons platforms also use far more energy than their predecessors. Our ability to maximize our capabilities depends on having the energy available to power them.

In 2009, I established formal energy goals for the Department of the Navy to help drive the Navy and Marine Corps to strengthen our combat effectiveness by using energy more efficiently and by diversifying our sources of power. From the deployment of hybrid electric drives, to the introduction of alternative fuels into the fleet, to the Marines' use of expeditionary power systems in Afghanistan, we have made real progress over the last few years.

This past year we christened USS Zumwalt (DDG 1000), which has an electric propulsion system. This system is state-of-the-art and will significantly reduce fuel demand, which is a critical part of ensuring we have the fuel to power next generation weapons, like the Laser Weapon System (LaWS) and the electro-magnetic rail gun. This past fall we commissioned USS

America (LHA 6) which is driven by hybrid electric power plants. This is the same engineering design used in USS Makin Island (LHD 8) that, for her maiden deployment, cut her fuel consumption nearly in half when compared to other big deck amphibious ships. We also took delivery of two more Virginia Class submarines, with their advanced nuclear power systems that lead the world in efficiency and safety.

Our shore installations, like our shipyards, are critical to our operations. We continuously strive to be smarter and improve energy efficiency at our installations. And we are leveraging private sector funding to accomplish that goal. In fact, the Department of the Navy is on track to have awarded nearly one billion dollars in energy savings performance contracts by December 2016. That's one billion dollars to improve our infrastructure and lower our energy bills in the process. The Renewable Energy Program Office (REPO) coordinates and manages our goal of producing or procuring one gigawatt of cost-effective renewable energy for our bases. We will reach this goal by December of this year. The power we are buying through our REPO projects will be cheaper, over the life of the contract, than our current rates.

Last September we announced contracts with three companies that have committed to produce drop-in, military-compatible biofuels at operational quantities. Let me be clear: we are not obligated to buy fuel from any producer and do not intend to buy any fuels unless they are cost competitive. That said, it is critical we continue to use alternative fuels in our ships and aircraft to ensure operational flexibility. The private sector, including major airlines, is expanding the use of alternative fuels just as we are.

Diversifying our energy supply for our ships, our aircraft, and our bases helps guarantee our presence and ability to respond to any crisis. Increasing our energy efficiency assures that we can remain on station longer or extend our range, without the delays and vulnerability of refueling. And the benefits of competition, as we have demonstrated in shipbuilding, are always welcome. In these ways, our focus on power and energy is helping to ensure the United States Navy and Marine Corps remain the most powerful expeditionary fighting force in the world and their ability to protect and advance American interests around the globe.

Partnerships – Naval Diplomacy and International Cooperation

In the 21st century, to be effective, all nations and people that seek freedom and security have to carry their own share of the responsibility of defending the global system. A collective effort will assure our navies can provide the necessary presence to maintain freedom of navigation and maritime security around the world. Whether blue water or brown, America's Navy and our other allies and partners help assure stability and security, creating and strengthening global relationships, providing humanitarian assistance and disaster relief, deterring adversaries when possible, and defeating aggression when necessary.

Cooperation on the world's oceans helps us diffuse tensions, reduce misunderstandings, and limit conflict. The world's maritime tradition is nearly as old as human history. From harbors near the Arctic Circle and around the Mediterranean, from the littorals of Asia to the shores of Africa, the Americas and Australia, human civilizations have launched one great fleet after another toward the horizon. Again and again naval forces have proven themselves the most immediate, the most capable and the most adaptable option when a crisis develops.

This is even more true when like-minded navies, with similar national policy objectives, can find ways to work together. Whether exercising together in the Baltic or in Southeast Asia, operating against pirates in the Gulf of Aden, or cooperating to provide relief in the aftermath of natural disasters, the strong cooperation between the United States and our partners and allies makes a difference all over the globe. Partnerships are a key contributor to presence.

