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UNTIL RELEASED BY THE
SENATE COMMITTEE ON APPROPRIATIONS

STATEMENT OF

THE HONORABLE CARLOS DEL TORO
SECRETARY OF THE NAVY

ON DEPARTMENT OF THE NAVY POSTURE

BEFORE THE
SENATE COMMITTEE ON APPROPRIATIONS

APRIL 10, 2024

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Introduction

Chairman Tester, Ranking Member Collins, and distinguished members of the committee, I am honored to appear before you alongside General Smith and Admiral Franchetti to discuss the posture of the Department of the Navy (DON). We appreciate your trust and confidence in us to lead the nearly one million Sailors, Marines, and civilians of our Nation's naval services, and we value opportunities like this to discuss our approach to recruiting, training, equipping, and preparing our Sailors and Marines to defend our Nation.

For over 248 years, our Navy and Marine Corps have served as our Nation's vanguard, representing our interests around the globe—on, above, and below the sea, ashore, as well as in space and cyberspace. Our Founding Fathers recognized the importance of a well-trained, well-equipped naval force, and codified in our Constitution this legislative body's obligation to the American people to provide for and maintain a Navy and, by extension, a Marine Corps. Since the founding of our Nation, we have relied on our naval services to secure the world's oceans to sustain our economy through international trade, to engage with allies and partners thousands of miles away, and to confront the threats that have challenged our very way of life.

Today, our naval power is on full display around the globe, especially in the Red Sea and in the Indo-Pacific. We are reassuring allies and partners, deterring potential adversaries, and responding to the actions of those who wish to threaten the lives of our Sailors, Marines, and civilian merchant mariners engaged in lawful, international commercial activities. American Sailors and Marines are protecting the national security interests and prosperity of the United States—all in line with the National Security and National Defense Strategies.

As we confront global challenges, we remain laser-focused on managing our strategic competition with the People's Republic of China (PRC)—our pacing challenge. The PRC continues to behave provocatively and unsafely across the Indo-Pacific region, especially in the Taiwan Strait and the South China Sea. The PRC seeks to coerce its neighbors and threaten their interests, while undermining our alliances and security partnerships. The People's Liberation Army Navy (PLA(N)) is just one element of the maritime force Beijing employs to challenge the rules-based international order. As illustrated by ongoing PRC actions against our Philippine ally at Scarborough Reef and Second Thomas Shoal, the PRC uses its Navy, Coast Guard, and Maritime Militia as part of an integrated, cumulative campaign designed to force nations to submit to Beijing's excessive maritime claims despite international law, as reflected in the 2016 South China Sea ruling under Annex VII of the United Nations Convention on the Law of the Sea. Using these "gray zone" operations, the PRC is attempting to illegally appropriate other countries' offshore resources, threatening the peace, prosperity, and ecological stability of the world's ocean. Our Navy and our Marine Corps play a vital role—and have proven their effectiveness—in supporting our allies and partners' civilian vessels in standing up to the PRC's coercive maritime strategy in the South China Sea. While we do not seek confrontation, we will continue to uphold a free and open Indo-Pacific, and we will continue to fly, sail, and operate wherever international law allows.

In Europe, Russia's illegal war and full-scale invasion of Ukraine has entered its third year. Our Ukrainian partners continue to display incredible courage and bravery on the battlefield, in the air, and at sea as they strive to restore their national and territorial sovereignty. We are proud to stand by their side, along with our NATO allies, and it is imperative that we continue to provide them with the support required for them to achieve victory, including the passage of the national

security supplemental bill before Congress. As President Biden stated: “History is watching. The failure to support Ukraine at this critical moment will not be forgotten. Now is the time for us to stand strong with Ukraine and stand united with our allies and partners. Now is the time to prove that the United States stands up for freedom and bows down to no one.”

In the Middle East, the Iranian-aligned Houthis continue to launch unprovoked attacks on civilian merchant ships sailing innocently through waters where international law allows in the Red Sea and Gulf of Aden, one of the world’s busiest waterways that accounts for more than 15% of the world’s shipping traffic and connects Europe and Asia. More than twenty countries have joined us in Operation Prosperity Guardian to protect civilian ships and crews from harm. Acting in self-defense, our Navy and Marine Corps, along with the navies of our allies and partners, have shot down scores of anti-ship cruise missiles, ballistic missiles, and drones launched by the Houthis. Our ships, aircraft, and crews have performed admirably to both protect international commercial ships from multi-domain threats and defend themselves.

Following exhaustive diplomatic efforts to seek an end to the Houthis' attacks without further damage and bloodshed, we and our allies have conducted multiple rounds of combined self-defense strikes against targets in parts of Houthi-controlled Yemen, including storage sites and locations associated with the group's missile and air surveillance capabilities. These strikes were in direct response to Houthi actions that have demonstrated their callous disregard for the lives of civilian merchant mariners, underscored by the anti-ship ballistic missile attack that claimed the lives of three seafarers aboard the merchant ship *M/V True Confidence*.

The Houthis’ actions in the Red Sea are reverberating across the global economy. Iran, through its proxies and partners, aims to exploit the ongoing conflict in Gaza to exact a price on the rest

of the world by increasing shipping costs and maritime insurance rates, as well as lengthening the time it takes goods to reach their intended ports. These costs are borne by our own citizens, as well as citizens in countries around the world, including those most vulnerable to disruptions in maritime transportation. It is imperative that we and our global network of allies and partners bring an end to the Houthis' threat to U.S. Navy vessels and the disruption of the free flow of maritime commerce. In the Red Sea, as elsewhere, we must not hesitate to counter those who threaten the free and lawful use of the sea by all nations.

The operations in the Red Sea and Gulf of Aden over the past three months illustrate perfectly how technological investments and force design decisions made by naval leaders in the past impact operations for decades. The backbone of our air defense fleet, the Aegis Combat System, first became a program of record as the Advanced Surface Missile System 60 years ago this year. Launching from the flight deck of the nearly 47 year-old USS *Dwight D. Eisenhower* (CVN 69) in the Red Sea region, the workhorse of our air wings, the F/A-18E/F Super Hornet, is derivative of a strike fighter platform that first flew 45 years ago this year, employing the latest version of an air-to-air missile, the AIM-9 Sidewinder, which first entered service 68 years ago. The platforms and weapon systems our Sailors and Marines have used with great effect in shooting down Houthi anti-ship cruise missiles, ballistic missiles, and drones can be traced back to development efforts and disciplined investments from the '60s, '70s, and '80s, as well as timely modernizations and upgrades that have enabled these platforms and systems to be relevant in today's threat environment.

Today, the decisions we make regarding shipbuilding, platform and systems acquisition, cybersecurity and information technology, maintenance, repair, and caring for our Sailors, Marines, civilians, and their families will shape the future of the Navy and Marine Corps in the

2050s and beyond. I fully support Admiral Franchetti's priorities outlined in *America's Warfighting Navy* and General Smith's efforts to modernize and increase the lethality of the Marine Corps under the umbrella of *Force Design*. The guidance issued by our service chiefs is aligned with my three enduring priorities of Strengthening Maritime Dominance, Building a Culture of Warfighting Excellence, and Enhancing Strategic Partnerships. With the support of Congress, we have made tremendous progress over the past year to advance our three enduring priorities.

