

NOT FOR PUBLICATION UNTIL
RELEASE BY THE HOUSE
SUBCOMMITTEE ON DEFENSE
COMMITTEE ON APPROPRIATIONS

STATEMENT OF
ADMIRAL GARY ROUGHEAD
CHIEF OF NAVAL OPERATIONS
BEFORE THE
HOUSE SUBCOMMITTEE ON DEFENSE
COMMITTEE ON APPROPRIATIONS
ON
11 MARCH 2010

NOT FOR PUBLICATION UNTIL
RELEASE BY THE HOUSE
SUBCOMMITTEE ON DEFENSE
COMMITTEE ON APPROPRIATIONS

Navy FY 2011 Posture Statement

Chairman Dicks, Representative Young, and members of the Committee, it is my honor and pleasure to appear before you, once again, representing the more than 600,000 Sailors and civilians of the United States Navy. Every day, our dedicated Navy men and women are forward deployed protecting the global commons in every domain: sea, land, air, space, and cyberspace. I appreciate your continued support for them as our Navy protects our Nation and our national interests.

When I signed our Maritime Strategy with General Conway and Admiral Allen more than two years ago, I was confident that the strategy would prepare us well for the current and future security environments. Since then, it has guided our operations and investments, and I am further convinced of its relevance to our operations today and of its enduring attributes. The 2010 Quadrennial Defense Review (QDR) validated the underlying principle articulated in the Maritime Strategy that preventing wars is as important as winning wars. The QDR also declared that U.S. security and prosperity are connected to that of the international system, that deterrence is a fundamental military function, and that partnerships are key to U.S. strategy and essential to the stability of global systems. These themes reinforce the tenets of our Maritime Strategy and the six core capabilities it identified for our maritime Services: forward presence, deterrence, sea control, power projection, maritime security, and humanitarian assistance and disaster response (HA/DR).

My priorities for the Navy remain unchanged: to build tomorrow's Navy, to remain ready to fight today, and to develop and support our Sailors, Navy civilians, and their families. We are making progress in these areas thanks to your continued support. Some highlights follow.

We added nine new ships to our Fleet in 2009, including USS FREEDOM (LCS 1), currently on its first deployment, and USS INDEPENDENCE (LCS 2), our second Littoral Combat Ship. We delivered three DDG 51 destroyers and restarted the DDG 51 line to increase surface combatant capacity for maritime security, deterrence, and anti-submarine warfare. We are adapting our force to meet the President's demand for sea-based ballistic missile defense (BMD) of Europe while sustaining our current BMD missions in the Arabian Gulf and Western Pacific. Our Virginia Class submarine program continues to excel with the delivery of USS NEW MEXICO (SSN 779) four months ahead of schedule. We rolled out our first carrier variant of Joint Strike Fighter (F-35C) aircraft, the timely delivery of which remains essential to fulfilling our strike fighter requirements. We are conducting the first deployment of our Vertical Take Off and Landing Unmanned Aerial Vehicle (VTUAV) and we expect the first test flight of our Navy Unmanned Combat Aerial System demonstrator this year.

In the information and cyberspace domain, I established Fleet Cyber Command/U.S. Tenth Fleet as the global operator of Navy's cyber, networks, cryptology/signals intelligence, information, electronic warfare, and space operations. I restructured the Navy staff to bring all Navy information capabilities and resources under our new Information Dominance Deputy Chief of Naval Operations and created the Navy Information Dominance Corps, integrating more than 45,000 Sailors and civilians from our existing intelligence, information professional,

information warfare, meteorology/oceanography, and space communities. About 1,400 of these Sailors are deployed globally as individual augmentees (IAs) today, most supporting operations in the Central Command (CENTCOM) area of responsibility.

More than 40 percent of our Fleet is underway daily, globally present and persistently engaged. Our forward presence enabled the rapid response of our aircraft carrier USS CARL VINSON and numerous other surface and USNS ships, helicopters, and personnel to Haiti to provide humanitarian aid after the devastating earthquake in January. We remain engaged in operations in Afghanistan and in the drawdown of U.S. forces in Iraq. Navy has more than 21,000 active and reserve Sailors on the ground and at sea in CENTCOM. This includes a doubling of our construction battalion (SEABEE) presence in Afghanistan and ongoing IA support to both operations. I recently issued our *Navy Vision for Confronting Irregular Challenges* to shape how our Navy will plan for, resource, and deliver a wide range of capabilities to confront irregular challenges associated with regional instability, insurgency, crime, and violent extremism at sea, in the littorals, and on shore.

Our Navy continues to support our people and their families. We are in the process of expanding opportunities for service at sea to women in the Navy by opening to them assignments on submarines for the first time in history. Our Navy has received 19 national awards in the past 18 months for its workforce planning, life-work integration, diversity, and training initiatives. Most notably, *Workforce Management* magazine awarded Navy the 2009 Optimas Award for General Excellence, which recognized the U.S. Navy as an employer of choice among the ranks of previous distinguished recipients such as Google, Intel, and Hewlett-Packard. We have met or exceeded overall officer and enlisted (active and reserve) recruiting goals for 2009 and we are on track to achieve similar success in 2010. I appreciate the support of Congress for our Fleet and its dedicated Sailors, Navy civilians, and their families that serve our nation every day.

I continue to focus on ensuring our Navy is properly balanced to answer the call now and in the decades to come. Last year, I stated our risk was moderate trending toward significant because of the challenges associated with Fleet capacity, increasing operational requirements, and growing manpower, maintenance, and infrastructure costs. This risk has increased over the last year as trends in each of these areas have continued. We are able to meet the most critical Combatant Commander demands today, but I am increasingly concerned about our ability to meet any additional demands while sustaining the health of the force, conducting essential maintenance and modernization to ensure units reach full service life, and procuring our future Navy so we are prepared to meet the challenges of tomorrow.

The costs to own and operate our Fleet continue to rise due to increasing operational demands, higher maintenance requirements, and growing manpower costs. Over the last decade, the overall size of our active Fleet decreased by more than 30 ships, about 10 percent, and our active duty end strength decreased by about 13 percent, while operational demands globally have grown. Our Navy's high tempo of operations has placed additional stress on our smaller Fleet of Sailors, ships, and aircraft and we are consuming the service life of our Fleet at a higher than expected rate. We are implementing force management measures in the near term to stretch the capacity of our 286-ship force to meet increasing global requirements. Through our Fleet Response Plan, we are tailoring our training and maintenance cycles to generate ready forces,

allowing us to meet the most critical Combatant Commander requirements today. The impact of these measures on our Fleet has been felt in longer deployments and shorter dwell times, which increase stress on our Sailors and drive up maintenance requirements and costs for our ships and aircraft. Regular maintenance of our ships and aircraft, and training and certification of our crews between deployments, is essential to our ability to sustain our force. It is how we reset. This “reset in stride” is different from other Services. It ensures our ships and aircraft maintain the required continuous forward presence whether supporting coalition troops in Afghanistan, deterring North Korea and Iran, or providing humanitarian aid in Haiti. For our Navy, continuous reset translates into decades of service for each ship and aircraft, a significant return on investment.

Our reset and readiness are tied directly to our operations and maintenance (O&M) funding. Over the last decade, we have relied upon a combination of base budget and overseas contingency operations (OCO) funding to operate and maintain our Navy. Our FY 2011 OCO request for O&M is tightly focused on supporting our ongoing and increased operations in CENTCOM. Our FY 2011 base budget request for O&M is focused on properly sustaining our ships and aircraft so they reach their expected service life; funding enduring readiness requirements, particularly in aviation; and funding price increases, most notably in fuel, to support our enduring operations. Together, our OCO and base budget O&M requests reflect our commitment to resource current operations while preserving our Fleet for future operations. I ask for your full support of this year’s O&M request.

Our FY 2011 budget request achieves the optimal balance among my priorities to build tomorrow’s Navy, to remain ready to fight today, and to develop and support our Sailors, Navy civilians, and their families. It supports our Maritime Strategy and the 2010 QDR and continues us on the path we started in FY 2010 to support our forces forward, take care of our people, continue rebalancing our force to meet current and future challenges, and reform how and what we buy. Highlights follow.

