

NOT FOR PUBLICATION UNTIL
RELEASED BY THE SENATE
ARMED SERVICES COMMITTEE

STATEMENT OF

ADMIRAL GARY ROUGHEAD

CHIEF OF NAVAL OPERATIONS

BEFORE THE

SENATE ARMED SERVICES COMMITTEE

ON

FY 2012 DEPARTMENT OF NAVY POSTURE

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Chairman Levin, Senator McCain, and members of the Committee, it is my honor and pleasure to appear before you, in my fourth year as CNO, representing the more than 600,000 Sailors and civilians of the United States Navy. As we have done for more than 235 years, our Navy is forward-deployed around the world protecting our national security and prosperity. Today, our dedicated Navy men and women are operating globally at sea, on land, in the air, and in space and cyberspace. I appreciate your continued support for them and their families.

As the demand for our Navy continues to grow, our Maritime Strategy, which I issued more than three years ago with the Commandants of the Marine Corps and the Coast Guard, continues to guide our Navy's operations and investments. Its core tenets are enduring and our Navy is executing daily the six core capabilities it articulates for our sea Services: forward presence, deterrence, sea control, power projection, maritime security, and humanitarian assistance and disaster response.

With your support, since becoming CNO, our Navy has placed underperforming programs back on track; we have introduced stability, affordability, and capacity into our shipbuilding and aviation plans; and we have advanced capabilities to meet the most likely evolving threats. We improved the performance of several programs, most notably the Littoral Combat Ship. After cancelling the LCS ships we had planned for 2007 because of unacceptable costs, last year we were able to secure a price for 20 ships through a dual award strategy that will add new and needed capabilities to our Fleet, bring important stability to the industrial base, and get us closer to the minimum of 313 ships our Navy needs. I thank Congress for their support of this strategy. We delivered five new ships in 2010, including one Virginia Class submarine, two Arleigh Burke Destroyers, and two T-AKE logistics ships. We commenced testing and low rate initial production of the P-8A Poseidon Multi-Mission Maritime Aircraft and continued testing and low rate initial production of the E-2D Advanced Hawkeye. Through multi-year procurement contracts for F/A-18E/F and EA-18G, and Virginia Class submarines, and planned multi-year procurements for the MH-60R/S and E-2D, we are introducing affordability in our aviation and shipbuilding plans and realizing significant savings. For example, on the Virginia Class Multi-Year Procurement alone, the savings has been \$3.2B. We are advancing capability to meet emerging threats, particularly in Ballistic Missile Defense (BMD) and information dominance. In BMD, we assumed lead for the first phase of the President's Phased Adaptive Approach (PAA) for BMD of Europe and we are working with the Missile Defense Agency on providing Aegis Ashore capability to support the second phase of the PAA. Our newly-established Fleet Cyber Command/U.S. Tenth Fleet demonstrated its expertise conducting joint and naval exercises and operations in the cyber, network, cryptology, signals intelligence, information warfare, electronic warfare, and space arenas. We also achieved the early operational deployment of the MQ-8B Fire Scout Vertical Takeoff and Landing Tactical Unmanned Air Vehicle, the first successful flight of our Navy Unmanned Combat Air System demonstrator, and a memorandum of agreement with the Air Force to pursue increased commonality between the Global Hawk and Broad Area Maritime Surveillance programs.

Our Navy continues to meet planned operational commitments and respond to crises as they emerge globally. We remain engaged in operations in Afghanistan and in Iraq. Our Navy has more than 14,000 active and reserve Sailors on the ground and another 10,000 at sea in Central Command, including ongoing Individual Augmentee support to both operations. Our aircraft carriers provide about 30 percent of the close air support for troops on the ground in

Afghanistan and our Navy and Marine Corps pilots fly an even greater percentage of electronic attack missions there.

Because our national interests extend beyond Iraq and Afghanistan, so do the operations of our Navy. More than 40 percent of our Navy is underway daily; globally present and persistently engaged. Last year, our Navy provided deterrence against North Korea; conducted counter-piracy operations in the Indian Ocean with a coalition of several nations; trained local forces in maritime security as part of our Global Maritime Partnership initiatives in Africa and the Pacific; responded with humanitarian assistance and disaster relief to the earthquake in Haiti and the flood in Pakistan; and conducted the world's largest maritime exercise, which brought together 14 nations and more than 20,000 military personnel, to improve coordination and trust in multi-national operations in the Pacific. Navy sealift continues to deliver the lion's share of heavy war and humanitarian equipment in the Central Command and Pacific Command areas of responsibility, while Navy logisticians operate the seaport and airport facilities that ensure this vital materiel arrives on time. Our Sailors remain forward throughout the world, projecting US influence, responding to contingencies, and building international relationships that enable the safe, secure, and free flow of commerce that underpins our economic prosperity.

Our Navy's global presence guarantees our access and freedom of action on and under the sea. We are developing with the Air Force and Marine Corps the Air Sea Battle concept that will identify the doctrine, organization, training, procedures, and equipment needed for our Navy to counter growing military threats to our freedom of action. This joint effort will inform the conceptual, institutional, and material actions needed to employ integrated forces that support U.S. operations to project power and influence, protect allies and partners, and secure our national objectives in peace and war.

I remain committed to supporting our active and reserve Sailors, Navy civilians, and their families. Our Navy continues to be recognized as a highly-ranked place to work as a result of its workforce planning, life-work integration, diversity, and training opportunities. We met or exceeded overall officer and enlisted active recruiting goals last year and we are accessing a force of extreme high quality. We continue to move forward on assigning women into our submarine force, with the first women submariners on track to report aboard SSBNs and SSGNs by the end of this year. We remain committed to performance as a criterion for promotion in our Navy, and have successfully transitioned the majority of our civilian personnel out of the National Security Personnel System (NSPS). Our remaining NSPS employees are scheduled to convert by the end of this year. I appreciate the support of Congress for our Fleet and the dedicated Sailors, Navy civilians, and their families that serve our nation every day.

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 continue to advance our Navy in each of these areas thanks to your support.

Our Navy remains the most capable maritime force in the world; however, we are stretching our force to meet Combatant Commander demands. Since 2000, our Navy's ship-underway days have increased by approximately 15 percent, yet we have about 10 percent fewer ships in our Fleet. Greater demand for our forces has led to longer deployments and shorter dwell, or turnaround times, which increase stress on our Sailors and drive up maintenance requirements for our ships and aircraft. We are implementing force management measures in the

near term to stretch the capacity of our 286-ship force to meet increasing global requirements while providing the necessary maintenance our Fleet needs to reach its expected service life. Our Navy is different from other Services in that we reset our force “in stride”; that is, we rely upon regular maintenance of our ships and aircraft, and training and certification of our crews between deployments, to sustain our force. I thank Congress for their support of our FY 2011 Operations and Maintenance (O&M) request, which would enable our Navy’s continuous reset and translate into decades of service for each ship and aircraft, a significant return on investment.