Progress Update on the DON's Three Enduring Priorities

Strengthening Maritime Dominance

Over the past twelve months, we have delivered nearly a dozen new battle force ships to the fleet and have nearly ninety under contract, including our highest acquisition priority, the *Columbia*-class SSBN. We continue to explore new block buys and multi-year contracts to procure ships more efficiently and affordably while providing our industry partners with clear and predictable demand signals for ships, submarines, and munitions. The submarine industrial base faces an increased demand as we ramp up production of *Columbia*-class SSBNs and continue procuring *Virginia*-class SSNs. To augment our Fleet and our Force, we have made significant strides in developing and deploying a hybrid fleet (manned and unmanned) across the Fourth, Fifth, and Seventh Fleet Areas of Operations. The Windward Stack and Gatekeeper operations, led by Fourth and Fifth Fleet, respectively, and similar activities in other theaters provide persistent presence and deliver all-domain awareness across a total area covering tens of thousands of square miles. The assistance provided to Ukraine by U.S. Naval Forces Europe has demonstrated how to deliver combat power with a hybrid fleet in battle with Russia's Black Sea

Fleet. We are also on track to conduct an at-sea test of the Transportable Re-Arming Mechanism (TRAM) for Vertical Launch System at-sea reloading, which will significantly increase the combat readiness of our surface fleet by reducing combat reload times.

To keep our Fleet ready, we continue to modernize our four public shipyards through the Shipyard Infrastructure Optimization Program (SIOP). Over the past year, we have completed renovations and improvements of our dry docks at both Norfolk Naval Shipyard and Puget Sound Naval Shipyard, and awarded a \$2.84 billion construction contract for the replacement of Dry Dock 3 at Pearl Harbor Naval Shipyard. All of this progress was made possible with the support of Congress, and I appreciate your enduring commitment to ensuring the success of SIOP as we contract, fund, execute, and complete these critical projects to support our future requirements and keep our warships and submarines mission-ready.

As we modernize our Fleet and our Force through several initiatives to increase their lethality, mobility, and capabilities, we are also increasing their resiliency in an effort to combat the effects of climate change. In 2022, our Department released *Climate Action 2030*, focusing our approach on this important issue. Actions we have taken in line with our climate strategy include critical infrastructure upgrades to increase the resiliency of our installations, which are central to our ability to project naval power both at-sea and ashore. Through our Chief Sustainability Officer, the DON has issued guidance on resilient infrastructure, water security, acquisitions, and energy to ensure that we make good use of the resources we have now and invest in the resources we will need in the future. As a maritime nation, we cannot afford to ignore how our world's changing climate impacts the environments across which our Sailors, Marines, and civilians operate. Our operational environment is directly impacted, increasing the mission demands of our maritime forces and decreasing our ability to respond to those demands.

Our partners and allies are seeing the same thing, and as we work to reduce the threat of climate change and increase our resilience, we are committed to working with them to ensure our collective naval forces remain resilient and resourced to maintain their competitive advantages in the decades to come.

Building a Culture of Warfighting Excellence

Our people remain our greatest strength. Personnel readiness and resilience begin and end with them. Every Sailor, Marine, and civilian deserves leadership at all levels that fosters healthy commands built on trust, respect, and inclusion. We will ensure that both Quality of Life and Quality of Service meet the standards expected by our Sailors, Marines, civilians, and their families. We are prioritizing our most pressing infrastructure problems, including facilities, barracks, water, and energy.

We are acting on our commitment to provide additional services for our Sailors and Marines who reside in unaccompanied housing. In February, we launched a pilot program in Hampton Roads to provide complimentary internet access to all Sailors living in unaccompanied housing. The feedback we receive from our personnel participating in these programs will directly inform our future efforts to roll out this service Department-wide, providing Sailors and Marines with access to free internet services in unaccompanied housing.

We also remain committed to maximizing Sailor and Marine development and are pursuing every available avenue to retain our best and most fully qualified personnel while recruiting the next generation. Our education institutions, including the Naval Academy, Naval Postgraduate School, Naval War College, Marine Corps University, and Naval Community College, remain

world-class, and we released the Naval Education Strategy last year to modernize our naval education to meet our Nation's security needs.

Enhancing Strategic Partnerships

Our greatest asymmetric advantage is our global network of allies and partners. We continue to foster strong security ties, pursue new ways to link industrial bases, secure supply chains, and co-produce technologies to boost our collective capabilities. For example, the historic AUKUS trilateral partnership among Australia, the United Kingdom, and the United States, provides a generational opportunity to strengthen our respective security and defense capabilities, uplift our respective industrial bases, and contribute to peace and stability in the Indo-Pacific.

Additionally, we are focused on advocating for national maritime power—both commercial and naval—across the Federal government. We have collaborated with our inter-agency partners at the Department of Transportation, Department of Commerce, Department of Homeland Security, the U.S. Trade Representative, and with maritime stakeholders throughout the Department of Defense, to build consensus and identify actions that we can take in support of our nation's shipbuilding and ship repair capabilities and capacity in support of our naval services. We are appreciative of the widespread interest and support these topics have garnered in Congress, and we look forward to working with you in the years to come to identify solutions that will improve the readiness and health of our Nation's commercial maritime and naval fleets.

We likewise remain committed to bolstering our relationships with the defense industrial base and academia. With congressional support, Ship and Submarine Industrial Base investments have led to improved hiring across our submarine shipbuilders and suppliers; establishment of dedicated manufacturing trade centers and pipelines; and the training and placement of over

5,000 people within the industrial base since 2020. Over the next decade, our Nation will need 200,000 new qualified workers to choose careers in fields like naval architecture, engineering, and lifecycle management, as well as technical expertise in nuclear welding, robotics, software management, and additive manufacturing. Pre-apprenticeship, registered apprenticeship, and labor management programs are critical tools to help fulfill this labor demand.

Finally, we are strengthening our bonds with the communities we serve across our Nation through outreach, Navy and Marine Corps Weeks, Fleet Weeks, and other events. I am especially proud of the work we've done to foster our connectedness with Tribal Nations. The Department of the Navy is the first military department to have a full-time, dedicated Director of Tribal and Indigenous Affairs. We are committed to the enduring relationships and transparency in our work with Tribal Nations to meet our shared goals, as well as all communities which our Sailors, Marines, civilians, and their families work in and call home.

The FY2025 President's Budget

Building on the successes and progress made along our three enduring priorities during 2023, the President's Budget for Fiscal Year 2025 (PB25) request to Congress for the Department of the Navy reflects President Biden's faith in our vision for the United States Navy and the United States Marine Corps, and advocates for the funding levels required to maintain the Fleet and the Force that our Nation requires. Our request this year for the Department of the Navy is \$257.6 billion, a 0.7% increase over the \$255.8 billion in the President's FY24 Budget request, adhering to the defense spending levels set by the Fiscal Responsibility Act of 2023 (FRA). I will note for the committee that adhering to the FRA required us to make hard choices, leading us to prioritize

the readiness of our Fleet and our Force today, as well as taking care of our people, over significant investments in the future force. These choices are reflected throughout PB25.

Every dollar of this requested investment by the American taxpayer will ensure that our Sailors, Marines, civilians, and their families are provided for—from the continued acquisition of strategic platforms and systems, investments in research and development as well as basic science and technology, addressing critical infrastructure requirements, to improving overall Quality of Life/Quality of Service for our personnel. Most importantly, PB25 will ensure the Department of the Navy's ability to continue to invest in support of our three enduring priorities.