Building partnerships and establishing trust between our nation and our Navy and countries around the world is why I travel to visit with foreign military and governmental leaders. Those meetings are critical to building the relationships that can help us deter conflict or respond in a more coordinated and effective manner to manmade or natural crises. It is critical in my job as Secretary of the Navy to understand the global landscape and the security challenges – and opportunities. Briefings and PowerPoint slides can never match the value of firsthand observation and interactions, as anyone who has served aboard a ship, at a forward outpost, or in a warzone can tell you. As the old Navy saying goes, “You can surge people and you can surge platforms, but you cannot surge trust.”

Our rebalance to the Pacific continues to be an important part of our partnership efforts. We must have the right platforms in the right places to ensure our friends and allies understand our commitment. We're moving more ships to the central and western Pacific, including forward basing an additional fast attack submarine in Guam and as I mentioned earlier we are forward stationing four Littoral Combat Ships out of Singapore. We are ensuring that our most advanced platforms are in the Pacific, so we're increasing the number of DDG's with the Ballistic Missile Defense systems based in Japan and the P-8A maritime patrol aircraft are making their first rotational deployments in the region. In the longer term, by 2018 we will deploy an additional

Amphibious Ready Group to the Indo-Pacific region and we will deploy a growing number of Joint High Speed Vessels and Mobile Landing Platforms there. With these changes, and others, by the end of the decade 60% of our fleet will be based in the Pacific, a fleet which will be larger than the one we have today.

The Marine Corps is also building its capacity to work with our Indo-Pacific partners. We continue to increase the rotational deployment of Marines to Australia, which will culminate in the regular rotational deployment of a Marine Air Ground Task Force (MAGTF) of approximately 2,500 Marines. The Marines have increased the size of this deployment from just over 200 Marines to more than 1,000 and over the past year these Marines out of Darwin have conducted exercises and theater security operations throughout the region. We are also continuing forward on the plan to base another MAGTF (part rotational, part permanent) of about 5,000 Marines in Guam, which will become a central hub for many of our Pacific operations.

This past year saw dramatic developments in Eastern Europe and the Black Sea region. The Navy and Marine Corps have been central to demonstrating support for our allies and friends and American interests in the region. Alongside the Marine Corps' Black Sea Rotational Force's operations in Eastern Europe, a series of Navy ships have deployed into the Black Sea to ensure freedom of navigation and work with our partners there. The bonds between America and Europe and our shared values remain as strong today as ever.

That is demonstrated in one of the world's strongest and most enduring defense partnerships: the North Atlantic Treaty Organization. It is true that America's defense strategy calls for an

increased focus on the Western Pacific, Arabian Gulf, and Indian Oceans. But that same strategy also ensures that we aren't turning away from our longstanding allies in Europe and also calls for renewing our commitment to NATO. A very concrete example of this is the move of four ballistic missile defense capable DDGs to Rota, Spain. All of these efforts are a continuation of NATO's 65-year mission to keep all nations free, and not to claim territory or tribute.

This past summer USS America sailed from the Gulf Coast, where it was built in Mississippi, around South America to its new homeport in San Diego. As America sailed through the Americas, the Sailors and Marines aboard conducted theater security cooperation activities with countries in the region, training together and helping to develop the skills needed to counter illicit trafficking and conduct combined operations. Our new Joint High Speed Vessels are also deploying to the Americas with the ability to operate for longer periods and carry adaptive payloads. Our security is undeniably tied to our neighbors and we are working with innovative and small-footprint approaches to enhance this.

This past September, I invited the leaders of our partner navies in West Africa to join me for a series of discussions in Newport, Rhode Island called the Gulf of Guinea Maritime Security Dialogue. Naval leaders from 16 nations bordering the Gulf of Guinea came to discuss how we could increase collaboration in a region where piracy, extremism, trafficking and insecurity of all types are on the rise. We discussed a unified code of conduct for maritime law enforcement and encouraged more direct cooperation in the region. As the economy in the Gulf of Guinea continues to grow, so does the increasing relevance of guarding against transnational crime like maritime terrorism and the illegal movement of drugs and weapons. The U.S. Navy and Marine

Corps will continue to work with our partners in West Africa and help them improve their capabilities and promote collaboration.

