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THE SENATE ARMED SERVICES COMMITTEE

STATEMENT
OF
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BEFORE THE
SENATE ARMED SERVICES COMMITTEE
ON
FISCAL YEAR 2019 NAVY BUDGET
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Chairman McCain, Ranking Member Reed, and distinguished members of the committee, thank you for the opportunity to testify today on the Navy's Fiscal Year 2019 budget.

This hearing comes at a critical time in our Navy's and our nation's history as we confront a dynamic security environment. The maritime domain -- which I define as the sea floor to the stars -- is indisputably more complex than it was when I took my oath in 1978. Within the past quarter century, global waterways have become more congested, with maritime traffic increasing by a factor of four. On the seabed, transoceanic cables carry 99% of all information, and new technologies are making undersea resources more accessible. The polar ice caps are receding, opening new trade routes, exposing new resources, and redrawing continental maps. People are migrating to megacities dotting the coastlines. Rapid technological advancements in cyberspace, artificial intelligence, robotics, and directed energy are changing the face of naval warfare. There can be no doubt that stability and economic prosperity both here in the United States and around the world are inherently linked to freedom of movement and security on, below, and above the world's oceans.

But just as we have come to depend on this rules-based security order, there are those who would seek to turn the tide and upend it. For the first time since the fall of the Soviet Union, we are experiencing a return to great power competition. With a rising China and a resurgent Russia, the U.S. does not enjoy a monopoly on sea power or sea control. Rogue regimes like North Korea and Iran persist in taking actions that threaten regional and global stability. Given these challenges, a balanced strategic approach is more important than ever.

Our priorities have been clearly defined by the President's *National Security Strategy*, which directs our Navy to protect the American homeland, promote American economic prosperity, and advance American influence throughout the world. The *National Defense Strategy (NDS)* operationalizes these imperatives and articulates our plan to compete, deter and win in the new competitive security environment of our time.

The maritime expression of the *NDS* -- what we are calling Navy the Nation Needs -- articulates the Navy's role as part of the broader military joint force across three lines of effort. First, we must restore readiness while building a more lethal joint force -- the prime objective of the Navy's FY-19 budget submission. Next, we must strengthen traditional alliances while building new partnerships to expand American influence and fortify global resolve. And finally, we must reform the Department to achieve greater performance through agile acquisition processes, early engagement with industry, capability iterations that ride the technological curve, and thoughtful stewardship of America's tax dollars.

As the *NDS* makes clear, unstable funding over the past decade has contributed to "erosion of military advantage," and recent action by Congress to restore stable and predictable funding demonstrates that you share this viewpoint. The recent passage of the Bipartisan Budget Act of 2018 (BBA-18) and the FY-18 defense appropriations are major steps in the right direction, underscoring our shared responsibility to provide, maintain, and operate a global Navy. The importance of stable and predictable funding cannot be overstated. It facilitates more planning time, productivity, and purchasing power; restores readiness through planned and precise resource allocation; sharpens perishable warfighting skills by

steaming ships and flying planes; stabilizes the industrial base -- especially shipbuilding -- so that it is efficient, agile, postured to respond; enables us to mature technologies on a thoughtful path; and allows us to maximize every taxpayer dollar spent.

In FY-17 we arrested readiness decline with the Request for Additional Appropriations, and the FY-18 enacted appropriations and FY-19 budget request further restore readiness while beginning to increase warfighting capacity and capability. The FY-19 budget submission is strategy-based, seeking a \$2.4 billion increase for the Navy over FY-18 enacted levels. The single most effective way to maintain the strategic momentum started in FY-17 and FY-18 is to enact the FY-19 President's Budget by the *start* of the fiscal year. This funding will help us fulfill our responsibilities in the *NDS* by building the Navy the Nation Needs. Everything we do must contribute to increasing America's naval power, which must be balanced in **six specific dimensions** to achieve needed wholeness.

To increase America's naval power, we'll build a **bigger fleet** -- more platforms like ships, submarines, aircraft, and more special operations forces. Congress made a 355-ship Navy the law of the land, and this increased capacity will strengthen our ability to prevail in any warfighting contingencies, meet demand signals from Combatant Commanders, expand global influence, and support American prosperity by safeguarding access to critical markets, waterways, and chokepoints. In FY-19, this budget requests over \$55 billion in procurement accounts, funds a 299-ship deployable battle force, procures 10 new ships and submarines, and buys 120 fixed and rotary wing, manned and unmanned aircraft for the Navy and Marine Corps. Expanded across the Future Years Defense Program (FYDP), PB-19 funds construction of 54 battle force ships -- 11 more than the PB-18 baseline -- and extends the service life of six guided missile cruisers, four mine countermeasure ships, and one attack submarine to further increase the size of the fleet. And just as they have every day since the early 1960s, our ballistic missile submarines continue to patrol the deep as the only survivable leg of our nuclear triad. PB-19 includes \$3 billion in ship construction (SCN) funds to ensure lead *COLUMBIA*-class ship construction commences on time in FY-21, guaranteeing defense of the homeland into the 2080s. Additionally, our *Annual Long Range Plan for Construction of Naval Vessels*, which accompanies the budget request, outlines a path to reach the Navy the Nation Needs. While there will always be debate about the final number of ships for our Navy, we can all agree on one thing. The Navy must get bigger, and *we must start building NOW*.