Build Tomorrow’s Navy

Since the release of our Maritime Strategy, I have stated that our Navy requires a minimum of 313 ships to meet operational requirements globally. This minimum, a product of our 2005 force structure analysis, remains valid. We are adjusting our requirement to address increased operational demands and expanding requirements, as outlined in the QDR, for ballistic missile defense, intra-theater lift, and forces capable of confronting irregular challenges. Our shipbuilding plan addresses these operational needs by growing our Fleet to 315 ships in 2020 and peaking at 320 ships in 2024. Per the President’s direction, we will improve our capacity to conduct sea-based ballistic missile defense of Europe by increasing our inventory of Aegis-capable ships through our restarted DDG 51 production line and modernization of our existing cruisers and destroyers. The funding for these upgrades will deliver the capability and capacity of ships required to perform this mission while maintaining sustainable deployment ratios for our Sailors. To fulfill Combatant Commander requirements for intra-theater lift, we will increase the number of Joint High Speed Vessels (JHSV) in our Fleet; the large payload bays, speed, and shallow draft of these versatile ships make them capable of supporting a wide range of naval missions, including security cooperation, security force assistance, and logistics support. To

provide forces capable of confronting irregular challenges, we will continue to pursue the planned number of Littoral Combat Ships, providing a flexible and modular ship optimized for operations close to shore. We are moving from developing a Maritime Prepositioning Force (Future) squadron optimized for high-end, forcible entry operations to augmenting our three existing Maritime Prepositioning Squadrons (MPS) with enhanced sea basing capabilities that are useful across a wide range of military operations. The augmented MPS will support our amphibious warfare force, which we will build to a minimum of 33 ships to increase our capacity to conduct theater security cooperation, sustain combat and assistance operations from the sea, and hedge against future conflict.

We have improved the balance among capability, capacity, affordability, and executability in our procurement plans by developing a shipbuilding plan that procures our most needed capabilities, increases Fleet capacity in the near-to-mid-term, and is fiscally executable within the FYDP. It carefully manages increasing levels of operational and institutional risk, recognizing that, for as much as our Navy does to protect our national security and prosperity, the overall economy of our nation undoubtedly does more. I am confident our near-term plan provides the capability and capacity we need to conduct contingency operations and build partner capacity while retaining our ability to deter aggressors, assure allies, and defeat adversaries. Beyond 2024, I am concerned about the decrease in Fleet capacity that will occur as our legacy cruisers, destroyers, submarines, and amphibious ships reach the end of their service lives. Many of these ships were brought into service during the 1980s, when we procured some ship classes at a rate of four to five ships per year. While economic and security conditions are sure to change between now and then, it takes 10 to 15 years to design and build our ships, which then remain in service for 20 to 50 years. A long view is necessary to ensure our Navy has sufficient capacity to protect America's global national interests in the future.

As directed by the QDR, we are working with the Air Force and Marine Corps on an Air Sea Battle concept that will identify the doctrine, procedures, training, organization, and equipment needed for our Navy to counter growing military threats to our freedom of action. This joint effort will help us inform investments and identify future opportunities to better integrate naval and air forces across the entire range of operations. We are already moving forward with the Air Force to streamline capabilities, manpower, and resources related to our unmanned aviation systems. We continue to pursue our unique maritime aviation capabilities in carrier-based strike, anti-submarine warfare, and naval special warfare missions.

Underpinning the capacity and capability of our Fleet is a highly technical and specialized industrial base. A strategic national asset, our shipbuilding and aviation industrial base is essential to sustaining our global Fleet and remains a significant contributor to our nation's economic prosperity. Our shipbuilding industrial base directly supports more than 97,000 uniquely-skilled American jobs and indirectly supports thousands more through second and third tier suppliers. The highly specialized skills in our shipbuilding base take years to develop and, if lost, cannot be easily or quickly replaced. Level loading and predictable ship procurement allow industry to stabilize its workforce and retain the critical skills essential to our national security.

I am committed to reducing the total ownership cost of our Fleet so that what we buy today does not pressurize our ability to operate tomorrow. Significant cost drivers for our Fleet include increasing technical and design complexity, changes in requirements, reductions in the number of ships procured, and higher labor costs. To reduce these costs, we are pursuing common hull forms and components, open architecture for hardware and software, and increased modularity. Moreover, we are considering total ownership costs in procurement decisions. We are exploring new ways to design our ships with greater affordability throughout their lives, including reducing costs of fuel consumption, maintenance, and manpower and by increasing the efficiency of our maintenance and support processes and organizations. We are leveraging open production lines to deliver proven and required capabilities, such as in our DDG 51 and EA-18G programs. We are promoting longer production runs with our Virginia Class SSNs, EA-18G and F/A-18E/F, P-8A, BAMS, and DDG 51 programs. We are capitalizing on repeat builds to control requirements creep and increase predictability with our aircraft carrier, destroyer, and submarine programs. Finally, we are pursuing evolutionary instead of revolutionary designs to deliver required future capabilities. Our future missile defense capable ship, for example, will be developed by spiraling capability into our DDG51 Class ships, instead of designing and building a new cruiser from the keel up.

I remain committed to delivering a balanced and capable Fleet that will meet our national security requirements. I seek your support for the following initiatives and programs:

Aviation Programs

Aircraft Carrier Force Structure

The Navy remains firmly committed to maintaining a force of 11 carriers for the next three decades. With the commissioning of USS GEORGE H. W. BUSH (CVN 77) and inactivation of the 48-year-old USS KITTY HAWK (CV 63), our last conventionally powered aircraft carrier, we now have an all nuclear-powered carrier force. Our carriers enable our nation to respond rapidly, decisively, and globally to project power, as we have done in Iraq and Afghanistan, or to deliver humanitarian assistance, as we have done in Haiti, while operating from a small, yet persistent, footprint that does not impose unnecessary political or logistic burdens on other nations. Our carriers remain a great investment for our nation.

Our eleven-carrier force structure is based on worldwide presence and surge requirements, while also taking into account training and maintenance needs. I thank Congress for granting us a waiver to temporarily reduce our force to ten carriers for the period between the inactivation of USS ENTERPRISE (CVN 65) and the delivery of GERALD R. FORD (CVN 78). We will continue to meet operational commitments during this 33-month period by managing carefully carrier deployment and maintenance cycles. After the delivery of CVN 78, we will maintain an eleven-carrier force through the continued refueling program for NIMITZ Class ships and the delivery of our FORD Class carriers at five-year intervals starting in 2020.

CVN 78 is the lead ship of our first new class of aircraft carriers in nearly 40 years. FORD Class carriers will be our nation's premier forward-deployed asset capable of responding to crises or delivering early decisive striking power in a major combat operation. These new carriers incorporate an innovative new flight deck design that provides greater operational

flexibility, reduced manning requirements, and the ability to operate current and future naval aircraft from its deck. Among the new technologies being integrated in these ships is the Electromagnetic Aircraft Launch System (EMALS), which will enable the carrier's increased sortie generation rate and lower total ownership costs. EMALS is on track for an aircraft demonstration later this year and is on schedule to support delivery of CVN 78 in September 2015.

Strike Fighter Capacity: Joint Strike Fighter and F/A-18 E/F

Our Navy remains committed to the Joint Strike Fighter (JSF) program. The timely delivery of the F-35C carrier variant remains critical to our future carrier airwing strike fighter capacity. Our Navy has the necessary tactical aircraft capacity in the near term to support our nation's strategic demands; however, a January 2010 assessment forecasts a decrease in our carrier-based strike fighter capacity that peaks in 2018. We have a plan to address this capacity decrease that involves several management and investment measures.