Strengthening Maritime Dominance

Fleet Investments

For FY25, we are requesting \$32.4 billion to support ongoing shipbuilding programs and allow for the procurement of six battle force ships, each one bringing advanced warfighting capabilities to the Fleet.

In the undersea domain, this budget provides funding for the first boat in a new multi-year procurement contract for our Block VI *Virginia*-Class nuclear-powered attack submarines (SSN) and provides significant additional resources to increase industrial capacity for submarine construction. Our request also continues funding for the second of our *Columbia*-Class nuclear-powered ballistic missile submarines (SSBN), as well as advance procurement and continuous production supporting the remaining boats. The *Columbia* SSBN will modernize the most-survivable leg of our country's nuclear triad and remains our Department's highest priority acquisition program.

For our surface fleet, we look to procure two *Arleigh Burke*-Class destroyers (DDGs) and one *Constellation*-Class frigate (FFG), each of which will bring additional capacity and capability to our Fleet's integrated air and missile defense, anti-surface, anti-submarine, and naval strike operations. In support of the Marine Corps' *Force Design*, PB25 also provides funding for the first-in-class Landing Ship Medium (LSM) to enable mobility and sustainment for the Stand-In Force. Investments in our amphibious fleet with the request for one Flight II *San Antonio*-Class Landing Dock Transport (LPD) in each of FY25, FY27, and FY29 are necessary to maintain the thirty-one amphibious ships required by law and will give us the flexibility to retire older and less-capable platforms.

Aviation Investments

As we continue to modernize our surface and undersea fleets, we must also ensure that our aviation community has the right mix of air frames and capabilities to support our Sailors and Marines in the execution of their assigned missions. PB25 requests \$16.2 billion to support aircraft procurement, aircraft modification efforts, the acquisition of critical spare and repair parts, and funding for aircraft support equipment and facilities.

Our request for fixed-wing aircraft centers around the procurement of twenty-six F-35 Lightning II Joint Strike Fighters—thirteen carrier-based F-35s for the Navy and Marine Corps and thirteen short-takeoff vertical-landing F-35s for the Marine Corps—and our rotary wing procurement request for the Marine Corps includes nineteen CH-53K heavy-lift helicopters as part of a new, two-year block buy for airframes with engines procured as a five-year multi-year block buy. PB25 also includes funding to begin low-rate initial production of the MQ-25, an unmanned, carrier-based platform that will provide an organic, in-air refueling capability to our carrier

airwings. The MQ-25 is the “pathfinder” to the Air Wing of the Future, and will increase the strike range, capability, and lethality of both the Carrier Air Wing and the Carrier Strike Group.

USMC Ground Investments

Equally as crucial to our Fleet and our Force are the investments we make in the Marine Corps' ability to operate ashore. PB25 requests \$4.2 billion in support of critical investments that are key to the success of the Marine Corps' *Force Design* transformation efforts. Highlights in platform and system acquisition efforts include 80 new Amphibious Combat Vehicles, 674 Joint Light Tactical Vehicles, and 123 Javelin anti-armor missiles. Also included are requests for funding to continue the procurement of Medium Range Intercept Capability (MRIC) missiles and launchers and support the sustainment of the Ground/Air Task Oriented RADAR (G/ATOR). The dollars committed to these acquisition programs will exponentially increase the mobility, survivability, and lethality of our Marines, giving them advantages over our adversaries in austere and contested environments.

Munitions Procurement

As we consider how our Fleet and our Force fight in contested environments, there is no better example than our operations in the Red Sea and Gulf of Aden, where the strike and air defense capabilities of our naval forces are in high demand by U.S. Central Command. However, we are expending critical munitions from our stockpiles with every engagement. Our \$6.6 billion request continues our multi-year procurement of the Standard Missile, Naval Strike Missile, Long-Range Anti-Ship Missile (LRASM), and Advanced Anti-Radiation Guided Missile-Extended Range (AARGM-ER). We also intend to procure Tactical Tomahawks for the Navy and Marine Corps, supporting their ability to strike targets both from the sea and from the shore.

Further, this request increases production for both the LRASM and AARGM-ER, both of which are critical munitions that allow our Sailors and Marines to engage targets at an extended range, reducing risk to personnel and platforms. We are also investing in systems designed to provide ships with an ability to defeat unmanned aerial vehicles in a way that both lowers the cost-per-kill and reduces the expenditure of high-end missiles against relatively low-end threats. These systems will help put us on the “right side of the cost curve” while also increasing the ability of our ships to remain on station for longer periods of time.

Cyber, Cybersecurity, and Information Technology

As we procure more advanced platforms, we continue the modernization of our IT systems and the cybersecurity safeguards that protect them. We continue to refresh and modernize our computer systems and virtual environments to provide a better user experience, in line with the "Fix Our Computers" initiative. We are also taking advantage of the new capabilities for connectivity provided by proliferated Low Earth Orbit (P-LEO) satellite networks to support our Fleet and our Force, both at sea and ashore. By decreasing the time required for users to log in and set up applications, as well as increasing data flows and network accessibility, we are improving the quality of service provided to hundreds of thousands of users across the entire Department of the Navy.

At the same time, we are implementing our new, comprehensive Cyber Strategy, published in November by our Chief Information Officer and Principal Cyber Advisor. This strategy aims to ensure that the DON's cyber posture positions our naval services for success during competition, crisis, and conflict. The DON Cyber Strategy is directly aligned to the National Defense Strategy and DOD Cyber Strategy and outlines seven lines of effort for our Department to focus

on, including cyber workforce development; cyber readiness; defense of enterprise IT; data and networks; defense of critical infrastructure and weapon systems; partnering to secure the defense industrial base; and fostering cooperation and collaboration. In addition to these efforts, I have directed the Naval Criminal Investigative Service (NCIS) to utilize other proactive initiatives under their authorities as the Military Department Counterintelligence Organization (MDCO) to better support and harden the industrial base from adversarial cyber and traditional intelligence threats to ensure acquisition integrity.

Additionally, I am committed to supporting our Cyber Mission Forces (CMF)—both Navy and Marine Corps—as they continue to gain advantage in this critical warfare domain. PB25 supports the continued development of our Department’s CMF, both in terms of manning and training, to ensure our personnel are prepared to operate in cyberspace.

Through the investments requested in PB25 for our Department’s information technology, cybersecurity programs, and cyber personnel, we will continue to make progress to secure our global networks from external and internal threats posed by state and non-state cyber actors while maintaining the confidentiality, integrity, and availability of data for our users.

Funding for Operations and Maintenance

While acquisition of new platforms and capabilities is critical to the modernization of the Fleet and the Force, we must always make readiness our top priority. PB25 requests \$34.6 billion for Fleet readiness, with \$7.6 billion for ship operations such as training and deployment, \$14.5 billion for fleet upkeep—including fifty-eight ship and submarine maintenance availabilities at our public and private yards, \$10.6 billion for 875,000 flight hours for our Navy and Marine Corps flight crews, and \$1.9 billion for aviation maintenance to increase the number of mission-

capable aircraft. Additionally, we are requesting \$4.5 billion to ensure our Fleet Marine Force remains prepared to operate forward. This amount includes \$2 billion for field logistics, \$2.1 billion to maintain the operational readiness of Marine units around the world, \$200 million for maritime prepositioning, and \$200 million for depot maintenance for ground platforms and systems.