Sailors and marines of every nation have much in common with other sailors and marines.

Working together, we become more inter-operable, we can provide key training and develop the operational capabilities of like-minded countries and navies. This in itself increases stability for the global system. It distributes the burdens and costs of maritime security and makes us all safer by reducing the likelihood of conflict. Direct engagement with foreign leaders by our Department's senior leadership is a central component of building the human connections that are critical to successful partnership and combined operations. They are a large part of what builds the international relationships, trust, and inter-operability that is central to our globalized world.

In this interconnected world, threats know no boundary, no international lines, so the burden of security has to be shared. Across 239 years of history our Navy and Marine Corps have worked with allies and friends. From suppressing the slave trade on the coast of Africa in the mid-19th century to the combined operations of World War II, the examples are endless. From the exercises I mentioned earlier like RIMPAC, MALABAR, and PLATINUM LION, to our multi-lateral and bi-lateral meetings with both uniformed and government leaders, to our combined operations like the search for Air Asia Flight 8501 and counter-piracy patrols off the Horn of Africa; these examples illustrate that the partnerships we build and maintain today remain critical to our global presence.

FY16 Budget Submission

The Department of the Navy's proposed budget for FY16 is designed with a focus on the three objectives laid out 2014 Quadrennial Defense Review: protect the homeland, build security globally, and project power and win decisively when called upon. In doing so we have looked across the FYDP to maintain our ability to conduct the ten primary missions listed in the Defense Strategic Guidance to 2020 and beyond. Overall the FY16 President's Budget balances current readiness needed to execute assigned missions while sustaining a highly capable fleet, all within a tough fiscal climate.

Our approach to this budget has focused on six objectives. First, maintain a credible and modern sea-based strategic deterrent. Second, sustain our forward global presence to ensure our ability to impact world events. Third, preserve both the capability and capacity to defeat an aggressor in one multi-phase contingency operation while simultaneously denying another aggressor the ability to achieve their objectives. Fourth, ensure that the force is adequately ready for these operations through critical afloat and shore readiness and personnel issues. Fifth, continue and affordably enhance our asymmetric capabilities. Finally, sustain our industrial base to ensure our future capabilities, particularly in shipbuilding.

Even as we deal with today's fiscal limitations, we cannot let slip away the progress we've made in shipbuilding. It takes a long time, measured in years, to produce a deployable ship. As I noted earlier, it is the least reversible thing we might do to deal with budget constraints. If we miss a year, if we cancel a ship, it is almost impossible to recover those ships because of the time involved and the fragile industrial base. To do the job America and our leaders expect and demand of us, we have to have those gray hulls on the horizon.

This budget results in a 2020 fleet of 304 ships. We will purchase Virginia Class attack submarines at a rate of two per year for a total of ten across the FYDP, with the inclusion of the Virginia Payload Module by FY19 for at least one boat per year. We also will continue to procure Arleigh Burke class destroyers at a rate of 2 per year, with the first Flight III DDG funded in FY16 and delivered in FY21. Fourteen ships of the Littoral Combat Ship class, of which at least the last five will be the frigate variant, will also be procured in this FYDP. We will also continue the construction of amphibious ships, mobile landing platforms, high speed vessels, and combat logistics ships.

This budget carries on the development of the future carrier air wing. Procurement of both the F-35C and F-35B continues, with initial operating capability (IOC) of the F-35C coming sometime in late FY18 or early FY19. Our multi-year procurement of the E-2D will now include the introduction of inflight refueling capability for the new aircraft. We are continuing the integration and procurement of the Small Diameter Bomb II for the F/A-18 and fund advancements to the Advanced Anti-Radiation Guided Missile to reach IOC for Block I in FY17. The budget also funds the EA-18G into its Full Operating Capability and full air wing integration in FY17, and we continue the development of the Next Generation Jammer.