Regrettably, the continuing resolution (CR) for FY 2011 prevents us from applying the increased FY 2011 O&M funding to improve our readiness, and it negatively impacts our ability to procure our future Navy and support our Sailors, Navy civilians, and their families. It has forced us to take mitigation measures that include: reducing operations, limiting numerous contracts for base operating support, slowing civilian hiring, reducing Permanent Change of Station notifications for our Sailors from about six months lead time to less than two months, not initiating the Small Business Innovative Research program, and delaying procurement contracts for new capabilities and existing production lines. Starting this month, we will cancel or scale back ship maintenance availabilities in Norfolk, Mayport, and San Diego, and cancel more than a dozen MILCON projects in several states. If the CR lasts all year, we will have no choice but to make permanent these mitigations and others, significantly reducing our operations, maintenance, and training. We will be forced to further reduce facilities sustainment, cancel training events and additional surface ship availabilities, and defer maintenance on our aircraft, which would result in almost a one-year backlog in aviation maintenance. The impact of these actions will jeopardize the efforts we made in recent years to restore Fleet readiness. Without relief, we will procure only one Virginia class submarine and break the multiyear contract. Agreements made with our surface combatant builders, as a result of the DDG 1000 / DDG 51 swap, precludes us from awarding any DDG 51s in FY 2011 unless both ships are appropriated. In addition, without relief, we will delay the new start Mobile Landing Platform; we will constrain aircraft carrier construction and refueling, negatively impacting operational availability, increasing costs, and delaying CVN 79 delivery by up to one year; and we will limit aviation and weapons procurement to FY 2010 quantities, impacting E-2D and Standard Missile production. A full-year continuing resolution will also defer essential research and development in unmanned aerial systems and significantly delay the design of our replacement strategic deterrent submarine and the recapitalization of our nuclear operator training infrastructure. It will eliminate our ability to source out-of-cycle overseas contingency operations demands for increased Fleet presence and activated Navy Reserve Sailors. Operating under a continuing resolution for a full year at the FY 2010 level would have negative effects on our Fleet, on the ship and aviation industrial base, and on the many workers who support naval facilities. Your support in addressing this critical current and long term readiness issue is appreciated greatly.

Our FY 2012 budget submission achieves the optimal balance among my priorities, but it is based on our funding request for FY 2011. If the CR lasts all year, we will need to revisit our FY 2012 request to properly balance our Navy for today and in the future. Our FY 2012 budget request continues to rely on a combination of base budget and overseas contingency operations (OCO) funding, but it reduces the extent to which we rely on OCO funding for enduring missions. Our FY 2012 request continues the effort we started two years ago to reduce the cost to own and operate our Fleet. We leveraged the opportunity presented by the Secretary of Defense to significantly reduce excess overhead costs, and apply the savings to warfighting

capability and capacity, by executing a deliberate, thoughtful, and integrated approach to finding efficiencies that improve the long-term sustainability of our force. We are taking steps to buy smarter, streamline our organizations and operations, realign manpower, and pursue energy efficiencies. Through these efforts, and with your support, we will improve readiness and warfighting capabilities and optimize organizations and operations, including increasing the number of ships and aircraft in our procurement plans and enhancing or accelerating anti-access capabilities, unmanned systems, and energy initiatives.

Our FY 2012 budget request supports our Maritime Strategy and continues to support our forces, take care of our people, rebalance 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 our Navy requires a minimum of 313 ships to meet operational requirements globally. This minimum remains valid; however, we continue to examine this requirement to address increased operational demands and expanding requirements for ballistic missile defense, intra-theater lift, and forces capable of confronting irregular challenges. Our FY 2012 submission funds 10 ships, including two VIRGINIA class fast attack submarines, one Joint High Speed Vessel (JHSV), one LPD 17, one Mobile Landing Platform (MLP), one DDG 51, and four Littoral Combat Ships (LCS), which reflects our new LCS procurement plan under the dual award strategy. Our submission also supports the acquisition of an oceanographic ship. I thank Congress for their support of our LCS acquisition strategy and for our shipbuilding program. With your support over the last three years, we have been able to improve the balance among capability, capacity, affordability, and executability in our shipbuilding plan.

As I reported last year, I remain concerned about the capacity of our Fleet in the future. Starting in the 2020s, many of our existing cruisers, destroyers, and submarines will reach the end of their service lives. During this period, it will be particularly critical to procure sufficient new ships to offset these decommissionings to avoid a rapid decline in force structure. In the same timeframe, we will begin to procure the replacement for our OHIO class ballistic missile submarine, the most survivable leg of our nation's nuclear deterrent triad. While we have reduced the cost of that submarine substantially, our total shipbuilding budget will be pressurized in that decade as we seek to recapitalize our surface and submarine forces while sustaining warfighting readiness and supporting our people. I am confident our near-term force structure plans provide the capability and capacity we need to meet demands today, but in this decade we must address how to best resource the shipbuilding programs required in the 2020s.

Our FY 2012 program funds 203 manned aircraft. We have increased our procurement of P-8A Poseidon Maritime Patrol Aircraft to provide needed anti-submarine warfare capacity to our Fleet and facilitate a successful transition from our legacy P-3 Orion aircraft. Our FY 2012 submission also procures 28 F/A-18 E/F aircraft, extending the F/A-18 procurement through FY 2014 and purchasing 41 more aircraft than requested in last year's budget submission. I remain committed to the F-35 Joint Strike Fighter, and was pleased to see the first flight of the F-35C last year. The timely delivery of the F-35C remains critical to our future carrier airwing strike fighter capacity; however, we are procuring additional F/A-18 Super Hornets to address the

decrease in strike fighter capacity we have identified. I thank Congress for their continued support of the F-35 program and our overall strike fighter fleet.

Our Navy is also looking beyond our ships and aircraft and investing in information capabilities that span space, cyberspace, and the electromagnetic spectrum. We moved boldly last year with the establishment of U.S. Tenth Fleet and the Deputy CNO for Information Dominance. That restructuring has enabled us to focus on enhancing our electronic warfare, information dominance, integrated air and missile defense, and anti-submarine warfare capabilities. I request Congress' support for these programs as they position our Navy to successfully conduct operations in an evolving anti-access environment today and in the future.

A viable, highly technical, and specialized industrial base is essential to sustaining the capability and capacity of our future Navy. Our shipbuilding and aviation industrial base is a strategic national asset and a significant contributor to our nation's economic prosperity, employing more than 97,000 uniquely-skilled Americans while indirectly supporting 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 reconstituted. A viable shipbuilding industrial base, underpinned by predictable, level-loaded ship procurement, is essential to meet our nation's naval requirements.

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

Our nuclear-powered aircraft carrier fleet is capable of flexibly employing capabilities that span from power projection and deterrence to humanitarian assistance and disaster response. Our 11-carrier force structure is based on worldwide presence and surge requirements, while also taking into account training and maintenance requirements. Our Navy has put in place measures to minimize the impact of the 10-carrier period between the inactivation of USS ENTERPRISE (CVN 65) and commissioning of USS GERALD R. FORD (CVN 78). After the delivery of CVN 78, we will maintain an 11-carrier force by continuing the refueling program for NIMITZ Class ships and delivering our FORD Class carriers at five-year intervals starting in 2020.

CVN 78, which is approximately 20 percent complete, is the lead ship of our first new class of aircraft carriers in nearly 40 years. These new carriers incorporate an innovative flight deck design that provides greater operational flexibility, a nuclear propulsion plant that generates more than 50 percent greater energy while decreasing maintenance requirements, and a combination of measures that reduce manning by more than 1,200 Sailors. Among the new technologies being integrated in these ships are the Dual Band Radar, the Electromagnetic Aircraft Launch System (EMALS), and the Advanced Arresting Gear (AAG), which will enable the carrier to increase its sortie generation rate by 25 percent and lower total ownership costs. AAG is currently undergoing commissioning testing at our land-based testing facility and, in December, EMALS successfully launched an F/A-18 aircraft. Both systems are on schedule to support delivery of CVN 78 in September 2015.

Strike Fighter Capacity

I remain committed to the F-35 Joint Strike Fighter (JSF) program. The timely delivery of the F-35C carrier variant is critical to our future carrier airwing strike fighter capability and capacity. As a result of delays in the F-35 program, we are closely managing our strike fighter inventory to address the decrease in strike fighter capacity that is projected to peak in 2018 as our F/A-18A-D aircraft reach the end of their service life. Our actions include managing the service life of our A-D aircraft, extending the service life of our A-D aircraft, buying new F/A-18E/F Super Hornet aircraft, and maintaining wholeness in the F-35C program. With these measures, we can manage our current strike fighter inventory to meet TACAIR requirements.