Divestments

As we acquire new platforms and systems and focus on the maintenance, upkeep, and operation of those that are in service, we must also evaluate which platforms have outlived their service life and are a drain on the force in terms of time, capital, pier space, and personnel.

In the information technology (IT) realm, the DON continues to realize progress through Operation Cattle Drive, our Department's effort to accelerate the modernization and transformation of our IT capabilities. Led by our Assistant Secretary of the Navy for Financial Management and Comptroller and Chief Information Officer, we are working to sunset unneeded, obsolete, unproductive, insecure, and un-auditable IT systems and applications. Operation Cattle Drive will accomplish two goals: 1) improve the overall financial management and auditability of the DON, and 2) eliminate unnecessarily redundant IT systems, resulting in increased efficiencies, cost avoidance, and funding reallocation to close known resource gaps, enabling better support to our Sailors and Marines.

PB25 also requests the divestment of several platforms, including the EP-3 Aries, U.S. Navy MH-53E mine countermeasure and heavy lift helicopters, MQ-8C unmanned rotary aircraft, and ten ships. As this committee is aware, legacy platforms that are costly to maintain and are ill-

equipped to perform their missions in contested environments must be retired in order to invest in new, lethal capabilities.

Some of the ships we seek to divest have yet to reach their expected service lives. Recognizing that the American taxpayer has committed billions of dollars to construction, outfitting, maintenance, and operation of these warships, allow me to provide a hull-by-hull explanation of our request.

For USS *Shiloh* (CG 67) and USS *Lake Erie* (CG 70), both ships are less than three years away from their end of service life, and will require a significant amount of time and resources to improve their material condition and upgrade their combat, hull, mechanical, and electrical systems. Simply put, the costs associated with these upgrades and continued operation of these ships post-modernization are too high to yield a positive return on investment. Instead of returning these ships to a ready state just in time for their normal retirement, the Navy will apply the funding associated with these ships elsewhere either to maintain or modernize in-service assets that provide a greater combat capability to the Fleet and the Joint Force.

The same justification applies for USS *Germantown* (LSD 42), which will reach the end of its expected service life in 2026. USS *Germantown* currently has an unsatisfactory life cycle health assessment and is proposed for divestment based on the cost and condition of the ship, including her rotting wooden decks, limitations on the operation of her cranes, and other material deficiencies. The funds required to maintain USS *Germantown* for her final two years are better spent elsewhere in support of our amphibious fleet. I will also highlight for the committee that retiring USS *Germantown* one year early does not impact our ability to meet the thirty-one

amphibious ship requirement as we continue to procure new LPDs throughout the FYDP with the support of Congress.

USS *Jackson* (LCS 6) and USS *Montgomery* (LCS 8)—two of our *Independence*-Class variant littoral combat ships—have yet to receive the Lethality and Survivability Upgrade, an investment of several million dollars per ship that is beyond our current fiscal guidance. Further, these ships represent an excess LCS capacity beyond our revised requirement for fifteen MCM and ten Surface Warfare Mission Packages.

Much like USS *Jackson* and USS *Montgomery*, USNS *Spearhead* (T-EPF-1), USNS *Choctaw County* (T-EPF-2), USNS *Millinocket* (T-EPF-3), and USNS *Fall River* (T-EPF-4), represent excess capacity beyond what our Navy and Marine Corps needs for expeditionary fast transport ships (T-EPF). Currently, the Navy has fourteen T-EPFs in service with two additional hulls under construction, exceeding the revised, combined Navy and Marine Corps requirement for twelve EPFs. By divesting these four T-EPFs to bring our fleet size in line with service requirements, the Navy will realize significant cost savings and will be able to use the available financial and manpower resources to support higher priority programs.

Finally, we are requesting to divest the USNS *John Glenn* (ESD-2), one of our Fleet's two expeditionary transfer docks which were originally designed and configured around a specific concept of operations for uncontested ship-to-shore maneuver that has been obviated by the evolution of the threat environment. Operational limitations, including low sea-state restrictions, lack of organic surface connectors, and other challenges that limit the utility of this platform as presently configured. By inactivating USNS *John Glenn*, which is already in a reduced operating status, we project an annual cost savings of \$33 million in OMN funding.

While all ten of these ships, as well as the Sailors and Merchant Mariners who have crewed them throughout their time in service so far, have served our Nation admirably, their divestment during FY25 will allow us to maximize our utilization of resources and personnel in support of programs and platforms that better support the Joint Force in countering our most pressing threats.

Research and Development (R&D) of Enhanced Capabilities

Beyond the acquisition of new platforms, systems, and munitions, as well as the divestment of those that are no longer capable of performing their missions, our Department is also focused on the research and development of our next-generation capabilities. PB25's \$25.7 billion for R&D continues to invest in developing and fielding those very capabilities that our Sailors and Marines of tomorrow will rely on in potential future conflicts. These includes our next-generation fighter aircraft, submarines, and large surface combatants, as well as unmanned systems that will operate in the air, on the ocean's surface, and under the sea. Over \$3 billion of this request will also go towards enterprise networks, cybersecurity, and electronic warfare systems to support our personnel and bolster our current posture across the electromagnetic spectrum.

As a part of our larger R&D funding request, \$2.53 billion is set aside for basic science and technology development that underpins our future capabilities. Earlier this month, we released our Department's latest Naval Science and Technology Strategy, the execution of which will be led by our Chief of Naval Research and his team. This strategy will serve as the driving force behind how we invest the American taxpayers' dollars on S&T and will directly contribute to ensuring that our Nation leads the world in developing revolutionary technologies.

Our Department recognizes the importance of protecting the investments we are making in basic S&T research to preserve the competitive advantages they provide to our Sailors and Marines as technologies mature into cutting-edge capabilities. In early February, the Department of Defense (DoD) released the National Defense Industrial Strategy, centered around four priorities—resilient supply chains, workforce readiness, flexible acquisition, and economic deterrence—to strengthen our industrial base's resilience and counter threats posed by adversary capital investments and intellectual property misappropriation to our Nation's innovation ecosystem. In support of this strategy, the DON recently stood up the Maritime Economic Deterrence Executive Council (MEDEC). This body will serve as a coordinating mechanism to synchronize efforts to protect new and novel technologies with naval applications, both across the Department and in alignment with our inter-agency partners.

Over the past year, we have made structural changes throughout our Department—from standing up and empowering new innovation-focused units to elevating the Chief of Naval Research to be a direct report to me—to better facilitate the rapid identification, experimentation, prototyping, fielding, and adoption of new capabilities and technologies that provide our Sailors and our Marines with competitive warfighting advantages.

In September, we stood up the Department's Science and Technology Board, chaired by former Secretary of the Navy Richard Danzig, to bring together leaders across various disciplines to help identify new technologies and capabilities. I charged them to explore the impact of asymmetric, cutting-edge technologies in both the near and distant futures of warfighting, across all domains in which we operate. They are working on improving surface ship cyber defense, shipboard additive manufacturing, and lifecycle maintenance. Our ongoing project on surface ship maintenance is investigating key issues that impact our performance. I expect their

recommendations on potential new technology investments will improve all aspects of our operations, including planning, condition-based assessments, additive/advanced manufacturing, and IT modernization.