We are accelerating the purchase of P-8A maritime patrol aircraft to reverse the reductions that were made due to sequester cuts. Our plan is to complete the buy in FY19 and have the entire inventory of 109 aircraft by the end of the FYDP. We are also addressing the future of our logistics support and carrier onboard-delivery aircraft. This budget funds the purchase of 24 Navy V-22 Tiltrotor aircraft across the FYDP, with an IOC for Navy squadrons of FY21.

In order to face potential adversaries who are building technologically advanced platforms and weapons of their own, we must move forward on our development of new and innovative systems. This budget funds the accelerated acquisition of the Long Range Anti-Ship Missile (LRASM), which will reach early operating capability on the B-1 in FY18 and with F/A-18's in FY19. We are also continuing procurement of SM-6 missiles. Funding for the next leap forward in weapons technologies, such as the LaWS and railgun programs, are included as well as the precision-guided Hyper-Velocity Projectile (HVP) for both our 5-inch guns (by FY19) and for the railgun once development is complete.

The FY16 budget also places priority on emerging capabilities in the cyber and electronic warfare efforts. We will continue to recruit and train top talent to form 40 cyber mission teams by the end of 2016. We also include funding for Operation Rolling Tide and the results of Task Force Cyber Awakening, which invests in enhancements to our networks for cyber defense-in-depth, including defense solutions for ships, security improvements for our command and control networks, and the expansion of some of our defense initiatives to tactical IT systems. The Navy is developing capabilities to deliver cyber effects from land and sea-based platforms. We are continuing the build of the Mobile User Objective System (MUOS) satellites with an IOC expected in FY16 and the launch of the fifth satellite in late 2016.

The Marine Corps end strength will hold at 184,000 Marines for 2016 while leadership assesses the impact of the drawdown that has been conducted over the past 4 years. This pause is for one year only. The Marines will draw down to 182,100 under this budget in 2017. After coming down by 18,000 Marines, we need to ensure we have the right number of small unit leaders and their ability to prepare their Marines for deployment. We must also make sure that units

preparing for overseas operations have adequate time and ability to train and to maintain unit cohesion.

The Marine Corps will begin procurement and testing of the next generation ground combat maneuver capability, starting with the Joint Light Tactical Vehicle. We will also award engineering manufacturing and development contracts to two vendors to produce Amphibious Combat Vehicle 1.1 prototypes for testing and evaluations. The F-35B program also remains a high priority for the Marine Corps, and this budget ramps up production of airframes with the plan to stand up a third F-35B squadron by FY18. These programs are important to our ability to maintain the Marine Corps as the nation's expeditionary force-in-readiness. Our ability to remain forward engaged and ready to respond to crisis is dependent on the readiness of our forward deployed and home station units. The Marine Corps must remain the most ready when the nation is least ready

Our support for our Sailors and Marines and their families is evident in the personnel initiatives in this budget, many of which were described earlier. We are continuing the Compensation Reform and Quality of Service initiatives that we first proposed in the budget for FY15. This includes increasing our requested pay raise from 1.0% to 1.3% in FY16. To ensure fairness across the force, this budget also makes certain that every active duty family members has the option to receive health care with no co-pays/cost share regardless of their assigned duty station, including remote locations. The re-investment in our talented and innovative workforce also continues from the FY15 budget to this one, including the new sea duty incentive pays and bonuses, barracks improvements for our junior personnel, and improved fleet training and spares availability to ensure our men and women have the tools they need to get their jobs done.

The American people have every right to expect that after coming out of two wars there would be savings in the defense budget. Our Department is continuing its reform of acquisition practices, including fundamental changes to how we contract for services. We are establishing additional discipline in the contractual services process – from requirements to tracking to execution to surveillance – that ensures the integrity of the system remains high and to guard against fraud. Also, as a result of reformed contracting processes, we fully expect in this budget to achieve the reductions in contractual services that we began in last year, realigning those resources to buying more material equipment and readiness for the force.