F-35 Lightning II Joint Strike Fighter (JSF)

The F-35 program gives us the advanced sensor, precision strike, firepower, and stealth capabilities our Fleet needs. I continue to base our Initial Operating Capability (IOC) timeline for the F-35C on the level of capability delivered at the completion of Initial Operational Test and Evaluation of the F-35C equipped with Block 3 software. We are reviewing the results of the in-depth Technical Baseline Review and restructuring of the System Development and Demonstration (SDD) phase to determine our IOC. While the overall system demonstration and development schedule has slipped, we have not reduced the total number of airplanes we plan to buy. Our FY 2012 request procures seven F-35C aircraft. We are monitoring the program closely and managing our existing strike fighter capacity to meet power projection demands until the F-35C is delivered. Procurement of an alternate engine for the F-35 increases our risk in this program. The Navy does not have a requirement for an alternate engine; indeed, we would only take one model to sea. Its additional costs threaten our ability to fund currently planned aircraft procurement quantities, which would exacerbate our anticipated decrease in strike fighter capacity throughout the remainder of this decade.

F/A-18A-D Hornet and F/A-18E/F Super Hornet

Our F/A-18A-D Hornet aircraft were originally designed for a service life of 6,000 flight hours. Through a life assessment program and High Flight Hour (HFH) inspections, which have been in place for three years, we have been able to extend the service life of our legacy F/A-18A-D aircraft to 8,600 flight hours. Our FY 2012 budget requests funding to pursue a Service Life Extension Program (SLEP) for 150 F/A-18A-D aircraft, commencing in FY 2012 at a rate of about 40 per year, that would further extend the service life of these aircraft to 10,000 flight hours. We are also conducting a life assessment program for our Super Hornet aircraft to extend their original 6,000-hour service life design to 9,000 hours. The F/A-18A-D HFH and SLEP are necessary measures to address our strike fighter inventory while preserving our investment in F-35C. To further reduce risk, we are accelerating the transition of 10 legacy F/A-18C squadrons to F/A-18 E/F Super Hornets, and our FY 2012 budget requests funding to procure more F/A-18E/F Super Hornets than we requested last year. I thank Congress for their support of the F/A-18 program as we introduce F-35C into our Fleet.

EA-18G Growler

The Navy has been a leader in Airborne Electronic Attack (AEA) for more than half a century and AEA is in high demand. AEA provides one of the most flexible offensive capabilities available to the joint warfighter and is becoming increasingly important as technology capable of manipulating the electromagnetic spectrum matures. We are leveraging the mature and proven F/A-18E/F Super Hornet airframe to recapitalize our AEA capability with the EA-18G Growler. Although the EA-18G currently utilizes the same ALQ-99 Tactical Jamming System as the EA-6B, we are developing a new system, the Next Generation Jammer, as a replacement for the aging ALQ-99. The Next Generation Jammer will incorporate a Modular Open System Architecture and improved reliability and maintainability to provide a robust, flexible jamming capability that can evolve to address emerging threats. The EA-18G is in full rate production and we have accepted delivery of 43 aircraft. We have transitioned three EA-6B Prowler squadrons to EA-18G Growlers and two more squadrons are currently in transition. Our first EA-18G squadron deployed in November to Iraq. Our program of record will buy 114 total EA-18G aircraft, recapitalizing 10 carrier-based EA-6B squadrons and four expeditionary squadrons, all to be stationed at NAS Whidbey Island. The program continues to deliver on schedule and our FY 2012 budget requests funding for 12 EA-18Gs.

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

Our P-3C Orion aircraft remain in high demand today across a range of missions including Anti-Submarine Warfare, Anti-Surface Warfare, and time-critical Intelligence, Surveillance and Reconnaissance. Our Maritime Patrol Aircraft (MPA) force is a direct enabler for troops on the ground in Central Command while also ensuring access and battle space awareness at sea. Because we are operating our P-3Cs at a high rate, about 100 P-3 aircraft have been grounded since February 2005 for fatigue life and we anticipate continued groundings through the remainder of the P-3 program. Through significant Congressional support for P-3C wing repairs and sustainment, as of February, we have a current inventory of 84 mission aircraft; a 58 percent increase since last year. Our FY 2012 budget requests about \$100M to continue our P-3C sustainment program. Continued investment in this program and in the modernization of our P-3s is critical to ensure we retain sufficient capacity to conduct maritime battle space awareness and support to land forces in Central Command, while successfully transitioning to the P-8A.

The P-8A Poseidon Multi-Mission Maritime Aircraft is ideally suited for regional and littoral operations, and is our pre-eminent airborne capability against submarine threats. Procurement of P-8A will deliver needed capacity for these missions. The P-8A is scheduled to reach initial operating capability and will begin replacing our aging P-3 Fleet in 2013. The current delivery schedule enables transition of two squadrons per year. Our FY 2012 budget requests funding for 11 P-8A aircraft. I request Congress' support for the P-8A program schedule and for our P-3 sustainment and modernization program, the combination of which is essential to our transition to the next generation of MPA capability while avoiding future gaps in our MPA force.

E-2D Advanced Hawkeye

The E-2D Advanced Hawkeye aircraft, will replace the E-2C and represents a two-generation leap in airborne radar surveillance capability. The E-2D will improve nearly every facet of tactical air operations and add overland and littoral surveillance to support theater Integrated Air and Missile Defense (IAMD) against air threats in high clutter, complex electromagnetic 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-Counter Air (NIFC-CA) concept. Four test aircraft have been delivered to the Navy and we will commence operational test and evaluation in late 2011. The first Fleet squadron transition is planned for 2013, with an IOC scheduled for late 2014. Our FY 2012 budget requests six E-2D aircraft. We plan to procure 75 aircraft, with the final aircraft procurement in 2019 and Full Operational Capability (FOC) in 2022.

MH-60R/S Multi-Mission Helicopter

The MH-60R and MH-60S are in full rate production. 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. 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. We have delivered 85 MH-60R and 187 MH-60S to our Fleet and our FY 2012 budget requests funding for 24 MH-60R and 18 MH-60S helicopters.

Surface Ship Programs

Littoral Combat Ship (LCS)

LCS is a fast, agile, networked surface combatant optimized to support naval and joint force operations in the littorals with capability to support open-ocean operations. It will operate with focused-mission packages to counter mine, small boat, and submarine threats in the littorals. The modular design and open architecture of the seaframe and mission modules provide the inherent flexibility to add or adapt capabilities as new technologies mature or to counter threats that emerge beyond the Mine Countermeasures, Surface Warfare, and Anti-Submarine missions currently planned for LCS. These ships will employ a combination of manned helicopters and unmanned aerial, surface, and undersea vehicles.

USS FREEDOM (LCS 1) completed her first operational deployment to the Southern and Pacific Commands in April 2010, two years early. While deployed, USS FREEDOM successfully conducted counter-drug missions and validated its open ocean capability, allowing us to learn valuable lessons from these real-world operations. USS INDEPENDENCE (LCS 2) was commissioned in January 2010 and is currently in Norfolk undergoing post-delivery tests and trials. We are seeing demonstrated performance and stability in the construction of LCS 3 and LCS 4 that captures lessons learned from the first ships. PCU FORT WORTH (LCS 3) was launched and christened in December and is completing final construction. PCU CORONADO (LCS 4) is almost 50 percent complete and is scheduled to be launched and christened later this

year. Both LCS 3 and LCS 4 are experiencing minimal change and are scheduled to be delivered to the Navy in 2012 on cost and on schedule.