Our force management measures are targeted at preserving the service life of our existing legacy strike fighter aircraft (F/A-18A-D). We will reduce the number of aircraft available in our squadrons during non-deployed phases to the minimum required. We will reduce our Unit Deployed squadrons (UDP) from twelve aircraft to ten aircraft per squadron to match the corresponding decrease in Marine Corps expeditionary squadrons. We are accelerating the transition of five legacy F/A-18C squadrons to F/A-18 E/F Super Hornets using available F/A-18E/F aircraft and will transition two additional legacy squadrons using Super Hornet attrition reserve aircraft. These measures make our legacy strike fighter aircraft available for High Flight Hour (HFH) inspections and our Service Life Extension Program, which together will extend their service life and manage to some extent the decrease in our carrier-based strike fighter capacity through 2018. These measures expend the service life of our Super Hornets earlier than programmed, so we are refining our depot level production processes to maximize throughput and return legacy strike fighter aircraft to the Fleet expeditiously. Our FY 2011 budget procures 22 additional F/A-18E/F aircraft.

Our investment measures are targeted at extending the service life of our F/A-18A-D aircraft and procuring Joint Strike Fighter (JSF). HFH inspections, which have been in place for two years, provide the ability to extend the service life of our legacy F/A-18A-D aircraft to 8,600 flight hours, while engineering analysis is underway to determine the SLEP requirements necessary to reach the service life extension goal of 10,000 flight hours. The HFH and SLEP programs increase our institutional risk by diverting investment and maintenance funds from other accounts, but they are necessary measures to address our strike fighter decrease while preserving our investment in JSF.

I remain committed to the JSF program because of the advanced sensor, precision strike, firepower, and stealth capabilities JSF will bring to our Fleet. While the overall system demonstration and development schedule for JSF has slipped, we still plan for our squadrons to receive their first JSF airplanes in 2014 and we have not reduced the total number of airplanes we plan to buy. We are monitoring the JSF program closely and managing our existing strike fighter capacity to meet power projection demands until JSF is delivered. Procurement of an alternate engine for JSF increases our risk in this program. The Navy does not have a

requirement for an alternate engine, and its additional costs threaten our ability to fund currently planned aircraft procurement quantities, which would exacerbate our anticipated decrease in strike fighter capacity. Our FY 2011 budget request procures seven F-35C aircraft.

EA-18G Growler

The proliferation of technology has allowed state and non-state actors to use the electromagnetic spectrum with increasing sophistication. Airborne Electronic Attack (AEA) provides one of the most flexible offensive capabilities available to the joint warfighter and it remains in high demand in traditional, irregular, and hybrid conflicts. The Navy continues to provide extensive AEA support from our carriers afloat and from our expeditionary EA-6B Prowler squadrons deployed currently to Iraq and Afghanistan.

We are leveraging the mature and proven F/A-18E/F airframe production line to recapitalize our aging EA-6B aircraft with the EA-18G Growler. As directed in the QDR, we are planning to procure an additional 26 EA-18G Growler aircraft across the FYDP to increase joint force capacity to conduct expeditionary electronic attack. Our program of record will buy 114 total EA-18G aircraft, recapitalizing 10 Fleet EA-6B squadrons and four expeditionary squadrons. The program continues to deliver as scheduled. In September, our first EA-18G transition squadron, based at NAS Whidbey Island, reached Initial Operational Capability and it will deploy as an expeditionary squadron later this year. Our FY 2011 budget requests funding for 12 EA-18Gs.

P-3 Orion and P-8A Poseidon Multi-Mission Maritime Aircraft

Your continued support of the P-3 and P-8A force remains essential and is appreciated greatly. Our P-3 Orion roadmap focuses on sustainment and selected modernization until it is replaced by the P-8A Poseidon. These aircraft provide capabilities ideally suited for regional and littoral crises and conflict, and are our pre-eminent airborne capability against submarine threats. Our P-3s are in high demand today for the time-critical intelligence, surveillance and reconnaissance they provide to the joint force on the ground in CENTCOM and for their direct contributions to our maritime domain awareness in key regions across the globe.

P-3 Zone 5 wing fatigue has resulted in the unplanned grounding of 49 aircraft between 2007 and 2009, with more expected. Mitigation measures include a combination of targeted Zone 5 modifications and outer wing replacements. As of December, we have returned 12 aircraft to service after completing Zone 5 modification and 32 aircraft are currently being repaired. As part of our sustainment program, we have included \$39.6 million in our FY 2011 budget request to conduct outer wing installations on nine of our P-3 aircraft. P-3 sustainment and modernization programs are critical to ensuring successful transition to the P-8A, while preserving essential maritime and overland battle space awareness.

The P-8A completed its first Navy test flight this past October and will resume integrated flight testing in March of this year. The P-8A will achieve initial operating capability and begin replacing our aging P-3 aircraft in 2013. Our FY 2011 budget request procures seven P-8A aircraft.

MH-60R/S Multi-Mission Helicopter

The MH-60R and MH-60S successfully completed their first deployment together this past summer with the USS JOHN C. STENNIS carrier strike group. The MH-60R multi-mission helicopter replaces the surface combatant-based SH-60B and carrier-based SH-60F with a newly manufactured airframe and enhanced mission systems. With these systems, the MH-60R provides focused surface warfare and anti-submarine warfare capabilities for our strike groups and individual ships. Our FY 2011 budget request procures 24 MH-60R helicopters. The MH-60S supports surface warfare, combat logistics, vertical replenishment, search and rescue, air ambulance, airborne mine counter-measures, and naval special warfare mission areas. Our FY 2011 budget request procures 18 MH-60S helicopters.

Surface Ship Programs

Littoral Combat Ship (LCS)

LCS is a fast, agile, networked surface combatant that is optimized to support naval and joint force operations in the littorals and capable of supporting open-ocean operations. It will operate with tailored-mission packages to counter quiet diesel submarines, mines, and fast surface craft. The modular and open architecture design of the seaframe and mission modules provides the inherent flexibility to adapt or add capabilities beyond the current Anti-Submarine, Mine Countermeasures, and Surface Warfare missions. These ships will employ a combination of manned helicopters and unmanned aerial, surface, and undersea vehicles.

USS FREEDOM (LCS 1) has completed her post-delivery testing, trial, and shakedown periods and commenced her maiden deployment in February to Southern Command and Pacific Command. Her deployment two years ahead of schedule will allow us to incorporate operational lessons more quickly and effectively as we integrate these ships into our Fleet. USS INDEPENDENCE (LCS 2) completed builder's trials in October 2009 and acceptance trials in November 2009. We accepted delivery of INDEPENDENCE on 18 December 2009, and commissioned her 16 January 2010. In March 2009, fixed price contracts were awarded for USS FORT WORTH (LCS 3) and USS CORONADO (LCS 4) which are now under construction by Lockheed Martin and General Dynamics respectively.

I am impressed and satisfied with the capabilities of both LCS designs and am committed to procuring 55 of these ships. Affordability remains the key factor in acquiring LCS in the quantities we require. After careful review of the FY 2010 industry proposals, consideration of total program costs, and ongoing discussions with Congress, we made the decision to cancel for affordability reasons the Phase II requests for proposals for three FY 2010 LCS ships and adjust our acquisition strategy. In FY 2010, we will conduct a competition among the existing LCS industry participants to down-select to a single LCS design. The winner of the down-select will be awarded a block buy contract for up to 10 ships, to be procured from FY 2010 through FY 2014 at a rate of two ships per year, built in one shipyard. To sustain competition and increase capacity, the winner of the down-select will be required to deliver a Technical Data Package to the Navy to support competition for a second contract source. We plan to award up to five ships to a second source beginning in FY 2012 with one ship and continuing with an additional two ships per year through FY 2014. The winner of the down-select will provide combat systems equipment, up to 15 ship sets, for the ships built by the two contract sources: 10 sets for the 10

ships under contract with the winner of the down-select and up to five additional sets for the five ships being procured by the second contract source. The five additional sets will later be provided as government-furnished equipment to support the second source LCS contract. We intend to procure all future LCS ships within the FY 2010 National Defense Authorization Act (NDAA) revised cost cap. Our down-select strategy leverages competition to the maximum extent practical, provides for economic procurement quantities, improves learning curve and commonality opportunities, and ultimately provides for program stability. We recently issued the requests for proposals for this contract and expect industry bids in March of this year.