To increase America's naval power, we'll build a **better fleet** -- more capability across all our naval platforms. This means fielding state-of-the-art systems and continually modernizing legacy ones. Keeping pace with advances in technology demands consistent, unwavering, and aligned financial, programmatic, and operational commitments. To that end, the FY-19 budget includes almost \$18 billion for research and development in addition to other modernization efforts. For example, PB-19 includes \$276 million for guided missile cruiser modernization and \$79 million to upgrade eight cruisers to AEGIS Baseline 9, enabling them to perform critical Integrated Air and Missile Defense (IAMD) and Ballistic Missile Defense (BMD) operations simultaneously. By the end of FY-19, the Navy will have 41 ships modified for BMD missions to defend our ships and the homeland. PB-19 also invests over \$2 billion per year over the FYDP in land- and carrier-based aviation modernization and training to

include improved radars, common avionics, structural enhancements, sensor upgrades, and refreshed mission computers. The budget maintains FY-18 enacted funding levels for acoustic superiority modernization to improve large vertical arrays, advanced hull coating, and ship machinery quieting technology. The budget also requests \$420 million for Surface Electronic Warfare Improvement Program (SEWIP), which will enhance shipboard electronic support capabilities and continue delivery of Block 2 systems currently in full rate production. We are also leveraging accelerated acquisition and rapid prototyping -- for directed energy, lasers, STANDARD Missile (SM)-2/6 weapons, MQ-25 Stingray, and Unmanned Underwater Vehicle capabilities, just to name a few -- to deliver capability faster.

To increase America's naval power, we'll build a **networked fleet** -- allowing our fleet and the broader joint force to connect and combine in rapidly adaptable ways. History is replete with examples where networked forces that shared information executed more efficiently and effectively. The FY-19 budget builds on the progress made in FY-18 by requesting an additional almost \$500 million investment in command, control, communications, computers; intelligence, surveillance, and reconnaissance; and cyber resiliency. By establishing and requesting \$27 million to fund the Digital Warfare Office under the Deputy Chief of Naval Operations for Information Dominance (N2/N6), we continue to centralize our efforts to identify material and non-material solutions to mitigate warfighting gaps. Finally, critical upgrades to our E-2D Hawkeyes, F/A-18 E/F Super Hornets, and EA-18G Growlers will improve Naval Integrated Fire Control-Counter Air (NIFC-CA) architecture and introduce sensor netting and Cooperative Engagement Mode, allowing air- and seaborne units to optimize sensing, tracking, shooting, and controlling functions.

To increase America's naval power, we'll build an **agile fleet** -- more innovative concepts of operating to increase our competitive advantage. This past year alone, we leveraged the global maneuver power that is inherent in our Navy through concepts like Distributed Maritime Operations, in which fleet commanders are able to distribute but still maneuver forces across an entire theater of operations as an integrated weapon system, leveraging multi-domain capabilities and harnessing the power of the fleet tactical grid; Third Fleet Forward, during which our San Diego-based numbered fleet commander retained command and control for forces operating west of the International Date Line; and electromagnetic spectrum management, which safeguards our units and preserves our capabilities. Over the past year, we also established the Navy Analytic Office to better integrate the results of wargames, fleet exercises, and experimentation and continually learn and improve our technical and tactical operations at sea. And we are focusing four global wargames -- facilitated through the Naval War College but sponsored by the Commanders of the Pacific Fleet and Naval Forces Europe -- on peer competitors and high-end warfare. Finally, we are sharpening our focus on countering unmanned threats through programs such as the Surface Navy Laser Weapons System, as well as targeted experimentation, wargames, and innovation competitions to more rapidly integrate capability against these continuously emerging threats. In FY-19, we are investing over \$300 million in research and development to develop and field laser weapon systems which include advanced capabilities to destroy unmanned threats. Additionally, our FY19 budget requests \$60 million to improve existing systems and other equipment to be able to identify and destroy unmanned aerial systems.

To increase America's naval power we'll build a **talented fleet** -- more recruiting, training, education and retention. America's sons and daughters have always been our greatest source of strength. But make no mistake, we're in a competition for talent. So the FY-19 budget requests an additional \$1.6 billion for military personnel, which will increase the size of the active force by 7,500 billets, thus providing more accessions and support personnel to meet projected shipbuilding and special operations forces growth. Additionally, our Sailor 2025 initiative seeks to maximize all authorities and non-monetary incentives to attract and retain skilled teammates in all warfare disciplines. We are transforming Manpower, Personnel, Training, and Education by investing in user-friendly systems and by updating our personnel detailing and assignment processes. Finally, while we remain on track for mandatory headquarters reductions, the FY-19 budget adds about 1,400 critical civilian billets above current FY-18 estimates for ship depot maintenance, base security, intelligence, contracting, and training.