I thank Congress for approving the Navy's dual award strategy in December 2010. This strategy enables the Navy to save over \$2B in acquisition costs and acquire these ships well below the congressionally mandated \$480M cost cap set in 2009. It allows our Navy to acquire an additional Littoral Combat ship, increasing needed capacity in our Fleet. I am impressed and satisfied with the capabilities of both LCS designs and remain committed to procuring 55 of these ships. Consistent with the dual award strategy, our FY 2012 budget requests four LCS seaframes at a total cost of \$1.8B. The budget also requests two mission packages in FY 2012. These packages provide the vital center for LCS's combat capability and we have aligned LCS mission module procurement with that of our LCS seaframes. I request your continued support as we continue to acquire the future capacity and capability the Fleet requires.

Ballistic Missile Defense (BMD)

The Navy's mature and proven maritime Ballistic Missile Defense (BMD) capability will play a primary role in the first phase of our nation's Phased Adaptive Approach (PAA) for the missile defense of our NATO Allies in Europe. Our FY 2012 budget requests funding to increase our current BMD ship capacity from 21 ships (five cruisers and 16 destroyers) to 41 BMD capable ships by 2016. This planned capacity expansion will eventually include all of the Navy's Arleigh Burke Class destroyers and nine Ticonderoga Class cruisers. Until we grow our BMD ship capacity, our existing BMD ships may experience longer deployment lengths and less time between deployments as we stretch our existing capacity to meet growing demands.

As part of the PAA, we are working with the Missile Defense Agency to adapt Navy's proven and flexible Aegis BMD capability for use in an ashore configuration by repackaging components of the afloat Aegis Weapons System into modular containers for deployment to pre-prepared forward sites. The Aegis Ashore Missile Defense Test Complex is currently under development, with fabrication to begin in Kauai, Hawaii in 2013. This complex is a key enabler of the Aegis Ashore capability, which will be tested prior to shore placement overseas in 2015. This phased approach provides needed technology and capacity to pace the threat; it serves as a conventional counter to trends in global ballistic missile technology; and it allows for technological maturation through 2020.

DDG 51 Flight IIA and Flight III

To keep pace with the evolving air and missile defense threats, we restarted the DDG 51 Flight IIA production line in the FY 2010 and FY 2011 budgets with advanced procurement buys for DDG 113, 114, and 115. The restarted DDG 51 Flight IIA destroyers provide Navy with a proven multi-mission combatant that fills critical warfighting needs across the spectrum, and is the first warship built from the keel up to conduct maritime Ballistic Missile Defense. They will be the first Aegis ships to be built with the Open Architecture Advanced Capability Build (ACB) 12 Aegis Combat System. ACB-12 will allow these surface combatants to be updated and maintained with commercial off-the-shelf (COTS) technology, yielding reduced Total Ownership Cost and enhancing the ability to adapt to future military threats. Our FY 2012

budget requests funding for the construction of DDG 116 as part of our plan to build seven more of the Flight IIA class over the FYDP (an increase of one DDG 51 over last year's budget). We also request just over \$75M to support Research and Development for ACB-12, which will support the integration of this critical system on DDG 113 and our development of Aegis Ashore.

The follow-on to DDG 51 Flight IIA is the DDG 51 Flight III, which will commence with the construction of DDG 123. Flight III ships will be tailored for Integrated Air and Missile Defense (IAMD) and include the Air and Missile Defense Radar (AMDR), upgraded command and control software and hardware, and enhanced electrical power and cooling. Our FY 2012 budget requests funding for a total of eight DDG 51 Class ships, including funding for the first Flight III ship in FY 2016.

Modernization

To counter emerging threats, we continue to make significant investments in cruiser and destroyer modernization to sustain our combat effectiveness and to achieve the 35 year service life of our Aegis fleet. Our destroyer and cruiser modernization program includes Hull, Mechanical, and Electrical (HM&E) upgrades, as well as advances in warfighting capability and open architecture to reduce total ownership costs and expand mission capability for current and future combat capabilities. In addition to HM&E upgrades, key aspects of our Destroyer and Cruiser modernization programs include the installation or upgrade of the Aegis weapons system to include an open architecture computing environment, addition of the Evolved Sea Sparrow Missile (ESSM), 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. Our Destroyers also receive integration of the SM-6 missile, while our Cruisers receive installation of the AN/SPQ-9B radar and an upgrade to Close In Weapon System (CIWS) Block 1B. Maintaining the stability of the cruiser and destroyer modernization program is critical to our ability to provide relevant capability and capacity in our future Fleet. Our FY 2012 budget requests funding for the modernization of four cruisers (three Combat Systems and one HM&E) and three destroyers (one Combat System and two HM&E).

DDG 1000

The DDG 1000 ZUMWALT guided missile destroyer will be an optimally crewed, multi-mission surface combatant optimized for long-range precision land attack. 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, a sophisticated X-Band radar, and advanced survivability features, which can inform future ship designs. Following a Nunn-McCurdy breach due to the reduction in procurement to three ships, we restructured the DDG 1000 program to remove the highest risk technology, the Volume Search Radar, from integration into the platform. DDG 1000 is more than 37 percent complete and is scheduled to deliver in FY 2014 with an initial operating capability in FY 2016.

Joint High Speed Vessel (JHSV)

The JHSV will deliver a new level of organic logistic and maneuver flexibility for Combatant Commanders. JHSV is a high speed, shallow draft ship. Its unique design allows the ship to transport medium payloads of cargo and/or personnel to austere ports without reliance on port infrastructure. JHSV-1 and -2 are currently under construction by Austal USA in Mobile, AL and are scheduled to be delivered in FY 2012 and 2013. Our FY 2012 budget requests funding for the construction of the third JHSV. We are currently developing a Memorandum of Agreement with the Army that would transfer programmatic oversight and responsibility for the entire JHSV program, including operations and maintenance, to the Navy. Upon the signing of the agreement, all JHSVs when delivered would be operated by the Navy's Military Sealift Command and manned by civilian or contract mariners.

Submarine Programs

Virginia Class SSN

The VIRGINIA Class submarine is a multi-mission submarine designed to dominate the undersea domain in the littorals, access denied environments, and the open ocean. Now in its 14th year of construction, the VIRGINIA program is demonstrating its continued ability to deliver this critical undersea asset affordably and on time. The Navy continues to realize a return on investment in the VIRGINIA cost reduction program and construction process improvements through enhanced shipbuilder performance on each successive ship. A majority of the submarines contracted via multiyear procurement have delivered under budget and ahead of schedule, and their performance continues to exceed expectations with every ship delivered. I am pleased with the accomplishments of the combined Navy-Industry team and anticipate additional improvements as we ramp up production to two submarines per year, as requested in our FY 2011 and 2012 budget submissions.

SSBN and OHIO Replacement

The Navy remains committed to recapitalizing the nation's sea-based strategic deterrent, the most survivable leg of our nuclear triad. With a fleet of 14 OHIO class ballistic missile submarines (SSBN), we have been able to meet the strategic needs of the nation since 1980. This class will begin retirement after more than 40 years of service in 2027.

The 2010 Nuclear Posture Review reaffirmed that our nation will continue to rely on a reliable and survivable sea-based strategic deterrent for the foreseeable future. To ensure the Navy is able to meet the nation's demand in this critical capability, our FY 2012 budget requests research and development funds for the design of the OHIO class replacement, enabling construction of the class beginning in 2019. The OHIO Replacement will possess the endurance and stealth required for continuous, survivable strategic deterrence for decades to come. Appropriate R&D investment is essential to design a reliable and survivable submarine capable of deterring all potential adversaries. Over the past year, the OHIO replacement program has been thoroughly reviewed and all aspects of the program were aggressively challenged to drive down engineering and construction costs. Our FY 2012 request represents best balance of needed warfighting capabilities with cost. The OHIO Replacement program will leverage the

many successes of the VIRGINIA SSN program to achieve acquisition and total ownership cost goals. These efficiencies and a record of acquisition excellence are critical to minimize risk to our total force structure while recapitalizing sea-based strategic deterrence between FY 2019 and FY 2033.