Consistent with our new strategy, our FY 2011 budget requests two LCS seaframes and an additional \$278 million to secure an LCS block buy, which is essential to lowering unit costs. I request your support as we acquire LCS in the most cost-effective manner and deliver its innovative capability in sufficient capacity to our Fleet.

Integrated Air and Missile Defense (IAMD)

Integrated Air and Missile Defense (IAMD) incorporates all aspects of air defense against ballistic, anti-ship, and overland cruise missiles. IAMD is vital to the protection of our force, and it is an integral part of our core capability to deter aggression through conventional means. The demand for sea-based ballistic missile defense (BMD) is increasing significantly. The Navy's mature and successfully demonstrated maritime BMD capability will play a primary role in the first phase of our nation's plan to provide for the missile defense of Europe. Aegis BMD counters short, medium, and some intermediate range ballistic missiles through active defense and is able to pass target information to other BMD systems, thereby expanding the BMD battlespace and support of homeland defense. Currently, 20 ships (four cruisers and 16 destroyers) have this capability and are being used to perform maritime BMD. All of the Arleigh Burke Class destroyers and nine of the Ticonderoga Class cruisers are planned to receive BMD capability through our modernization program.

DDG 51 Restart and Future Surface Combatant

To address the rapid proliferation of ballistic and anti-ship missiles and deep-water submarine threats, as well as increase the capacity of our multipurpose surface ships, we restarted production of our DDG 51 Arleigh Burke Class destroyers (Flight IIA series). These ships will be the first constructed with IAMD, providing much-needed Ballistic Missile Defense (BMD) capacity to the Fleet, and they will incorporate the hull, mechanical, and electrical alterations associated with our mature DDG modernization program. We will spiral DDG 51 production to incorporate future integrated air and missile defense capabilities.

We are well underway with restarting DDG 51 production. We awarded advance procurement (AP) contracts for DDG 113 and 114, and expect to award an AP contract for DDG 115 in the coming months, to support the long lead items necessary for production of these ships. I thank Congress for supporting our FY 2010 budget, which funded construction of DDG 113. We anticipate a contract award for DDG 113 production this Spring. Our FY 2011 budget requests funding for the construction of DDG 114 and DDG 115 as part of our plan to build a total of eight DDG 51 ships through the FYDP.

The Navy, in consultation with the Office of the Secretary of Defense, conducted a Radar/Hull Study for future surface combatants that analyzed the total ship system solution necessary to meet our IAMD requirements while balancing affordability and capacity in our surface Fleet. The study concluded that Navy should integrate the Air and Missile Defense Radar program S Band radar (AMDR-S), SPY-3 (X Band radar), and Aegis Advanced Capability Build (ACB) combat system into a DDG 51 hull. While our Radar/Hull Study indicated that both DDG 51 and DDG 1000 were able to support our preferred radar systems, leveraging the DDG 51 hull was the most affordable option. Accordingly, our FY 2011 budget cancels the next generation cruiser program due to projected high cost and risk in technology and design of this ship. I request your support as we invest in spiraling the capabilities of our DDG 51 Class from our Flight IIA Arleigh Burke ships to Flight III ships, which will be our future IAMD-capable surface combatant. We will procure the first Flight III ship in FY 2016.

Modernization

As threats evolve, we must modernize our existing ships with updated capabilities that sustain our combat effectiveness and enable our ships to reach their expected service life, which in the case of our destroyers and cruisers, is more than three decades. Our destroyer and cruiser modernization program includes advances in standard missiles, integrated air and missile defense, open architecture, and essential hull, mechanical and electrical (HM&E) upgrades. Maintaining the stability of the cruiser and destroyer modernization program is critical to achieving relevant future Navy capability and capacity.

Our Navy plans to conduct DDG modernization in two six-month availabilities. The first availability is focused on HM&E modifications, while the second availability, conducted two years later, is focused on combat systems modernization. The program will commence in FY 2010 and focuses on the Flight I and II DDG 51 ships (hulls 51-78). All ships of the class will be modernized at midlife. Key tenets of the DDG modernization program include: an upgrade of the Aegis Weapons System to include an Open Architecture (OA) computing environment, an upgrade of the SPY radar signal processor, the addition of Ballistic Missile Defense capability, installation of the Evolved Sea Sparrow Missile (ESSM), an upgraded SQQ-89A(V)15 anti-submarine warfare system, integration with the SM-6 Missile, and improved air dominance with processing upgrades and Naval Integrated Fire Control-Counter Air capability.

The Cruiser Modernization Program will modernize all remaining cruisers (Baseline 2, 3, and 4). The first fully modernized cruiser, USS BUNKER HILL (CG 52), was completed in June 2009. The key aspects of the CG modernization program include: an upgrade to the Aegis weapons system to include an OA computing environment, installation of an SPQ-9B radar, addition of the Evolved Sea Sparrow Missile (ESSM), an upgrade to Close In Weapon System (CIWS) Block 1B, an upgraded SQQ-89A(V)15 anti-submarine warfare system, and improved air dominance with processing upgrades and Naval Integrated Fire Control-Counter Air capability. Six Baseline 4 cruisers will receive the Ballistic Missile Defense upgrade.

Our FY 2011 budget requests funding for the modernization of three cruisers and three destroyers.

DDG 1000

The DDG 1000 Zumwalt guided missile destroyer will be an optimally crewed, multi-mission surface combatant designed to fulfill long-range precision land attack requirements. In addition to providing offensive, distributed and precision fires in support of forces ashore, these ships will serve as test-beds for advanced technology, such as integrated power systems, dual band radars, and advanced survivability features, which can be incorporated into our other ship classes. The first DDG 1000 is under construction and approximately 20 percent complete. We recently notified Congress of a Nunn-McCurdy breach in this program as a result of our decision to reduce the number of DDG 1000s in the original program. DDG 1000 will be a three-ship class. It is scheduled to deliver in FY 2013 with an initial operating capability in FY 2015.

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, overseas operations. The Joint High Speed Vessel (JHSV) program is an Army and Navy joint program that will 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. In addition, the Navy JHSV will be capable of supporting extensive Security Force Assistance and Theater Security Cooperation operations, including the hosting of small craft for training. A JHSV Production Readiness Review was completed in October 2009 and the first vessel construction began this past December with an anticipated delivery to the Army in FY 2012. The second ship, a Navy vessel, is scheduled to be delivered in 2013. Our FY 2011 budget includes funds for the construction of Navy's third JHSV. Navy continues oversight of JHSV procurement for the five Army-funded vessels in this program. The Army assumes full responsibility for these five vessels following acquisition.

Submarine Programs **Virginia Class SSN**

The VIRGINIA Class submarine is a multi-mission submarine that dominates in the littorals and open oceans. Now in its 13th year of construction, the VIRGINIA program is demonstrating that this critical undersea capability can be delivered affordably and on time. Thanks to Congress, these ships will begin construction at a rate of two a year in 2011, with two ship deliveries per year beginning in 2017. The Navy continues to realize a return from investments in the VIRGINIA cost reduction program and construction process improvements through enhanced shipbuilder performance on each successive ship. These submarines are under budget and ahead of schedule, and their performance continues to exceed expectations with every ship delivered. Three of the five commissioned ships completed initial deployments prior to their Post Shakedown Availabilities, a first for the Navy. I am pleased with the accomplishments of the combined Navy-Industry team and look forward to even greater success as we ramp up production to two submarines next year.

SSGN

Our Navy has four guided missile submarines that provide high-volume strike and irregular warfare capabilities in support of operations and missions across the broad spectrum of conflict. SSGNs are performing well on deployment, and we are learning valuable lessons from each mission. Combatant Commanders value the long-range strike capability they provide and

we are investigating options to sustain this capability in the most operationally and cost effective manner, to include options for expanding the long-range strike capacity of the submarine fleet.