Likewise, our initiative on surface ship cyber defense is crucial to executing complex missions in contested environments. We have a world-class team performing this study that will benefit the Fleet. As part of this initiative, we have integrated cybersecurity and defense requirements into the new *Constellation*-class frigate as a critical attribute at the onset of the program. The program has scheduled early integration testing events at available land-based test sites. We intend for these test events to assess network cybersecurity controls and reduce shipboard integration risks for government and contractor-furnished equipment.

This past year, we celebrated the 100th anniversary of the Naval Research Laboratory, highlighting our Department's long history of pioneering research with academia, the private sector and other partners to develop and deliver naval superiority. We benefit from a strong organic, national and global research ecosystem across the entire Naval Research and Development Establishment (NR&DE).

Composed of our fifteen Naval Warfare Centers, five Naval University Affiliated Research Centers (UARCs), the Office of Naval Research, NRL, Marine Corps Warfighting Laboratory (MCWL), Marine Corps Tactical Systems Support Activity (MCTSSA), Naval Postgraduate School (NPS) and our Center for Naval Analysis (CNA), the NR&DE continues to be at the forefront of our basic and applied research through technology development, integration, operations, maintenance and sustainment. The NR&DE unifies Naval R&D organizations to provide greater technological advantage to U.S. warfighting.

This continuum of science, research, development, testing, and evaluation is critical to transitioning ideas and concepts developed in the lab to new capabilities for naval warfighters. Our long-view approach provides our thought leaders the autonomy to produce the scientific knowledge, capability improvements and disruptive technologies able to address naval mission needs. ONR is investing in science and technology projects alongside our international partners and allies, each aiming to address common challenges we face as maritime nations. Similarly, ONR, through NavalX, is working to deepen our international and domestic relationships with industry via our Tech Bridges, many of which are co-located with our Naval Warfare Centers. We connect directly with companies and source commercial technologies that complement and supplement our Fleet and our Force's existing systems, tools, and research.

The Naval Innovation Center (NIC) at the Naval Postgraduate School in Monterey, California, which I announced in December 2022, will empower our next generation of warfighters by leveraging the unique warrior talent at NPS to inform future operational concepts and advanced technology development. The NIC will provide a space for academic collaboration, defense-focused experimentation, and demonstration of operational use cases to ensure the effectiveness, technological leadership and warfighting advantage of the Naval services. Meanwhile, the Marine Innovation Unit (MIU) is focused on identifying, experimenting, and rapidly fielding technologies and capabilities to address gaps identified by our Marines. MIU leverages the expertise and professional networks of our talented Reserve Marines to accelerate the development and fielding of key capabilities throughout the Force. Their efforts are already reducing timelines between identifying needs and delivering warfighting capabilities supporting the Marine Corps' transformational Force Design, ensuring our Marines are agile, capable, and lethal.

The Navy's Disruptive Capabilities Office (DCO) is pushing the bounds of rapidly identifying innovative applications of existing and new systems by harnessing today's exponential growth in technology. The DCO is collaborating with stakeholders from across our Department, DoD, and industry, focusing on identifying solutions for our warfighters at a pace and scale to close our Fleet's most critical capability gaps. It works closely with the NR&DE to address the immediate and near-term needs that require the rapid transition and integration of new and innovative solutions.

Program Executive Office (PEO) Integrated Warfare Systems and PEO Land Systems are conducting a pilot program to improve our business practices, realigning their respective portfolios to a capabilities-focused model. This pilot program explores how our Program Executives can operate under a new portfolio-centric construct to increase the capability development and fielding rate over our present timelines and does so in a manner that leverages pre-existing authorities. The lessons we learn throughout this pilot program will enable all our PEOs to better address the emerging threats and requirements under their respective purviews.

An essential element of our Department's approach to innovation is the collaboration with our fellow services and throughout the DoD. We work with our partners at the Defense Innovation Unit (DIU) and the Office of Strategic Capital to ensure that our requirements for critical technologies are illuminated to industry and investors for their consideration. We are committed to close collaboration within our own Department and with our fellow services, OSD, DIU, and the entire Federal government to ensure we are aligned. The Department of the Navy's contribution to the "Replicator Initiative," partnering closely alongside joint efforts like DIU, will accelerate production and delivery of the capabilities our Joint Force needs at scale.

Innovation is not solely about delivering material solutions. In many cases, the solutions to real operational problems can be found by changing warfighting doctrine or training approaches. As we re-focus our efforts on addressing the challenges we face in the maritime domain today and will face in the future, we must recognize that there are still organizational changes which must be made to ensure we are developing, adopting, and scaling at a rapid pace to deliver the technologies and capabilities our Sailors and Marines require.

Working alongside our partners throughout the DoD, we will continue to evaluate our approach to the rapid adoption and fielding of new capabilities and technologies to ensure we are reducing barriers and transition timelines, ensuring our Sailors and Marines are equipped with modern systems and platforms to support their missions.

Investments in the Organic Industrial Base

As we continue to acquire the ships, submarines, aircraft, and systems we need today and invest in the development of the next generation of platforms and capabilities for the fight of tomorrow, we will not be successful without substantial, consistent investments in the infrastructure that enables these platforms. To that end, PB25 requests \$2.8 billion to continue making the necessary investments in our four public shipyards that will ensure their sustainability and climate resiliency through the Shipyard Infrastructure Optimization Program (SIOP). As I noted earlier, SIOP will improve the operational availability of our Fleet by providing modernized facilities, infrastructure, and equipment that will undoubtedly increase our shipyards' capacity and capabilities to complete maintenance availabilities. By recapitalizing century-old infrastructure, we are also improving the Quality-of-Service for the over 30,000 engineers, artisans, and Sailors who work at our four public shipyards, providing safer working conditions

while creating reliable, resilient, secure energy and water sources for this infrastructure and its mission.

Infrastructure and Installation Resilience

DON installations and facilities are power projection platforms. In order for our installations to remain safe, secure, effective, and resilient, our Department has made it a top priority to tackle infrastructure deficiencies that decrease our ability to support mission requirements. This effort includes addressing facilities and core utilities that are beyond service life and in poor condition as a result of decades of under-investment and neglect. PB25 includes a request for \$11.1 billion for the Navy and \$4.6 billion for the Marine Corps for installation and facilities support, as well as \$4.6 billion for military construction projects, to support our worldwide infrastructure portfolio that our Sailors, Marines, civilians, and their families rely on every day.

While the Department continues to invest in our most critical infrastructure, we are initiating a thirty-year infrastructure plan to guide future investments and resources to fully address the gaps in modernization and recapitalization. This plan is an integrated, informed, sustainable approach that recognizes our installations are critical to our Navy and our Marine Corps' ability to project power on a global scale as well as to defend the homeland.

We also recently initiated a Critical Infrastructure Synchronization Forum, which is designed to work through the challenges and interdependencies of infrastructure resilience and address the threats to our most critical facilities and core utilities. In support of this effort, PB25 includes funding for cyber hardening, smart grids, facility-related control systems, and black start exercises, directly bolstering our infrastructure portfolio against hazards.