Amphibious Warfare Ships

LPD 17 Class Amphibious Warfare Ship

The SAN ANTONIO Class LPD (LPD 17) amphibious warfare ships provide the Navy and Marine Corps the ability to embark, transport, control, insert, sustain, and extract combat marines and sailors on missions that range from forcible entry to forward deployed crisis response. 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. Of the 11 ships in our program of record, five ships have been delivered, three have completed their initial deployments, and four are under construction. We continue to resolve material reliability concerns with the class and apply the lessons learned during initial operation of the early ships to those under construction. Quality continues to improve with each ship delivered as we work closely with the shipbuilder to address cost, schedule, and performance issues. Our FY 2012 budget requests funding to procure the final ship in the program.

LHA Replacement (LHA(R))

LHA(R) is the replacement for our aging TARAWA Class ships, which will reach the end of their extended service life between 2011-2015. LHA(R) will provide flexible, multi-mission amphibious capabilities by leveraging the LHD 8 design. The AMERICA (LHA 6) is now more than 30 percent complete and on schedule for delivery in FY 2014. Beginning with LHA 8, the Navy will reintegrate the well deck into the large deck amphibious assault ships. Our FY 2012 budget requests funding for research and development to support reintegration of the well deck into the design of the large deck amphibious ship and the construction of LHA 8 in FY 2016.

Mobile Landing Platform (MLP)

Based on commercial technology, the Mobile Landing Platform (MLP) will enable the transfer of equipment, personnel, and sustainment at-sea, and delivery ashore in support of a wide range of contingency operations. Our FY 2012 budget requests funding for one MLP and we intend to procure a total of three MLPs. We expect the first ship to deliver in FY 2013 and project initial operating capability and incorporation into the Maritime Prepositioning Force (MPF) for 2015. In the Maritime Prepositioning Force, each of our existing Maritime Prepositioning Squads will be augmented by one MLP, one T-AKE combat logistics ship, and a Large Medium-Speed Roll-on/Roll-off (LMSR) cargo ship. The three T-AKE are all under contract with projected delivery dates beginning this year and going through FY 2013.

Information Dominance Programs

Unmanned Systems

Our Navy is developing a "family" of unmanned systems over, on, and under the sea to provide unique capability, in concert with our manned platforms, to rapidly secure access and establish maritime superiority at the time and place of our choosing. We are developing information architecture that will allow us to rapidly assimilate data into information for our commanders, enabling shorter decision cycles that will give us an advantage in joint and maritime operations.

Unmanned Aircraft Systems (UAS)

Our unmanned aircraft family of systems includes the Broad Area Maritime Surveillance (BAMS) UAS, which will enhance our situational awareness and shorten the sensor-to-shooter kill chain by providing persistent, multiple-sensor capabilities to Fleet and Joint Commanders. Through our recent memorandum of agreement with the Air Force, we are pursuing greater commonality and interoperability between BAMS and the Air Force's Global Hawk UAV. Our Vertical Take-off and Landing Tactical Unmanned Air Vehicle (VTUAV) is on its second deployment aboard the USS HALYBURTON (FFG 40) and will deploy in an expeditionary role to support combat operations in Afghanistan later this year. Our FY 2012 budget includes about \$12M in research and development funding to facilitate development of a weapons-capable VTUAV ready for deployment in late FY 2012. Our FY 2012 request also includes funding to develop a medium range maritime-based UAS (MRMUAS) 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 (NUCAS-D) will 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 as integration into carrier-controlled airspace. Initial flight tests to demonstrate carrier suitability are scheduled to start next year and autonomous aerial refueling demonstrations are planned for 2014. We will leverage the lessons learned from operating the demonstrator in developing a low-observable unmanned carrier-launched airborne surveillance and strike system (UCLASS). The UCLASS program will shorten the timeline to find, fix, track, target, engage, and assess time sensitive targets. UCLASS will integrate with the carrier air wings and increase the flexibility, versatility, and capability of the carrier force. We are currently developing the UCLASS acquisition strategy with OSD.

Unmanned Underwater Vehicles (UUV)

UUVs provide an innovative technological solution to augment manned platforms. Our Navy has logged more than 85,000 hours of UUV operations to improve battlespace awareness. Our small-body Littoral Battlespace Sensing (LBS) oceanographic autonomous undersea gliders have demonstrated the ability to conduct six-month long autonomous operations and will achieve Initial Operating Capability this year. Our FY 2012 budget requests about \$13M for research, development, and procurement of the LBS glider. We are also developing Large Diameter UUVs (LDUUVs) with the capability to autonomously deploy and manage a variety of sensors and payloads. The development of these highly capable vehicles will require investment in commercially and militarily beneficial alternative energy technologies, including refinement of fuel cell technology and cutting edge battery technologies. Our FY 2012 budget requests about \$47M to develop an LDUUV, and I remain committed to conduct fully independent UUV missions with durations of two months by 2017. This capability will allow full scale employment and deployment of LDUUV squadrons in the 2020s.

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 help satisfy those demands when initial operational capability is reached in FY 2012. The first satellite in our planned constellation of five is scheduled for on-orbit capability in May 2012. Our FY 2012 budget submission continues our investment in MUOS to replace the aging UHF Follow-On (UFO) constellation. I request your continued support of MUOS and the critical narrowband communication capability it will provide to the joint warfighter.

Next Generation Enterprise Network (NGEN)

The Next Generation Enterprise Network (NGEN) is a Department of the Navy (DON) enterprise network that will provide secure, net-centric data and services to Navy and Marine Corps personnel after the current Navy-Marine Corps Intranet (NMCI) network stands down. In July, Navy awarded Hewlett Packard Enterprise Services with the Navy-Marine Corps Intranet (NMCI) continuity of services contract to transition the Navy out of Navy-Marine Corps Intranet (NMCI) and into NGEN. 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. The initial NGEN contracts are expected to be awarded in the first quarter of FY 2012. Our FY 2012 budget requests an additional \$22M to support government command and control of our networks and improve our network situational awareness and defense.

Remain Ready to Fight Today

Our Navy continues to experience a high tempo of global operations which I expect to continue even as combat forces draw down in Afghanistan. Global trends in economics, demographics, resources, and climate change portend an increased demand for maritime power and influence. America's prosperity depends upon the seas: 90 percent of world trade moves on the world's oceans and underwater telecommunications cables facilitate about \$3.2 trillion of commerce each year. As new trade patterns emerge, such as those that will result from the expansion of the Panama Canal and the opening of the Arctic, and as disruption and disorder persist in our security environment, maritime activity will evolve and expand. Seapower allows our nation to maintain U.S. presence and influence globally and, when necessary, project power without a costly, sizeable, or permanent footprint ashore. We will continue to maintain a forward-deployed presence around the world to prevent conflict, increase interoperability with our allies, enhance the maritime security and capacity of our traditional and emerging partners, confront irregular challenges, and respond to crises.