SSBN and OHIO Replacement

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 more than 42 years of service.

The United States needs a reliable and survivable sea-based strategic deterrent for the foreseeable future. To ensure there is no gap in this critical capability, our FY 2011 budget requests research and development funds for the OHIO Replacement to support the start of construction of the first ship in FY 2019. The OHIO Replacement will be a strategic, national asset with the endurance and stealth to enable our Navy to provide continuous, survivable strategic deterrence into the 2080s. Appropriate R&D investment is essential to design a reliable, survivable, and adaptable submarine capable of deterring all potential adversaries. We completed our Analysis of Alternatives study in 2009, and Milestone A is planned for April 2010. The OHIO Replacement program will leverage the many successes of the VIRGINIA SSN program to achieve acquisition and total ownership cost goals. The United States will realize significant program benefits as a result of our close partnership with the United Kingdom's VANGUARD SSBN replacement program, particularly in the design and construction of a common missile compartment. Our cooperation with the UK mitigates technical risk and shares design costs.

Amphibious Warfare Ships

Our amphibious warfare ships provide essential capabilities for the full range of military operations, including theater security cooperation, humanitarian assistance, conventional deterrence, and forcible entry as part of major combat operations. With the unique capability to move hundreds of personnel and substantial material through complementary surface and air capabilities, these ships are key to our ability to overcome geographic, political, and infrastructure impediments to access. The Commandant of the Marine Corps and I have determined that a minimum of 33 amphibious assault ships represents the limit of acceptable risk in meeting the 38-ship requirement for supporting a forcible entry operation conducted by an assault echelon of two Marine Expeditionary Brigades (MEB). Our 33-ship force would be comprised of 11 LHA/D amphibious assault ships and a mix of 11 LPD 17 amphibious transport dock ships and 11 LSD dock landing ships. At this capacity, we are accepting risk in the speed of arrival of the combat support elements of the MEB. The QDR and our 30-Year Shipbuilding Plan account for 29-31 amphibious warfare ships within the FYDP. We plan to procure the 11th LPD-17 in 2012, which will allow us to realize a 33-ship minimum amphibious force in about FY 2016. We continue to review options to achieve and sustain the minimum 33 amphibious ship assault echelon force.

LPD 17 Class Amphibious Warfare Ship

The LPD 17 Class amphibious warfare ships represent the Navy and Marine Corps commitment to an expeditionary Fleet capable of power projection, security force assistance, and theater security cooperation in diverse operating environments. These ships have a 40-year expected service life and will replace four classes of older ships: the LKA, LST, LSD 36, and

the LPD 4. Two LPD-17 Class ships have completed their initial deployments, and USS NEW YORK (LPD 21), forged with steel from the World Trade Center, delivered in November 2009. We continue to apply the lessons learned during construction and initial operation of the early ships to those under construction. Quality is improving with each ship delivered as we continue to work closely with the shipbuilder to address cost, schedule, and performance concerns.

LHA Replacement (LHA(R))

LHA(R) is the replacement for our aging TARAWA Class ships, which will reach the end of their already extended service life between 2011-2015. LHA(R) will provide us flexible, multi-mission amphibious capabilities by leveraging the LHD 8 design and increasing aviation capacity to better accommodate the Joint Strike Fighter, MV-22, and other aircraft that comprise the future Marine Corps Air Combat Element. We laid the keel of the lead ship, USS AMERICA (LHA 6), in April 2009 and our FY 2011 budget includes one LHA(R) which is split-funded in FY 2011 and FY2012.

Mobile Landing Platform (MLP) and Future Maritime Preposition Force (MPF(F))

The MPF(F) program was envisioned as a forward-deployed squadron of ships capable of at-sea assembly and rapid employment of forces in an area of interest during a crisis. Our requirement for amphibious and joint forcible entry operations was reevaluated during the QDR and, as a result, we have adjusted our approach to augment our three existing Maritime Prepositioning Squadrons (MPS) instead of developing an MPF(F) squadron. MPF(F) was optimized for high-end, forcible entry operations, while the augmented MPS will provide enhanced sea basing capabilities across a wide range of contingency operations. Each existing MPS will be augmented by one Large Medium-Speed Roll-on/Roll-off (LMSR) cargo ship (transferred from the Army), a T-AKE combat logistics ship, and a new Mobile Landing Platform (MLP). The MLP will be based on existing designs for commercial ocean-going tankers and will meet most of the mission requirements envisioned for the original MLP design. The three augmented MPS reflect the QDR's emphasis on day-to-day deterrence and partner capacity building, while continuing to meet forcible entry needs. Our FY 2011 budget request procures one MLP.

Information Dominance Programs

Unmanned Aircraft Systems (UAS)

We are investing in unmanned aircraft to meet an increasing warfighter demand for Intelligence, Surveillance and Reconnaissance (ISR), and we are making technology investments to expand UAS operations to other mission areas. The Broad Area Maritime Surveillance (BAMS) UAS will enhance our situational awareness and shorten the sensor-to-shooter kill chain by providing persistent, multiple-sensor capabilities to Fleet and Joint Commanders. The Vertical Take-off and Landing Tactical Unmanned Air Vehicle (VTUAV) Fire Scout is on its first deployment aboard the USS McINERNEY (FFG 8). We are developing a medium endurance maritime-based UAS and a Small Tactical Unmanned Aerial System (STUAS) that will support a variety of ships, Naval Special Warfare and Navy Expeditionary Combat Command units, and Marine Corps elements.

The Navy Unmanned Combat Aircraft System demonstration (UCAS-D) is designed to prove carrier suitability of an autonomous, unmanned, low observable, carrier-based aircraft. This effort includes maturing technologies for aircraft carrier catapult launches and arrested landings, as well integration into carrier-controlled airspace. Initial flight tests to demonstrate carrier suitability are scheduled to start later this year and autonomous aerial refueling demonstrations are planned for 2013. We will leverage the lessons learned from operating the demonstrator in developing a low-observable unmanned carrier-launched airborne strike and surveillance system.

Mobile User Objective System (MUOS)

Our Maritime Strategy demands a flexible, interoperable, and secure global communications capability that can support the command and control requirements of highly mobile and distributed U.S. and coalition forces. Satellite communications give deployed forces a decisive military advantage and often offer the only communication means to support on-going operations. Rapidly expanding joint demand for more access at ever-higher data rates requires moving beyond our current legacy Ultra High Frequency (UHF) satellite capabilities. The Mobile User Objective System (MUOS) will satisfy those demands when initial operational capability is reached in FY 2012. I request your continued support of MUOS and the critical UHF satellite communication capability it will provide to the joint warfighter as the aging UHF Follow-On (UFO) constellation degrades.

Next Generation Enterprise Network (NGEN)

The Navy is continuing its transition from disparate independent computer networks to a single secure network environment. We are currently evolving our ashore network from the Navy Marine Corps Intranet (NMCI), the largest intranet in the world, to the Next Generation Enterprise Network (NGEN). NGEN Increment 1 is the follow-on to the existing NMCI contract, which expires at the end of FY 2010. NGEN will sustain the services currently provided by NMCI, while increasing government command and control of our network and enabling secure, reliable, and adaptable global information exchange. Future NGEN increments will expand on services currently provided by NMCI and support seamless transition between afloat and ashore environments. A continuity of services contract is expected to be awarded this spring and NGEN Initial Operating Capability is scheduled for the summer of 2012.

E-2D Advanced Hawkeye

The E-2D Advanced Hawkeye aircraft, which replaces the E-2C, will improve nearly every facet of tactical air operations and add overland and littoral surveillance to support theater Integrated Air and Missile Defense against air threats in high clutter, complex electro-magnetic and jamming environments. The airborne radar on the E-2D, with its improved surveillance capability, is a key pillar of the Navy Integrated Fire Control concept. The E-2D is scheduled to begin operational test and evaluation in 2012. The first Fleet squadron transition is planned for 2013, with deployment planned for October 2014. Our FY 2011 budget requests four E-2D Hawkeye aircraft.