As I highlighted earlier, a major challenge that directly impacts our infrastructure is climate change. Climate resilience is an essential component of DON mission readiness, and the Department strives to ensure installations and infrastructure are resilient against extreme weather events, water scarcity, sea level rise, recurrent flooding, wildfires, and other environmental considerations and threats that present significant risk to our mission. Effectively responding to climate impacts is a critical component of strengthening maritime dominance and directly impacts the entire spectrum of military operations. Our National Security Strategy highlights climate change as the greatest and potentially existential shared problem for all nations, and our National Defense Strategy rightly recognizes climate change as a “transboundary challenge” that is transforming the context in which the Joint Force operates. We are taking actions to bolster the resiliency of our Department, while also working alongside our international partners and allies. For example, next month the Assistant Secretary of the Navy for Energy, Installations, and the Environment will be hosting the Department's third climate-related tabletop exercise. This exercise will be focused on the challenges posed by climate change throughout the Caribbean, and how we can work with and support key regional partners on topics including health, safety, and infrastructure. I look forward to sharing with you the outcome of this exercise and what lessons learned can further enhance our Department’s approach to ensuring the sustainability of our worldwide infrastructure portfolio and advance our collaboration with and support of key regional partners.

Energy and energy security are critical to the DON's ability to provide global presence and ensure stability, deter adversaries, respond to crises, and, if necessary, fight and win our Nation's wars. Energy security is necessary to address how we operate in a contested logistics environment, as well as address the increasing demand for clean and reliable energy to support

electrification, support data centers and power Artificial Intelligence, directed-energy weapons, autonomous vehicles, and future technologies. In recent years, the DON has begun development of the Next Generation-Medium Tactical Truck (NG-MTT) to reduce bulk fuel logistics burdens and improve fuel economy. The DON has also developed and patented a safety mitigation container solution to enable the fielding of battery-powered ground vehicles, the first step toward hybridization efforts for Navy ships. Additionally, the Department continues to invest in analytic assessments to support decision-making to meet fuel metering and monitoring requirements.

Red Hill

As we focus on our critical infrastructure portfolio, we remain engaged with the communities that support our installations. One example of this is the values we share with the people of Hawai'i in the community we share with them—including our servicemembers, civilians, and their families—who were affected by the fuel spill at the Red Hill Bulk Fuel Storage Facility (Red Hill). Since November 2021, our Department has been laser-focused on monitoring and remediating the environmental impacts and addressing the effects this spill had on the community that we committed to providing safe drinking water to. Now, with over 99% of the previously held fuel reserves removed six months ahead of schedule, we remain steadfast in our resolve to close Red Hill permanently and conduct the long-term environmental remediation and aquifer restoration efforts at this site to ensure the health of the surrounding natural environment. Last month, I was in Hawai'i to attend the transfer of responsibilities ceremony from Joint Task Force-Red Hill (JTF-RH), which was responsible for defueling Red Hill, to Navy Closure Task Force-Red Hill (NCTF-RH), which will execute the permanent closure of that facility. NCTF-RH's motto is "Safe, Deliberate, Engaged, Committed," and we will continue to engage with

Red Hill stakeholders at all levels to rebuild the trust between our Department and the people of Hawai'i in our ability to provide safe drinking water to the communities we serve.

Safety

Safety is a critical component of our Navy and our Marine Corps foundation and a key indicator of professionalism and discipline, directly contributing to the combat readiness of our Fleet and our Force. The Department of the Navy places the utmost importance on building a culture of safety excellence, and we reject the notion that safety mishaps are simply “the price of doing business.” Many mishaps are preventable when we comply with established procedures and take action to stop unsafe acts before they occur.

However, despite our best efforts, incidents do occur, and when they do, we quickly respond.

The Department of the Navy re-established the Deputy Assistant Secretary of the Navy (Safety) position as a Tier 3 SES, elevating the DON's Safety portfolio commensurate with the importance we place on safety. In addition, the Navy Executive Safety Board, chaired by the Vice Chief of Naval Operations, was reinitiated in 2024 and took effective action on systemic issues noted by the Naval Safety Command (e.g., Shore Fire Protection Systems, Enterprise Safety Management System, and the LCS Small Boat Launch and Recovery System). The DON also established the Shore Policy Board to highlight and address infrastructure-related concerns. The Marine Corps directed the assignment of a General Officer to lead Marine service safety initiatives and provide the requisite level of oversight and leadership.

The DON takes every mishap seriously and properly investigates causal and contributing factors to prevent future occurrences. Additionally, we continue to improve our analytic capability to facilitate identification of units that may be at risk of potential mishap. We continue to refine the

identification of occupational exposures to things like chemicals, noise, and blast overpressure, to better understand the effects of these exposures through science and improve methods to limit exposure. We are executing efforts such as the promulgation of Lessons Learned and a continuous evaluation and refinement of safety policy and guidance.

Creating and maintaining a culture of safety within the Department of the Navy ensures our warfighting readiness, and we remain committed to prioritizing safety education and promulgation.

Building a Culture of Warfighting Excellence

Building a culture of warfighting excellence is focused on training our Sailors and our Marines to be the very best warfighters they can be, rooted in the principles of taking care of our people and enabling strong leadership with an emphasis on treating each other with dignity and respect. This pillar of our enduring priorities emphasizes not only caring for our Sailors and Marines, but also our Navy and Marine Corps families and civilians. Under PB25, we continue to invest in programs and infrastructure that support our people and enable them to devote their maximum effort to mission accomplishment.

Warfighting Expertise

In August 2023, the Navy and Marine Corps conducted Large Scale Exercise 2023 (LSE 23), the third and most complex iteration of the exercise, which included more than 25,000 Sailors and Marines across the world. LSE 23 was a Live, Virtual, and Constructive (LVC) exercise which spanned 22 time zones and included USS Eisenhower (CVN 69) and five other carrier strike groups (two live, four virtual), six Amphibious Ready Group (two live, four virtual), and 25 live and 50 virtual additional ships. Based in real-world events, the Navy and Marine Corps assessed

and refined modern warfighting concepts such as Distributed Maritime Operations (DMO), Littoral Operations in a Contested Environment (LOCE), and Expeditionary Advanced Base Operations (EABO) throughout the exercise.

The Navy is advancing warfighting tactics and development through continued implementation of integrated training environments—live platforms and simulators—across our Fleet, including Live, Virtual, and Constructive (LVC), Link Inject-to-Live (LITL), Navy Continuous Training Environment (NCTE), and Tactical Operational Flight Trainers (TOFT).

The Surface and Mine Warfighting Development Center (SMWDC) remains laser-focused on forging new and advanced surface warfare tactics, techniques, and procedures (TTPs) and training Warfare Tactics Instructors (WTIs) who bring their warfighting expertise to the Fleet. Surface WTIs, highly trained surface warfare officers, specialize in Anti-Submarine and Surface Warfare (ASW/SUW), Integrated Air and Missile Defense (IAMD), Amphibious Warfare (AMW), and Mine Warfare (MIW) and are engaged at every stage of a ship's training cycle. Our successes in the Red Sea are a direct reflection of our investments in high-end tactical training and advanced TTP development, spearheaded by SMWDC, Naval Air Warfighting Development Center (NAWDC), Naval Information Warfighting Development Center (NIWDC), and the WTIs in the Fleet.

We also continue to adapt the expertise of our people in uniform to match the changing character of war. Similar to the establishment of our Maritime Space Officer community in 2021 and the creation of our Maritime Cyber Warfare Officer and the enlisted Cyber Warfare Technician rating last year, earlier this year, we established the enlisted Robotics Warfare Specialist (RW) rating to plan missions and operate and maintain remotely-operated and autonomous systems.