High operational demand for our force over the last decade has led to longer deployments, lower dwell time, and reduced maintenance time for our surface ships. If these trends continue, our force will be less ready and less available than it is today because of increased stress on our Sailors and a reduction in our Fleet capacity as ships fail to reach their expected service lives. We have initiatives currently underway to address these trends. We are moving approximately 1,900 Sailors from shore billets onto our ships to meet operational demands while maintaining acceptable Fleet readiness levels and Sailor dwell time. To enhance the material readiness of our Fleet, we are improving our ability to plan and execute maintenance by increasing manning at our Regional Maintenance Centers (RMCs), and by institutionalizing our engineered approach to surface ship maintenance, converting the successes of our Surface Ship Lifecycle Maintenance (SSLCM) initiative I began two years ago into the Surface Maintenance Engineering Planning Program Activity (SURFMEPP). I remain focused on ensuring our Navy has a force that is maintained and trained to provide the capability and forward presence required in the two areas of interest identified in our Maritime Strategy, the Western Pacific and the Arabian Gulf, while preserving our ability to immediately swing from those regions and our Fleet concentration areas in the U.S. to respond to contingencies globally.

Our FY 2012 base budget and Overseas Contingency Operations (OCO) funding requests balance 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. It does not address the potential impacts of a full-year continuing resolution on our ongoing operations and maintenance afloat and ashore. Highlights follow of initiatives that ensure our Navy remains ready to fight today.

Depot Level Maintenance

Our ships and aircraft are valuable capital assets that operate in unforgiving environments. Keeping these assets in acceptable operating condition is vital to their ability to accomplish assigned missions and reach their expected service lives. Timely depot level maintenance, based on an engineered assessment of expected material durability and scoped by actual physical condition, will preserve our existing force structure. Continued investment in

depot level maintenance is essential in achieving and sustaining the force structure required to implement our Maritime Strategy. Our combined FY 2012 base budget and OCO funding requests fulfill 94 percent of the projected ship depot maintenance requirements necessary to sustain our Navy's global presence and 95 percent of our aviation depot maintenance requirements, servicing 742 airframes and 2,577 engines. The actual extent of our depot maintenance requirements will be determined by the final funding levels for FY 2011. 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 enables our operational and combat readiness, and is essential to the quality of life and quality of work for our Sailors, Navy civilians, and their families. High operational demands, rising manpower costs, and an aging Fleet of ships and aircraft cause us to take deliberate risk in shore readiness, specifically in sustaining our shore infrastructure. We have focused our facilities sustainment, restoration, and modernization funds on improving our housing for unaccompanied Sailors and investing in energy efficient building modifications. To source these enhancements, we have temporarily cancelled our demolition program and reduced our facilities sustainment posture to 80 percent of the modeled requirement. We have targeted our shore readiness investments in areas that have the greatest impact on achieving our strategic and operational objectives. These areas include support to our warfighting missions and capabilities, nuclear weapons security, quality of life for our Sailors and their families, and energy enhancements. We remain on track in our Homeport Ashore initiative to provide sufficient accommodations to our junior single Sailors by 2016, and we continue our support for family services. We plan to complete an expansion of 7,000 child care spaces in FY 2011, allowing us to meet OSD's mandate of providing child care for 80 percent of the potential need in FY 2012.

Training Readiness

Our Navy is leveraging Modeling and Simulation (M&S) extensively across the Fleet training continuum to reduce at-sea training requirements and associated operating costs and energy use. These virtual environments stress critical command and control warfare skills and fine tune basic warfighting competencies without going to sea. They provide synthetic events that are scalable and repeatable, including the ability to train multiple strike groups simultaneously. Synthetic training provides a complex, multi-faceted threat environment that cannot be efficiently recreated at sea on a routine basis. Ship command and control simulations, in conjunction with the Fleet Synthetic Training (FST) program, support unit level and integrated pre-deployment training and certification, including Joint Task Force Exercises (JTFEX), Ballistic Missile Defense Exercises (BMDEX), and LCS qualification and certification training. In FY 2012, our Navy's use of simulators will reduce steaming days by 603 days for a savings of \$30M, and flying hours by 5400 hours, for a savings of \$35M. The Fleet has placed FST as a top training priority with the objective to increase simulator use and synthetic training to reduce Fleet operating costs.

Although we are maximizing our use of synthetic training, it cannot completely replace our need to conduct live training. Simulators cannot replicate the physical environment, risks, stress, or experiences that live training provides. Naval units must be able to practice and hone their skills in the air and at sea. Having the right facilities and the ability to practice skill sets in a live operating environment are necessary for the proficiency and safety of our Sailors and for the warfighting effectiveness of our Fleet.

The proliferation of advanced, stealthy submarines continues to challenge our Navy's ability to guarantee the access and sustainment of joint forces. Robust Anti-Submarine Warfare (ASW) training with active sonar systems is vital for our Navy to effectively address this threat. The Navy remains a world leader in marine mammal research and we will continue our investment in this research in FY 2012 and beyond. Through such efforts, and in full consultation and cooperation with other federal agencies, we have developed effective measures that protect marine mammals and the ocean environment from adverse impacts of mid-frequency active (MFA) sonar while not precluding critical 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 national security requirements.

In January, we announced our plan to initially focus Joint Strike Fighter (JSF) homebasing on the West Coast in accordance with 2010 Quadrennial Defense Review direction and the JSF Transition Plan. We also announced that we are suspending work on the Outlying Landing Field (OLF) draft environmental impact statement (EIS) planned for the East Coast until at least 2014. At that time, we will re-evaluate the requirement for an OLF based on our East Coast JSF basing and training requirements. We continue to experience capacity shortfalls at our current East Coast field carrier landing practice sites that present challenges to meeting our current training requirements under both routine and surge conditions for existing Navy aircraft. We will continue to ensure we meet all our training requirements by implementing the measures necessary to use all available facilities.

Energy and Climate Change

The Secretary of the Navy and I are committed to advancing our energy security. I consider energy an operational imperative and I established the Navy's Task Force Energy more than two years ago to improve combat capability, assure mobility, and green our footprint. We will achieve these goals through energy efficiency improvements, consumption reduction initiatives, and the aggressive 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.

Our tactical energy efforts fall into two categories: technical and behavioral changes that use energy more efficiently, and testing/certification of alternative fuels. We are making good progress on our efficiency initiatives. The USS MAKIN ISLAND (LHD 8) uses hybrid propulsion and we are installing the same system on LHA-6 and LHA-7. We are developing a hybrid electric drive system for the DDG-51 class and I anticipate a land-based test as early as this summer. We continue to introduce advanced hull and propeller coatings and solid state lighting in our ships, and we are developing the Smart Voyage Planning Decision Aid to achieve

more efficient ship routing. We are also implementing policies that encourage Sailors to reduce their personal energy usage. These incremental initiatives add up to significant efficiency improvements.

Our alternative energy programs are progressing. We are aggressively certifying elements of our operational force for biofuel use. To date we have operated the "Green Hornet" F/A-18 and MH-60S on camelina-based JP-5 fuel and the RCB-X riverine craft on algal-based F-76 fuel. Operational testing of energy efficiency upgrades to the Allison 501k engine completed last month and is a key milestone toward certification of our Navy combatants with marine gas turbine engines.

We have reduced our energy use ashore by more than 14 percent since 2003, as a result of our energy efficiency efforts, including energy efficiency building upgrades, energy management systems, procurement of alternative fuel vehicles, and achievement of sustainable building standards for all new construction and major renovation projects. Our continued investments in advanced metering and energy audits will help identify further opportunities for efficiency gains and alternative energy use. Our approach remains focused on integrating the right technology at the right time in the right place while transforming Navy culture and behavior for long term sustainability.