Remain Ready to Fight Today

Our Navy continues to operate at a high tempo. We are filling new Combatant Commander requirements for ballistic missile defense, electronic attack, intelligence, surveillance, and reconnaissance (ISR), combat support, combat service support, and maritime security force assistance, in addition to conducting ongoing deployments in support of our maritime and national strategies.

In CENTCOM alone, we have more than 9,000 Sailors at sea, including a U.S. Navy aircraft carrier and air wing dedicated to providing 24/7 air support to U.S. and coalition forces on the ground. Navy Riverine forces are on their sixth deployment to Iraq, conducting interdiction patrols and training their Iraqi counterparts. Our surface ships in the region are providing ballistic missile defense and conducting counter-terrorism, counter-piracy, maritime security, theater security cooperation, and security force assistance operations. On the ground in CENTCOM, we have more than 12,000 active and reserve Sailors supporting Navy, joint force, and coalition operations. Navy Commanders lead seven of the 13 U.S.-led Provincial Reconstruction Teams in Afghanistan. We have doubled our construction battalions (SEABEES) in Afghanistan, increasing our capacity to build forward bases for U.S. forces and improve critical infrastructure in that country. Our Naval Special Warfare Teams continue to be engaged heavily in direct combat operations and our Explosive Ordnance Disposal teams continue to conduct life-saving counter-Improvised Explosive Device operations on a daily basis. As we shift our effort from Iraq to Afghanistan, demand for Navy individual augmentees (IAs) has grown. We are providing IAs to support the increase of U.S. forces in Afghanistan while our IAs in Iraq remain at current levels to support the withdrawal of U.S. combat troops, maintain detention facilities and critical infrastructure, and assist coalition efforts until they can be turned over to Iraqi forces. During my recent trip to CENTCOM, I met with many of our dedicated Navy men and women supporting these efforts and I could not be more proud of their contributions. Their expert skill, ingenuity, competence, and drive are impressive and unmatched.

Our high tempo will likely continue as combat forces draw down in Iraq and Afghanistan. Navy enabling forces will remain in CENTCOM to provide protection, ISR, and logistics support to our troops and partner forces in the region, while we will continue to maintain a forward-deployed presence of about 100 ships around the world to prevent conflict, increase interoperability with our allies, enhance the maritime security and capacity of our traditional and emerging partners, and respond to crises. Global demand for Navy forces remains high and continues to rise because of the unequalled and unique ability of our naval forces to overcome diplomatic, geographic, and military impediments to access while bringing the persistence, flexibility, and agility to conduct operations from the sea.

Reset in stride is how our Navy prepares our Fleet to deploy again. Lifecycle maintenance and training between deployments is essential to our reset and to the ability of our ships and aircraft to reach their expected service lives. Although we are on pace to grow our Fleet for the next 10 years, our Fleet reduced in size over the past decade. As a result, while we continue to maintain the same number of ships at sea assigned to Combatant Commanders, we

have a historically low number of ships available for at-sea training, exercises, and surge operations. Our FY 2011 budget request balances the need to meet increasing operational requirements, sustain our Sailors' proficiency, and conduct the maintenance required to ensure our ships and aircraft reach their full service lives. Highlights follow of initiatives that ensure our Navy remains ready to fight today.

Depot Level Maintenance

Our ships and aircraft are capital assets that operate in challenging physical and security environments. Keeping these assets in acceptable operating condition is vital to their ability to accomplish assigned missions and to reach their expected service lives. Timely depot level maintenance, performed in a cycle determined by an engineered assessment of expected material durability and scoped by actual physical condition, will preserve our existing force structure and ensure it can meet assigned tasking. Continued investment in depot level maintenance is essential to our efforts to achieve and sustain the force structure required to implement the Maritime Strategy.

Last year, I established the Surface Ship Life Cycle Management (SSLCM) Activity to address deficiencies in our ship class maintenance plans that could prevent our ships from reaching their full service life. SSLCM has established an engineered approach to surface ship maintenance that optimizes existing maintenance availability work packages and better tracks ship material condition through robust inspections and corrosion control tasks. We accelerated our review of the requirements for certain ship classes, significantly improving the accuracy of our surface ship maintenance requirements in FY 2011 over prior years. We are committed to a full review of all surface ship class maintenance plans, which will take several years. The value of investing in an engineered approach to maintenance is evident in our submarine force, where we have successfully extended the time between scheduled availabilities based on demonstrated material conditions and verification of engineering analysis. Because we have invested in this engineering and planning effort, we have been able to safely recover additional operational availability and reduce the overall depot level maintenance requirement for our submarines. This significant step has provided some of the resources needed to make additional investments in surface ship maintenance.

Our combined FY 2011 budget funds 99 percent of the projected depot ship maintenance requirements necessary to sustain our Navy's global presence. Our budget funds aviation depot maintenance to provide 100 percent of the airframes for deployed squadrons and 96 percent of the non-deployed airframes. I request that you fully support our baseline and contingency funding requests for operations and maintenance to ensure the effectiveness of our force, safety of our Sailors, and longevity of our ships and aircraft.

Shore Readiness

Our shore infrastructure is a fundamental enabler of 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. As I described last year, rising manpower costs and growing operational demands on our aging Fleet have led our Navy to take risk in shore readiness. This risk increases our maintenance, sustainment, restoration, and modernization requirements and continues our reliance on old and less efficient energy systems. These factors increase the cost of ownership of

our shore infrastructure and outpace our efforts to reduce costs through facilities improvements and energy upgrades. At our current investment levels, our future shore readiness, particularly the recapitalization of our facilities infrastructure, is at risk.

To manage our risk in shore infrastructure, our FY 2011 budget request prioritizes funding for our most critical needs, including Navy and Joint mission readiness, nuclear weapons security and safety, and improving our bachelor quarters through sustained funding for our Homeport Ashore initiative. To guide investment in other areas ashore, we continue to pursue our capabilities-based Shore Investment Strategy, which targets our investment in shore infrastructure to where it will produce the highest return on investment and have the greatest impact on achieving our strategic and operational objectives, such as in areas that enable critical warfighting capabilities, improve quality of life, and fulfill Joint requirements.

We have made essential progress and improvements in nuclear weapons security, child care facilities, and bachelor's quarters. Thank you for funding all our requested military construction projects in 2010, as well as 19 additional projects and our Reserve program. Your support allowed us to address ship, aircraft, systems, infrastructure, and training requirements, while enhancing the quality of life and quality of service for our Sailors and their families. Your similar support and assistance through the American Recovery and Reinvestment Act of 2009 was also very helpful. As you requested, we identified Military Construction projects for Child Development Centers and barracks and prioritized them according to operational need and the ability to obligate funds quickly. We selected infrastructure and energy projects based on mission requirements, quality of life impact, environmental planning status, and our ability to execute quickly. Our aggressive execution schedule is on track; we have awarded all but one of our 85 initial projects and construction outlays are ramping up swiftly.

Training Readiness

Our Fleet Synthetic Training (FST) program provides realistic operational training with seamless integration of geographically dispersed Navy, Joint, Interagency and Coalition forces. Using virtual and constructive training environments has allowed us to reduce our energy consumption and greenhouse gas emissions while providing the level of sophistication necessary to prepare our Sailors for operational and tactical mission proficiency. We continue to evolve FST to provide our Sailors with exposure to a multitude of warfare areas. Last year, we conducted our first BMD Fleet Synthetic Training event, proving the viability and effectiveness of integrated Navy, Joint and partner-nation BMD training.

The proliferation of advanced, stealthy, nuclear and non-nuclear submarines continues to challenge our Navy's ability to guarantee the access and safety of joint forces. Effective Anti-Submarine Warfare (ASW) training with active sonar systems is vital to meeting potential threats. The Navy remains a world leader in marine mammal research and we will continue our robust investment in this research in FY 2011 and beyond. Through such efforts, and in full consultation and cooperation with other federal agencies, Navy has developed effective measures that protect marine mammals and the ocean environment from adverse impacts of mid-frequency active (MFA) sonar while not impeding vital Navy training. We continue to work closely with our interagency partners to further refine our protective measures as scientific knowledge

evolves. It is vitally important that any such measures ensure the continued flexibility necessary to respond to future, potentially unforeseen national security requirements.