The RW rating is a major milestone in the Navy achieving a hybrid fleet. These new areas of expertise are necessary to preserve our warfighting advantage, and also require a strong foundation of education.

Education Initiatives

We continue to prioritize education in support of force readiness. We provide a range of learning opportunities for our Sailors, Marines, and DON civilians to further develop their professional competencies and intellectual skills that enable our Naval force to succeed against competitors and adversaries, and effectively deter aggression. The DON is taking an integrated, enterprise-wide approach to improve naval education and prioritize programs that are critical for a competitive warfighting advantage. The Naval Education Strategy provides my guidance and vision to modernize naval education over the next ten years, and to more effectively deliver relevant, engaging, competency-focused, and outcomes-based education to the total force. The Department is implementing a continuum of learning for the entire force, integrating education into talent management frameworks for more precise and agile talent management, and strengthening the education institutions within our Naval University System.

For example, the DON is directing \$25 million towards developing the United States Naval Community College (USNCC). The USNCC ensures enhanced operational readiness by providing world-class, naval-relevant education entirely online to a globally deployable force. In September 2023, USNCC completed Pilot II and enrolled approximately 3,500 students, developed seven full associate degree programs in naval-relevant concentration areas, and validated the five Naval Studies Certificate courses that will be the core curriculum for every USNCC associate degree program.

The USNCC is currently pursuing candidacy status and accreditation through the Middle States Commission on Higher Education. USNCC successfully navigated Phase 1 of the accreditation process and submitted the Phase 2 readiness report at the end of September 2023. The USNCC is on track to complete Phase 3 for academic accreditation by Fall 2024. Through the USNCC Consortium Agreement, degrees are currently granted to USNCC students through consortium partners Alexandria Technical and Community College, Arizona State University, Embry-Riddle Aeronautical University, Northern Virginia Community College, Tidewater Community College, University of Maryland Global Campus, and Western Governors University.

The USNCC headquarters has been temporarily based in Quantico, Virginia. In January 2024, the Naval Education Board (NEB), an internal DON board that I established and Chair, voted unanimously to move the USNCC's permanent headquarters to the Security Force building on the campus of the United States Naval Academy in Annapolis, Maryland. At Annapolis, the USNCC staff and faculty will be able to better collaborate with the Naval Academy, and have access to the Nimitz Library, IT support, and ample conference facilities. The USNCC headquarters move will take approximately two and a half years to complete, and will require \$30 million for relocation of the building's current occupants and \$8 million for building renovation.

Education for Seapower Advisory Board (E4SAB)

Education is a key naval warfighting enabler, is essential for force development, and is a top DON priority for building a culture of warfighting excellence. Under the provisions of the Federal Advisory Committee Act, the Education for Seapower Advisory Board (E4SAB) provides the Secretary of Defense and Deputy Secretary of Defense, by way of my role as the

Secretary of the Navy, with independent advice on matters relating to the Naval Postgraduate School, the Naval War College, and the Naval Community College. The E4SAB is a requirement for each institution's academic accreditation and meets at least twice a year. Chaired by the Honorable Sean O'Keefe, a former Secretary of the Navy and NASA Administrator, the board's membership includes leading experts in academia, business, national defense and security, management, leadership, and research and analysis. I have charged the E4SAB to provide recommendations regarding the Naval Education Strategy's implementation. I expect that the board's recommendations will inform the Department's efforts to improve education across our entire Naval University System.

Recruiting/Retention

To maintain a combat-ready Navy and Marine Corps, we focus both on recruiting motivated Americans and on retaining high quality Sailors, Marines, and civilians to meet our personnel needs. Despite a challenging and competitive environment, we are proud to highlight that the Marine Corps met its recruitment goal in FY23 and projects making all FY24 recruiting missions. While the Navy fell short of its FY23 recruiting goals for Officer and Enlisted Sailors, both Active and Reserve, it has placed an increased emphasis on updating recruitment policies and expanding the eligible population by opening the aperture of qualified individuals within authorized parameters in an effort to address the continued challenges presented by a strong economy, competitive labor market, and other social and demographic factors.

High retention is a direct reflection of the value our members place on their military service. In FY23, the Navy and Marine Corps exceeded their overall active duty enlisted retention goals and are on track to meet FY24 goals. We are leveraging financial incentives and programs to include

special and incentive pays, early promotions, and assignment incentive pays to attract and retain Sailors and Marines in undermanned or difficult-to-fill positions and communities.

Benefits and Pay

To attract and retain top-tier talent, the DON understands the need to care for its people through competitive benefits and pay. Initial results of the Quadrennial Review of Military Compensation indicate that enlisted Sailors and Marines earn more than 83% of civilians with similar education and years working. In 2025, the Employment Cost Index (ECI)-based pay raise for our Sailors and Marines will be 4.5%, outpacing expected inflation for the second year in a row. Along with competitive pay, the Navy and Marine Corps boast attractive non-pay policies and programs, including childcare, healthcare benefits, the Career Intermission Program, spouse employment programs, graduate education, Tuition Assistance, focused geographic stability, dual-military co-location, and other programs that contribute to readiness and enhance quality of life. While the DON may provide pay and benefits beyond that of many civilian employers, we should—and will—always remember that we require our Sailors and Marines to serve for a minimum number of years and at times in combat, where they may make the ultimate sacrifice of *their* lives for *our* defense.

To maintain our global posture and critical mission readiness, the DON has put in place aggressive strategies to recruit and retain highly skilled civilian employees. Currently, the DON uses multiple compensation systems that cover approximately 220,000 civilian appropriated fund employees to include General Schedule, Federal Wage System, Senior Executive Service, Wage Marine Pay Schedule, and various Demonstration Projects. In our effort to enhance our compensation program for civilian employees, the DON is currently reviewing our various pay

systems with the goal to streamline or combine these to enhance our capabilities and effectiveness. Additionally, to mitigate challenges in recruitment and retention of our civilian workforce, the DON is working to request approval for enhanced compensation, which include special salary and wage rates as well as special pay incentives above the normal thresholds. Other available compensation strategies include accelerated training and promotion programs, student loan repayment programs, and advanced in-hire rates up to Step 10 for General Schedule employees and Step 5 for Federal Wage System employees.

Quality-of-Service Improvements

The DON prioritizes the continuous improvement of Quality-of-Life (QoL) and Quality-of-Service (QoS) advances. In May 2023, following the investigation into the suicides aboard USS *George Washington* and at Mid-Atlantic Regional Maintenance Center (MARMC), I released a joint memo with then-Chief of Naval Operations Admiral Gilday, *Setting a New Course for Navy Quality of Service*, which prioritized a sustained effort to correct the Navy's QoS. The memo established the Navy's QoS cross-functional team (CFT), and clear Commander's Intent provided the lines of effort focusing the CFT's efforts.

The Navy's CFT, led by Commander, Navy Installations Command, is comprised of flag officers, senior civilians, and senior enlisted personnel from approximately sixty Navy organizations across both the Secretariat and the Fleet. The CFT is establishing standards and measures for Navy QoS, bringing those standards and measures to Newport News Shipbuilding prior to scaling them throughout the Fleet. We are constantly evaluating areas in which we are missing the mark for QoL and QoS enhancements and are finding new ways to improve how we support our Sailors and civilians.