Since establishing Task Force Climate Change in 2009, our Navy has taken several actions to better understand and address the potential impacts of climate change on our Navy. We have increased our operational engagement in the Arctic, participating this past summer in Operation NANOOK/NATSIQ with Canada. We are re-assessing regional security cooperation, through our African, Southern, and Pacific Partnership station missions to include consideration of climate change adaptation, especially with respect to improving water security. We are also participating with the National Oceanographic and Atmospheric Administration (NOAA) and other federal agencies to survey in the Arctic and improve our environmental observation and prediction capability worldwide. Scientific observations indicate that current changes to the climate are occurring on a decadal scale, giving our Navy enough time to conduct the studies and assessments necessary to inform future investment decisions.

Second East Coast Carrier-Capable Homeport

The Navy continues to focus on achieving the 2010 Quadrennial Defense Review direction to upgrade the carrier port of Mayport. Much like the dispersal of West Coast aircraft carriers between California and Washington, a second homeport on the East Coast to maintain aircraft carriers is prudent in the event of a natural or man-made disaster in Hampton Roads. The dredging project funded in FY 2010 is underway and will ensure unimpeded access to Mayport. Our FY 2012 budget requests funding for the Massey Avenue corridor improvement projects. We plan to request funding for the Wharf F recapitalization in FY 2013, and the remaining projects within the FYDP, to establish Naval Station Mayport as nuclear carrier-capable homeport by 2019.

United Nations Convention on the Law of the Sea

The Navy has consistently supported a comprehensive and stable legal regime for the exercise of navigational rights and other traditional uses of the oceans. The Law of the Sea Convention provides such a regime with robust global mobility rules. I believe it essential that the United States become a full Party to the treaty. The Convention promotes our strategic goal of free access to and public order on the oceans under the rule of law. It also has strategic effects for global maritime partnerships and American maritime leadership and influence. Creating partnerships that are in the strategic interests of our nation must be based on relationships of mutual respect, understanding, and trust. For the 160 nations who are parties to the Law of the Sea Convention, a basis for trust and mutual understanding is codified in that document. The treaty provides a solid foundation for the U.S. to assert its sovereign rights to the natural resources of the sea floor out to 200 nautical miles and on the extended continental shelf beyond 200 nautical miles, which in the Arctic Ocean is likely to extend at least 600 nautical miles north of Alaska. As a non-Party to the treaty, the U.S. undermines its ability to influence the future direction of the law of the sea. As the only permanent member of the UN Security Council outside the Convention, and one of the few nations still remaining outside one of the most widely subscribed international agreements, our non-Party status hinders our ability to lead in this important area and could, over time, reduce the United States' influence in shaping global maritime law and policy. The Law of the Sea Convention provides the norms our Sailors need to do their jobs around the world every day. It is in the best interest of our nation and our Navy to ratify the Law of the Sea Convention. We must demonstrate leadership and provide to the men and women who serve in our Navy the most solid legal footing possible to carry out the missions that our nation requires of them.

Develop and Support our Sailors, Navy Civilians and their Families

Our Sailors, Navy civilians, and their families are the backbone of our Maritime Strategy. They make us who we are. Their skill, innovation, and dedication turn our ships, aircraft, weapons and systems into global capabilities that prevent conflict, build partnerships, and, when necessary, project combat power to prevail in war. Our investment in our Sailors, Navy civilians, and their families ensures our Navy's continued maritime dominance today and in the future.

Our FY 2012 budget requests authorization and funding for 325,700 active and 66,200 reserve end strength. This request includes the migration of more than 1,800 military billets from shore and staff activities into the Fleet to man new ships and squadrons, restore optimal manning cuts, add needed information technology and nuclear operators to our force, and restore billets for FY 2013 to extend USS PELELIU in commission. This migration will enhance our forces afloat; however, the transition will present challenges to our ability to maintain sea-shore flow for some of our enlisted Sailors and sustain manning levels across the force. We are aware of these challenges and believe the transition is manageable. Our FY 2012 end strength request also begins to move end strength previously supported by OCO funding, namely our Navy Individual Augmentees (IAs), into our baseline program. We will execute a phased draw down of our OCO end strength as we project a gradual reduction of IA demands in Iraq and Afghanistan. Should IA demand remain at current levels, or increase over time, we will be

challenged to meet manning requirements for our Fleet. Our Navy continues to size, shape, and stabilize our force through a series of performance-based measures designed to retain the skills, pay grades, and experience mix necessary to meet current and future requirements.

Our FY 2012 endstrength reflects efficiencies in our manpower account that reduce excess overhead by disestablishing several staffs, but not their associated ships and aircraft, for submarine, patrol aircraft, and destroyer squadrons, as well as one Carrier Strike Group staff. We are disestablishing the headquarters of Second Fleet and transferring responsibility for its mission to U.S. Fleet Forces Command. These efficiencies streamline our organizations and allow us to reinvest the savings into warfighting capability and capacity.

I would like to touch briefly on the issue of changes to the health care benefit. Navy Medicine has been a leader in implementing pilot testing for the Department in a new concept called the Patient-Centered Medical Home. Beneficiaries have welcomed Navy Medicine's Medical Home Port initiative and it shows in their satisfaction scores. I am convinced that our beneficiaries will readily accept very modest changes to copayments as long as we continue to invest in these transformational approaches to delivering high quality health care. The proposals in the President's budget are consistent with our efforts over the last several years: a focus on internal efficiency, incentivizing the health behaviors we want, and ensuring all of our beneficiaries are treated equitably. I request you support these timely and appropriate efforts.

The tone of our force continues to be positive. In 2010, we conducted the Navy Total Force Survey, which was the first of its kind to assess the work-related attitudes and experiences of active and reserve Sailors and Navy civilians. The survey reported that Navy personnel are, overall, satisfied with the quality of their leadership, benefits, compensation, and opportunities within the Navy for personal growth and development. The survey results reaffirmed what more than 20 national awards have recognized: that our Navy is a "Top 50" organization and an employer of choice among today's workforce.

Our FY 2012 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. Highlights follow of our efforts to develop and support our Sailors, Navy civilians and their families.

Recruiting and Retention

Our Navy has enjoyed strong recruiting success over the past three years, and we expect this trend to continue through FY 2011. FY 2010 marked the third consecutive year Navy met or exceeded its overall enlisted recruiting goals in both the Active and Reserve Components and we continue to exceed Department of Defense quality standards in all recruit categories. We accessed the highest quality enlisted force in history last year, with more than 97 percent having traditional high school diplomas. Active officer recruiting for FY 2010 also exceeded our overall goals. Reserve officer recruiting exceeded our FY 2009 levels, but achieved only 95 percent of our FY 2010 goal. Reserve medical officer recruiting continues to be our greatest challenge as the requirement for medical officers has increased by more than 100 percent since FY 2008. We continue to explore new avenues for recruiting, including expanding our social media engagement to maintain a dialogue with potential applicants and influencers nationwide.

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. We are taking advantage of current high retention rates and success in accessions by reevaluating all special and incentive pays and bonuses and reducing them where possible. Judicious use of special and incentive pays remains essential to recruiting and retaining skilled 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.

To ensure we stay within our Congressionally-authorized end strength, we are executing force stabilization measures that include Perform-to-Serve (PTS) for enlisted Sailors and a series of Selective Early Retirement (SER) boards for Unrestricted Line (URL) Captains and Commanders. PTS considers the manning levels in each enlisted rating and reviews the record of Sailors eligible for reenlistment to determine if the Sailor should remain in the rating, convert to an undermanned specialty, transition to the reserves, or separate from the Navy. The SER boards will address the excess inventory of active component Captain (O6) and Commander (O5) URL officers in our Navy to ensure sufficient senior officers are available at the right time in their careers to serve in critical fleet billets. We project approximately 100 URL Captains and 100 URL Commanders will be selected for early retirement through this process. With these performance-based measures, we expect to meet our FY 2011 authorized active end strength of 328,700 and reserve end strength of 65,500 by the end of the fiscal year. We will be challenged to meet our active and reserve end strength targets in FY 2012 using existing force shaping measures. As a result of continued high retention and low attrition across the force, we are facing increasing pressure to use involuntary force shaping measures to remain within our authorized end strength.