We continue to aggressively implement acquisition practices that improve the return for each taxpayer dollar we spend. Improved management of requirements, multiyear procurements, appropriate incentive contracts, additional competitions, and small business initiatives are but a few of the tools we are using to maximize the return on each dollar we invest on behalf of the taxpayer. However, the way some of the budget reductions have been executed in the law, through continuing resolutions and the sequester, have made planning virtually impossible and have not allowed us to approach reductions in a strategic way. After the initial return of a moderate amount of stability following last year's Bipartisan Budget Act and the recent Omnibus Spending Bill, the President's Budget for FY16 continues this stability to the Department's planning for the future. In order to maintain our Constitutional responsibility to "provide for and maintain a Navy," we must work together to ensure that our Navy and Marine Corps remain the most powerful expeditionary fighting force in the world.

Over the past three years the Navy and Marine Corps have had to make tough choices across a wide range of competing priorities in order to deal with funding instability. This proposed budget submission for FY16 maintains the minimums necessary to accomplish the missions required by the DSG. We continue to accept some risk to our capacity to complete all ten of the missions, and we have continued reductions to the maintenance funds for our shore infrastructure, elements of our weapons capacity, and selected aviation accounts. While these reductions were seen as the most reversible, over a longer period of time the expenses have continued to add up. Because we have already taken these savings, a return to the funding level required by the 2011 Budget Control Act certainly will have more dramatic impacts.

Conclusion

In 2015 we commemorate the bicentennial of the end of the War of 1812. At the Battle of New Orleans a joint force of Sailors, Marines, Soldiers, and volunteers repelled a veteran British Army, battle hardened by their war against Napoleon. From the Navy's small combatants and gunboats that attacked the landing force in Lake Borgne, to the gunnery crews who joined the Army's artillery on the field of battle at Chalmette Plantation, Sailors and Marines ensured the defense of our homeland against invasion. Only weeks later off the coast of Africa, Captain Charles Stewart and USS Constitution fought the war's final battle at sea, bringing an end to the conflict that established the U.S. Navy as a player on the world's stage.

When America has called, the Navy and Marine Corps have always been there. Two hundred years ago our squadrons sailed for the shores of Africa and the Second Barbary War, having just concluded that decisive role in the War of 1812. One hundred and fifty years ago, Admiral Farragut sailed up through Mobile Bay during the Civil War. One hundred years ago, as the

First World War began, we prepared for convoy operations and anti-submarine missions in the battle for control of the Atlantic. Seventy years ago, Sailors and Marines fought their way across the Pacific toward Japan. For all of those two hundred plus years, and continuing today, the Navy and Marine Corps have been ready to fight and to win our nation's wars, whether coming from the sea or on, above or beneath the sea.

Today, from the coast of Africa to the wide expanse of the Pacific, from the Arctic to the Antarctic, our Sailors and Marines continue to deploy to protect and defend the American people and our national interests. They, and our Navy and Marine Corps civilians, continue to ensure that America's Away Team is ready and present around the world, prepared for action in times of crisis or working with our partners in in times of peace.

The United States of America faces an international security environment full of uncertainty. To face that world, the funding levels in the Department of the Navy's proposed budget for FY16 reflect the resources required to rapidly respond to a diverse scope of contingencies spanning extremist organizations, pandemic diseases and natural disasters, while continuing to deter assertive actors across the globe through our expeditionary presence and dominant warfighting capability. These investments will continue to provide the best value in dealing with that dynamic security environment, as well as securing and strengthening our own and the global economy.

In order to ensure that we continue to provide the Navy and Marine Corps our nation's leaders the American people have come to expect, the Commandant and Chief of Naval Operations and I look forward to working with this Committee and the Congress. From maintaining our

momentum on our plan to build to a fleet of 304 by the end of the decade, to our continued efforts to purchase the aircraft, vehicles and weapons detailed in our budget submission, to the priority of ensuring we maintain and retain the talented Sailors, Marines, and civilians who make it all possible, we will need to work together. We look forward to answering your questions, at this hearing and in the future. We will continue to work to provide for, and maintain, our Navy and Marine Corps because, as President Theodore Roosevelt once said, “A good Navy is not a provocation to war. It is the surest guaranty of peace.”