To increase America's naval power, we'll build a **ready fleet** -- more at-sea time, more flying, more ammunition and parts, more maintenance. Readiness -- both materiel and practice time -- transforms our Navy from potential power to actual power. The FY-19 budget continues the readiness and wholeness commitments we made in FY-17 and FY-18 by funding ship operations to 100% of the requirement and ship depot maintenance to 100% of executable capacity. It also funds flying hours to the maximum executable requirement and increases aviation depot maintenance funding to 92% (the maximum executable capacity) as we grow capacity on our flight lines. In addition, \$1.9 billion requested in FY-19 for military construction will fund 33 Navy projects -- the largest such request in over a decade. Recognizing the inherent link between readiness and lethality, the budget also increases procurement of high-end ship-, sub-, and air-launched munitions over the FYDP, including Long-Range Anti-Ship Missile (LRASM), SM-2/6, Rolling Airframe Missile (RAM) Block II, Evolved Sea Sparrow Missile (ESSM) Block II, Advanced Lightweight torpedo, and Advanced Anti-Radiation Guided Missile (AARGM). And because the element of time is unforgiving, still other investments over the FYDP accelerate the delivery of critical capabilities and capacities into our magazines and launchers, such as multi-mission Maritime Strike Tomahawk (\$239 million), Mark-48 Heavyweight torpedoes (\$184 million), and Littoral Combat Ship Over-the-Horizon (LCS OTH) missile system (\$177 million). Finally, we continue to work to stabilize and incentivize the industrial base. The FY-19 budget also includes 12.7% capital investment in public shipyard depot facilities, exceeding the six percent legislative requirement, underscoring our commitment to increase our capacity to maintain and modernize our fleet.

As part of building readiness, we are also making immediate readiness improvements by funding the recommendations in our recent Comprehensive Review (CR) and Strategic Readiness Review (SRR). Across all appropriations categories, the budget requests \$79 million in FY-19 and continues to invest an average of \$130 million each year across the FYDP to address the individual and unit training, navigation equipment, command and control, and manning issues identified in the reports. We are also committed to improving the quality and duration of our training -- both at sea and in realistic, shore-based simulators. The FY-19 requests \$81.9 million over the FYDP to upgrade and integrate navigation, seamanship, and shiphandling trainers in Fleet Concentration Areas. We are already seeing

progress: as just one example, a U.S.-based guided missile destroyer today has at least 30 more crew members onboard during the training phase *before* they are scheduled to deploy than a similar ship had in 2012 while *on* deployment. Additionally, we restored funded billets for our US- and overseas-based destroyer squadrons across the FYDP from 64% to 100% of the validated requirement, an increase of 306 total billets. This will add more experience in critical waterfront positions, improve the quality of our assessments, and ensure our units sail over the horizon ready to meet any challenge they may encounter. We are exploring ways to adjust assignment policies and expand incentives because our commitment to prioritize manning for our deploying units -- particularly those ships, submarines, squadrons, and platoons based in Guam, Japan, and Spain -- remains steadfast.

A fundamental tenet of our budget request is that naval power is about maintaining balance across all six dimensions of naval power. Naval power is not a choice between increased capacity or better capability -- it is a combination of both. Naval power is not a choice between readiness and modernization -- it requires a balance of both. Naval power is not a choice between more complex stand-alone technologies or networked systems -- it is achieved through both. The talent to operate and sustain a larger and more lethal force is not a choice between more people or better training -- it must draw on components from both. Optimizing this balance ensures the fleet can maneuver as desired, respond when directed, and win in a short or prolonged fight.

Of course, no number of ships, no new technologies, and no crews of talented Sailors are, by themselves, sufficient to respond to today's complex challenges without commanders of competence and character to lead them -- they are the glue that binds our Navy team together. Just as we have done throughout our history, we will continue to develop and empower leaders who are obsessed with building teams that win.

From the Black Sea to the Bab el Mandeb, from the North Atlantic to the South China Sea, and from the Indian Ocean to the waters off the Korean Peninsula, the stakes are high. And as we have learned from history, war at sea -- whether lasting a day or a decade -- is unforgiving: the winners sail away and the losers sink to the bottom of the ocean.

Let there be no doubt: America is a maritime nation and a maritime power, and our way of life and our economic prosperity have always been linked to the sea. For 242 years, in rough seas and calm, America's Navy has operated around the world protecting our homeland from attack, ensuring common domains remain open, and advancing our interests to include defending our allies from military aggression.

In the competitive environment we face now and in the future, we must increase naval power in a balanced approach to meet our national strategic objectives. I am grateful to this committee and to your colleagues in the Congress for starting this important work, and we look forward to sailing alongside you to build the Navy the Nation Needs -- a lethal Navy for our enemies, a steadfast Navy for our allies and partners, and a safe Navy for our Sailors.