Diversity

Demographic projections estimate that today's minorities will make up more than one third of our nation's workforce by 2020; by 2050, that projection increases to about half of our workforce. Our ability to access and retain the talents of every component group in our society is critical to our mission success. Recruiting and retaining a diverse workforce, reflective of the nation's demographics at all levels of the chain of command, remains a strategic imperative and a focus area for leaders throughout our Navy. To foster a Navy Total Force composition that reflects America's diversity, we are focusing our efforts on outreach, mentoring, leadership accountability, training, and communication. Our diversity outreach efforts have contributed to our 2014 U.S. Naval Academy and NROTC classes being the most diverse student bodies in our history. We have increased diverse accessions through targeted recruiting in diverse markets, developing relationships with key influencers in the top diverse metropolitan markets, and aligning Navy assets and organizations to maximize our connection with educators, business leaders and government officials to increase our influencer base. 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. We are also building and sustaining a continuum of mentorship

opportunities that includes the chain of command, individual communities, social networking, peer-to-peer relationships, and affinity groups. We will continue to ensure that all Sailors are provided with opportunities to develop personally and professionally.

Women on Submarines

After notifying Congress last year of our intent to assign women to submarines, the Secretary of the Navy and I have authorized female officers to serve aboard OHIO class SSBN and SSGN submarines. This will enable our submarine force to leverage the tremendous talent and potential of the women serving in our Navy. The first eighteen female submarine officers commenced the standard 15-month nuclear and submarine training pipeline in 2010, and will begin arriving at their submarines at the end of this year. These officers will be assigned to two ballistic missile (SSBN) and two guided missile (SSGN) submarines which have the space to accommodate female officers without structural modification. The plan also integrates female supply corps officers onto SSBNs and SSGNs at the department head level. In December, the Secretary of Defense notified Congress of Navy's intent to expend funds to commence design and study efforts regarding reconfiguration of existing submarines to accommodate female crew members, as well as to design the OHIO replacement SSBN with the flexibility to accommodate female crew members.

Don't Ask, Don't Tell

I am pleased Congress voted to repeal section 654 of Title 10, United States Code, commonly referred to as the "Don't Ask, Don't Tell" (DADT) statute. Legislative repeal affords us the time and structured process needed to effectively implement this significant change within our Armed Forces. As I testified in December, we will be able to implement a repeal of DADT in our Navy. I assess the risk to readiness, effectiveness, and cohesion of the Navy to be low. Our implementation process will be thorough, but timely. We are preparing the necessary policies and regulations to implement this change in law and training Sailors and leaders at all levels to ensure they understand what repeal means to them, their families, and the Navy. Before repeal can occur, the President, Secretary of Defense, and Chairman of the Joint Chiefs must certify that the change can be made in a manner consistent with the standards of military readiness, military effectiveness, unit cohesion, and recruiting and retention of the Armed Forces. I will provide Navy's input to the certification process and I remain personally engaged in this process.

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 2012 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 is at the forefront in Navy's non-medical care for all seriously wounded, ill, and injured Sailors, Coast Guardsmen, and their families. We have expanded our

network of Recovery Care Coordinators and non-medical Care Managers to 12 locations across the country. Safe Harbor continues to provide exceptional, individually tailored assistance to a growing enrolled population of more than 600 individuals. Over 116,000 Sailors and their spouses have participated in Operational Stress Control (OSC) training, which actively promotes the psychological health of Sailors and their families by encouraging them to seek help for stress reactions early, before they become problems. The Warrior Transition Program (WTP) and Returning Warrior Workshops (RWW) are essential to post-deployment reintegration efforts. The WTP offers an opportunity for IA Sailors redeploying from a combat zone to decompress, turn in their gear, and receive tools that will help them ease their transition back to their home and families. The RWW is designed to address personal stress that may be generated by deployment activities and it supports and facilitates the reintegration of the deployed Sailor with his/her spouse and family. The RWW also provides a safe, relaxed atmosphere in which to identify and address potential issues that may arise during post-deployment reintegration.

Stress on the Force

While the overall tone of our force remains positive, current trends suggest that high operational tempo, increasing mission demands, lean manning, force shaping, and economic conditions are placing increased stress on our Navy personnel. Our FY 2012 budget requests increased funding to improve our program manager-level support of our suicide prevention and stress control programs.

Suicide dramatically affects individuals, commands and families. Over the last year, we expanded our approach to preventing suicides from historic suicide surveillance and annual awareness training to include more comprehensive resilience building and tailored suicide prevention training, peer intervention, research and analysis. We saw a reduction in our number of suicides from 46 in calendar year 2009 to 38 in CY 2010. Our calendar year suicide rate also decreased from 13.3 per 100,000 Sailors in 2009 to 10.9 per 100,000 Sailors in 2010. Our 2010 suicide rate is below the national rate of 19.0 per 100,000 individuals for the same age and gender demographic; however, any loss of life as a result of suicide is unacceptable. Suicide prevention is an “all hands, all the time” effort involving our Sailors, families, peers, and leaders. We continue to work towards a greater understanding of the issues surrounding suicide to ensure that our policies, training, interventions, and communications are meeting intended objectives.

We are integrating our suicide prevention efforts into the broader array of programs we offer to improve the resilience of our force. These programs, aimed at reducing individual stress, address issues, such as substance abuse prevention, financial management, positive family relationships, physical readiness, and family support.

We continue our efforts to eliminate sexual assault by fostering a culture of prevention, victim response and offender accountability. Sexual assault is incompatible with our Navy core values, high standards of professionalism, and personal discipline. We have organized our efforts in this critical area under the Navy Sexual Assault Prevention and Response (SAPR) program. The SAPR program and the Naval Safety Center and Alcohol and Drug Prevention Program are currently developing an integrated approach to sexual assault prevention that includes clear leadership communication, bystander intervention training for Sailors to help them

recognize and interrupt risky situations, and training for military investigators and lawyers on issues specific to sexual assault investigation and prosecution.

Learning and Development

Education and training are strategic investments that give us an asymmetric advantage over 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, Navy civilians and members of the other Services. In FY 2010, we completed learning and development roadmaps for all enlisted ratings, providing Sailors with detailed information about the required training, education, qualifications and assignments they need to succeed in their career fields. We continue to leverage a blended training approach, integrating experienced instructors, advanced technology, and state-of-the-art delivery systems with modularized content in order to provide the right training at the right time in a Sailor's career. We are balancing existing education and training requirements with growth in important mission areas such as cyber defense, missile defense, and anti-submarine warfare. Cultural, historical, and linguistic expertise remain essential to successfully accomplishing the Navy's global mission, and our budget request supports our Language, Regional Expertise, and Culture (LREC) program as well as the Afghanistan-Pakistan (AF-PAK) Hands Program sponsored by the Joint Staff. Last year the LREC program provided language and cultural training to more than 120,000 Sailors en route to overseas assignments. 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 in the Fleet Seminar program, and distance offerings provide ample opportunity for achievement of this vital education.

Conclusion

You can be exceptionally proud of our Sailors. They are our nation's preeminent force at sea, on land, and in air, space, and cyberspace. While the future is not without challenges, I am optimistic about our future and the global opportunities our Navy provides our nation. Our FY 2012 budget request represents a balanced approach to increasing Fleet capacity, maintaining our warfighting readiness, and developing and enhancing our Navy Total Force. I ask for your strong support of our FY 2012 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.