Over the last year, we completed environmental planning for seven existing and proposed at-sea training and combat certification areas. We expect to complete planning for another six areas by the end of 2010 as we continue to balance our responsibility to prepare naval forces for deployment and combat operations with our responsibility to be good stewards of the marine environment.

Conducting night and day field carrier landing practice (FCLP) prior to at-sea carrier qualifications is a critical training requirement for our fixed-wing carrier-based pilots, who must develop and maintain proficiency in the fundamentals necessary to conduct safe carrier-based flight operations. We continue to seek additional airfield capacity in the form of an outlying landing field (OLF) that will enhance our ability to support FCLP training for fixed-wing, carrier pilots operating from Naval Air Station Oceana and Naval Station Norfolk. The additional OLF will allow Navy to meet training requirements and overcome challenges related to capacity limits, urban encroachment, and impacts from adverse weather conditions at existing East Coast facilities. In August 2009, the Navy announced that the release of the draft environmental impact statement (EIS) for construction and operation of an OLF would be delayed. This delay was necessary to ensure Joint Strike Fighter noise analysis is included in the OLF draft EIS. The Navy is committed to developing, with local, state, and federal leaders, a plan to ensure the OLF provides positive benefits to local communities while addressing Navy training shortfalls.

Energy and Climate

Energy reform is a strategic imperative. The Secretary of the Navy and I are committed to changing the way we do business to realize an energy-secure future. In alignment with the Secretary of the Navy's five goals, our priorities are to advance energy security by improving combat capability, assuring mobility, "lightening the load", and greening our footprint. We will achieve these goals through energy efficiency improvements, consumption reduction initiatives, and adoption of alternative energy and fuels. Reducing our reliance on fossil fuels will improve our combat capability by increasing time on station, reducing time spent alongside replenishment ships, and producing more effective and powerful future weapons. Most of our projects remain in the demonstration phase; however, we are making good progress in the form of hybrid-electric drive, delivered last year on the USS MAKIN ISLAND (LHD 8), bio-fuel engines, advanced hull and propeller coatings, solid state lighting, and policies that encourage Sailors to reduce their consumption through simple changes in behavior.

Thanks to your support, the American Reinvestment and Recovery Act (ARRA) funded Navy energy conservation and renewable energy investment in 11 tactical and 42 shore-based projects totaling \$455 million. Tactical projects included alternative fuel, drive, and power systems, while ashore projects included alternative energy (wind, solar and geothermal) investments in ten states and the installation of advance metering infrastructure in three regions. Our FY 2011 budget continues to invest in tactical and ashore energy initiatives, requesting \$128 million for these efforts.

In our Maritime Strategy we addressed maritime operations in an era of climate change, especially in the ice diminished Arctic. In May 2009, I established the Navy's Task Force on Climate Change (TFCC) to develop policy, investment, and force-structure recommendations

regarding climate change in the Arctic and globally over the long-term. Our focus will be to ensure Navy readiness and capability in a changing global environment.

Second East Coast Carrier-capable Port

Hampton Roads is the only nuclear carrier capable port on the East Coast. A catastrophic event in the Hampton Roads Area affecting port facilities, shipping channels, supporting maintenance or training infrastructure, or the surrounding community has the potential to severely limit East Coast Carrier operations, even if the ships themselves are not affected. Consistent with today's dispersal of West Coast aircraft carriers between California and Washington State, the QDR direction to make Naval Station Mayport a nuclear carrier-capable homeport addresses the Navy's requirement for a capable facility to maintain aircraft carriers in the event that a natural or manmade disaster makes the Hampton Roads area inaccessible. While there is an upfront cost to upgrade Naval Station Mayport to support our nuclear aircraft carriers, Mayport has been a carrier homeport since 1952 and is the most cost-effective means to achieve strategic dispersal on the East Coast. The national security benefits of this additional homeport far outweigh those costs.

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. Not being a party to this Convention 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. By becoming a party to the Convention, the U.S. will be able to expand its sovereign rights to the increasingly accessible outer continental shelf areas of the resource rich environment of the Arctic, as well as in other locations where technological advances are opening up previously unobtainable resources. Accession to the Law of the Sea Convention remains a priority for our Navy.

Develop and Support our Sailors, Navy Civilians and their Families

Our Sailors, Navy civilians, and their families underpin our Maritime Strategy and are the foundation of our nation's global force for good. We have great ships, aircraft, weapons, and systems, but it is our skilled and innovative Sailors who turn these ships, aircraft, and technologies into capabilities that can prevent conflict and win wars. In January 2010, we released the Navy Total Force Vision for the 21st Century to guide our efforts to attract, recruit, develop, assign, and retain a highly-skilled workforce and reaffirm our commitment to supporting our uniformed and civilian people wherever they serve and live.

We have transitioned from reducing end strength to stabilizing our force through a series of performance-based measures. Our stabilization efforts remain focused on maintaining a balanced force in terms of seniority, experience, and skills while supporting growth in high-demand areas such as cyber and special operations. We recognize the importance of retaining the talent and experience of our Sailors after they complete their active duty obligation so we are actively removing barriers associated with the transition between active and reserve careers to allow for a continuum of service over a lifetime. Our FY 2011 budget requests authorization and

funding for 328,700 active end strength and 65,500 reserve end strength. We continue to request OCO funding for our individual augmentees that are performing non-core Navy missions in support of contingency operations in Iraq and Afghanistan. OCO funding remains critical to our ability to meet these missions without adversely impacting Fleet readiness or Sailor dwell time.

We continue to provide support to our Sailors and their families, including those who are wounded, ill and injured, through expanded Fleet and Family Support services, Navy Safe Harbor, and our Operational Stress Control program. We are addressing aggressively the recent rise in suicide rates by implementing new training and outreach programs for Fleet commanders, Sailors, and Navy families to increase suicide awareness and prevention. We are focused on reducing sexual assaults in our Navy through our new Sexual Assault Prevention and Response Office and initiatives that emphasize our intolerance for sexual assault and related behavior in our Navy. We remain committed to helping our Sailors balance work and family commitments through initiatives such as 12-month operational deferments for new mothers (the most comprehensive policy of all military services), 21 days of administrative leave for adoptive parents, 10 days of paternity leave, a Career Intermission pilot program, and flexible work options. I continue to emphasize diversity outreach and mentorship to ensure we attract, leverage, and retain the diverse talent of our nation. Diversity among U.S. Naval Academy and Navy Reserve Officer Training Corps (NROTC) applicants and graduates continues to grow each year. Through our Naval War College and Naval Postgraduate School, we are providing Joint Professional Military Education and world-class higher education and training to our Sailors. We continue to build our Foreign Area Officer program to strengthen existing and emerging international partnerships.

Our FY 2011 budget request represents a balanced approach to supporting our Sailors and their families, sustaining the high tempo of current operations, and preserving Fleet and family readiness. I request the continued support of Congress for our FY 2011 manpower and personnel initiatives.

Recruiting and Retention

Our Navy has attracted, recruited and retained a highly-skilled workforce over the past several years, and we expect this success to continue into FY 2011. FY 2009 marked the second consecutive year Navy achieved its aggregate officer and enlisted recruiting goals in both the active and reserve components. At the forefront of this effort is our highly trained and professional recruiting force, which has postured us to respond to changing trends. We continue to attract the highest quality enlisted recruits in our history. We are exceeding DoD and Navy standards for the percentage of non-prior service enlisted recruits who have earned a high school diploma and whose test scores are in the upper mental group category. We met the Navy standard of 95 percent of recruits with a high school diploma in FY 2009 and are currently at 96 percent this fiscal year. We exceeded the Navy standard of 70 percent of recruits in the upper mental group category in FY 2009 (77 percent tested into this group) and we are currently at 78 percent this fiscal year.

Navy will remain competitive in the employment market through the disciplined use of monetary and non-monetary incentives. Using a targeted approach, we will continue our recruiting and retention initiatives to attract and retain our best Sailors, especially those within

high-demand, critical skill areas that remain insulated from economic conditions. Judicious use of special and incentive pays remains essential to recruiting and retaining these professionals in the current economic environment, and will increase in importance as the economic recovery continues. Our goal remains to maintain a balanced force, in which seniority, experience, and skills are matched to requirements.

Diversity

Our Navy draws its strength and innovation from the diversity of our nation. We continue to aggressively expand our diversity. We are committed to implementing policies and programs that foster a Navy Total Force composition that reflects America's diversity. We have increased diverse accessions through targeted recruiting in diverse markets, developed relationships with key influencers in the top diverse metropolitan markets, and are aligning all Navy assets and related organizations to maximize our connection with educators, business leaders and government officials to increase our influencer base. Recruiting and retaining a diverse workforce, reflective of the nation's demographics at all levels of the chain of command, is a strategic imperative, critical to mission accomplishment, and remains focus area for leaders throughout our Navy.

We continue to expand our relationships with key influencers and science, technology, engineering, and mathematics (STEM)-based affinity groups to inform our nation's youth about the unique opportunities available in our Navy. To increase our accessibility to diverse markets, we established NROTC units at Arizona State University and Tuskegee University. Tuskegee University accepted students in the fall of 2009, and ASU will accept students in the fall of 2010. Our diversity outreach efforts have contributed to our 2013 U.S. Naval Academy and NROTC classes being the most diverse student bodies in our history. In the years ahead, we will continue to focus our efforts on retaining this talent by building and sustaining a continuum of mentorship approach that reaches out and engages Sailors throughout their career. This approach includes social networking, strong relationships with affinity groups, and various programs offered by our Sailors' immediate commands and associated leadership in addition to their respective enterprises and communities.

Women on Submarines

The Secretary of the Navy and I are in the process of changing the Navy policy that restricts women from serving aboard our submarines. This move will enable our Navy and, specifically, our submarine force to leverage the tremendous talent and potential of our female officers and enlisted personnel. Initial integration will include female officers assigned to ballistic missile (SSBN) and guided missile (SSGN) submarines, since officer accommodations on these submarines have more available space and appear to require less modification. The plan also integrates female supply corps officers onto SSBNs and SSGNs at the department head level. We are planning the first female submarine officer candidate accessions into the standard nuclear training and submarine training pipelines this year, making it possible to assign the first women to submarines as early as FY 2012. Integration of enlisted females on SSBNs and SSGNs and integration of officer and enlisted female personnel on attack submarines (SSNs) will occur later, once the extent of necessary modifications is determined. This initiative has my personal attention and I will continue to keep you informed as we integrate these highly motivated and capable officers into our submarine force.

Sailor and Family Continuum of Care

We remain committed to providing our Sailors and their families a comprehensive continuum of care that addresses all aspects of medical, physical, psychological, and family readiness. Our FY 2011 budget request expands this network of services and caregivers to ensure that all Sailors and their families receive the highest quality healthcare available. Navy Safe Harbor, Navy's Operational Stress Control Program, Reserve Psychological Health Outreach Program, Warrior Transition Program, and Returning Warrior Workshop are critical elements of this continuum.

Navy Safe Harbor continues to provide non-medical support for all seriously wounded, ill, and injured Sailors, Coast Guardsmen, and their families through a network of Recovery Care Coordinators and non-medical Care Managers at 16 locations across the country. Over the past year, Safe Harbor's enrollment has grown from 387 to 542. Over 84,000 Sailors have participated in Operational Stress Control (OSC) training, which is providing a comprehensive approach designed to actively promote the psychological health of Sailors and their families throughout their careers while reducing the traditional stigma associated with seeking help. The Warrior Transition Program (WTP) and Returning Warrior Workshops (RWW) are essential to post-deployment reintegration efforts. WTP, established in Kuwait and expanded via Mobile Care Teams to Iraq and Afghanistan, provides a place and time for individual augmentees to decompress and transition from life in a war zone to resumption of life at home. The RWW identifies problems, encourages Sailors to share their experiences, refers family members to essential resources, and facilitates the demobilization process.

Stress on the Force

As we continue to operate at a high operational tempo to meet our nation's demands in the Middle East and around the world, the tone of the force remains positive. We continue to monitor the health of the force by tracking statistics on personal and family-related indicators such as stress, financial well-being and command climate, as well as Sailor and family satisfaction with the Navy. Recent results indicate that Sailors and their families remain satisfied with command morale, the quality of leadership, education benefits, health care, and compensation.

Suicide affects individuals, commands and families. We continue efforts at suicide prevention through a multi-faceted approach of communication, training, and command support designed to foster resilience and promote psychological health among Sailors. Navy's calendar year 2009 suicide rate of 13.8 per 100,000 Sailors represents an increase from the previous year rate of 11.6 per 100,000 Sailors. Although this is below the national rate of 19.0 per 100,000 individuals for the same age and gender demographic, any loss of life as a result of suicide is unacceptable. We remain committed to creating an environment in which stress and other suicide-related factors are more openly recognized, discussed, and addressed. We continue to develop and enhance programs designed to mitigate suicide risk factors and improve the resilience of the force. These programs focus on substance abuse prevention, financial management, positive family relationships, physical readiness, and family support, with the goal of reducing individual stress. We continue to work towards a greater understanding of the issues surrounding suicide to ensure that our policies, training, interventions, and communication efforts are meeting their intended objectives.

Sexual assault is incompatible with our Navy core values, high standards of professionalism, and personal discipline. We have reorganized our efforts in this critical area under the Navy Sexual Assault Prevention and Response (SAPR) program, which takes a multi-faceted approach to raise awareness of effective prevention methods, victim response and offender accountability. Recent program reviews undertaken by the Government Accountability Office, the Defense Task Force on Sexual Assault in the Military Services, and the Navy Inspector General will help us to identify program gaps and refine our program so we can continue to promote a culture that is intolerant of sexual assault.

Learning and Development

Education and training are strategic investments that give us an asymmetric advantage over our adversaries. To develop the highly-skilled, combat-ready force necessary to meet the demands of the Maritime Strategy and the Joint Force, we have 15 learning centers around the country providing top-notch training to our Sailors and Navy civilians. We continue to leverage civilian credentialing programs to bolster the professional qualifications of Sailors in all ratings and increase Sailor equity in their own professional advancement. We are balancing existing education and training requirements with growth in important mission areas such as cyber warfare, missile defense, and anti-submarine warfare. Cultural, historical, and linguistic expertise remain essential to the Navy's global mission, and our budget request supports expansion of the Language, Regional Expertise, and Culture (LREC) program for NROTC midshipmen, as well as implementation of the AF-PAK Hands Program. We recognize the importance of providing our people meaningful and relevant education, particularly Joint Professional Military Education (JPME), which develops leaders who are strategically-minded, capable of critical thinking, and adept in naval and joint warfare. Our resident courses at Naval War College, non-resident courses at Naval Postgraduate School and Fleet Seminar program, and distance offerings provide ample opportunity for achievement of this vital education. I appreciate the support of Congress in the recent post-9/11 GI Bill. We have led DoD in implementing this vital education benefit and continue to carefully balance our voluntary education investments to further develop our force.

Conclusion

Our Sailors are performing brilliantly, providing incredible service in the maritime, land, air, space, and cyberspace domains around the world today. I am optimistic about our future and the global leadership opportunities that our Navy provides for our nation. Our FY 2011 budget request continues the progress we started in FY 2010 to increase Fleet capacity, maintain our warfighting readiness, and develop and enhance the Navy Total Force. I ask for your strong support of our FY 2011 budget request and my identified priorities. Thank you for your unwavering commitment to our Sailors, Navy civilians, and their families, and for all you do to make our United States Navy an effective and enduring global force for good.