Housing

Improving off-duty Quality of Life resources and initiatives for our Sailors and Marines is a focal point for the DON. This effort includes improving the quality of unaccompanied housing, with \$1 billion over the FYDP for barracks construction and renovations and \$144 million allocated for housing sustainment and management. Under PB25, we are also investing \$41 million in food and housing options for Sailors assigned to ships undergoing maintenance. We are investing \$481 million in restoration of unaccompanied housing, a 32% increase over PB24, and we are fully funding the sustainment of gyms. We have also established that no Sailors reside on-ship during maintenance availabilities and that berthing barges are available for duty section personnel.

The Marine Corps' Barracks 2030 initiative lays out an ambitious plan to improve the Corps' management of the barracks, modernize the barracks inventory, and update the refresh rate of the materials in the barracks. With the support of Congress, the Marine Corps has implemented the Capital Planning Tool to leverage a tiered approach to facility lifecycle management that reduces footprint while prioritizing investments for the most critical facilities.

We are committed to improving the living conditions for our Sailors and Marines who reside in unaccompanied housing, and will continue to work closely with Congress, including the House Armed Services Committee's Quality of Life Panel, to ensure transparency and collaboration on this important issue.

We are also focused on the continuous improvement of our Military Housing Privatization Initiative program to maintain resident trust. We are reinforcing DON oversight and exercising active leadership to ensure that the community residing in privatized housing feels heard and

supported. Over the past year, the DON Housing team has made great strides in moving the privatized housing program into the next phase of sustained oversight and dynamic leadership involvement. We continue to improve the tools we have developed to perform better analysis of our processes, policies, and the overall program to ensure higher levels of service and satisfaction for our Sailors, Marines, and their families. PB25 includes requests for \$245 million for construction as well as \$377 million for operations—including the management, services, furnishings, utilities, maintenance, leasing, and privatization support—in support of our family housing program.

The DON remains committed to the early identification and resolution of housing issues, as well as improving processes and oversight to improve our residents' experiences. We are dedicated to providing suitable, affordable, and safe living quarters for our Sailors, Marines, and their families, and PB25 directly supports our efforts to do so.

Family Readiness

The DON views childcare as a workforce enabler that directly enhances the readiness, efficiency, and retention of our Sailors and Marines. The Navy and Marine Corps operate Child Development Centers (CDCs), Youth Centers for children ages 6-12, provide fee assistance for in-home care providers, and subsidize commercial spaces under a program titled Military Child Care in Your Neighborhood. There are seven 24/7 CDCs to accommodate shift workers and watchstanders in Fleet concentration areas and extended hours of operation at other locations. Together, the Navy and Marine Corps have approximately 42,000 childcare spaces world-wide and employ over 8,400 child and youth professionals.

However, the demand for childcare exceeds the available inventory both on and off-base. Due to community and military capacity shortfalls and staff hiring, there are approximately 4,300 children on the waitlist. While this is a significant decrease from the 11,000 children on the waitlist in July 2021, we remain laser-focused on continuing to reduce our waitlist numbers. In FY23, Navy Child and Youth Programs (CYP) executed a contract with a commercial childcare provider to open forty-eight additional spaces near Naval Air Station Jacksonville, and the model will be replicated in San Diego and Norfolk. We are also expanding our on-base childcare capacity through ongoing military construction projects in Naval Base Kitsap, Naval Base Point Loma, Naval Support Activity Hampton Roads, and Joint Expeditionary Base Little Creek/Fort Story. The Marine Corps has four projects in planning for FY25-26 in Marine Corps Base Camp Pendleton, Anderson Air Force Base in Guam, Marine Corps Base Quantico, and Marine Corps Base Camp Butler.

Due to frequent moves to new duty stations, spouse employment can be a concern for military families and an obstacle to financial security. The unemployment rate of military spouses is approximately 21%, and earnings are typically less than those of their counterparts with equal experience in the private sector. They can be at a disadvantage when it comes to finding gainful employment, from occupational re-licensure to finding new schools or adequate and affordable childcare. The Navy and Marine Corps Employment Assistance Programs provide military spouses with information, referrals, and guidance counseling to assist in making effective career and education decisions. To address the challenges faced by military spouses and lower the financial burden associated with relocating, the Navy and Marine Corps provide reimbursement for Spouse Licensure and Certification. As of February 2024, the Navy and Marine Corps have

reimbursed a combined total of 1,293 licensure claims to support the careers of our military spouses.

Exceptional Family Member Program (EFMP)

The DON is committed to providing our Navy and Marine Corps families with necessary assistance and care at their assigned locations. The Exceptional Family Member Program (EFMP) ensures Sailors and Marines are assigned to locations where the required medical services and educational support are available for families with special needs. Navy EFMP employs 117 personnel to support 23,516 enrolled family members. The Navy has identified and initiated the process of establishing its central/single-site EFMP office at Navy Personnel Command under PERS-45 to coordinate health services, permanent change of station order processing, identification/enrollment/disenrollment, and educational support services; we expect full operation of the office by Q4 FY25. The Marine Corps is compliant with the requirement for a central office that reports to the Deputy Commandant for Manpower and Reserve Affairs.

While most Navy and Marine Corps families are satisfied with EFMP, we continue to seek areas of improvement, namely in areas of medical and educational support. The Marine Corps was the first service to offer specialized legal support services to families to address education needs, and the Navy has implemented the provision of special education legal support to families. To address the medical issues, the Defense Health Agency is working to reduce the long wait times for specialty care.

Mental Health and Resiliency

Mental health is health. Mental health concerns remain a top priority within the DON. Admiral Franchetti, General Smith, and I are committed to ensuring our Sailors and Marines have access

to the tools available to strengthen their mental health. We are also committed to ensuring that their leaders have the tools available to assist them in recognizing personnel who may require a mental health evaluation.

Prioritizing mental health includes embracing a change in culture and view towards accessing mental health services—one which acknowledges that seeking help is a sign of strength. We are working to ensure our commanders, leaders, supervisors, and civilian and uniformed managers at all levels continue to normalize talking about mental health issues to destigmatize seeking mental health care, and ultimately encourage Sailors and Marines to make use of well-being resources throughout their careers.

Brandon Act

In July 2023, under ALNAV 054/23 and in alignment with the DoD Directive-type Memorandum 23-005, the DON implemented the Brandon Act. The Brandon Act honors the life of Petty Officer Third Class Brandon Caserta by allowing service members to self-initiate a mental health evaluation at any time, for any reason, and in any environment. There is a direct tie between mental health, overall well-being, and combat readiness. In order to ensure we are ready, we prioritize mental health as we do physical health and will continue to increase awareness of resources and services available to our Sailors and Marines. I will stress again that seeking help is a sign of strength.

Military Justice Reform

The DON has answered the call for meaningful change to our military justice practice. We are deliberately and comprehensively delivering the most significant reforms to the system in more than seventy years. The FY22 NDAA military justice reforms and SECDEF's Independent

Review Commission (IRC) recommendations are top-priority initiatives for the Navy and Marine Corps judge advocate communities, and shortly after I became Secretary I established an Implementation Advisory Panel comprised of senior DON leaders whom I directed to oversee and expedite the adoption of the NDAA and IRC recommendations, including the timely establishment of the Office of Special Trial Counsel (OSTC) for each service, implementing independent prosecution offices for personal violence offenses, known as covered offenses.

In October 2023, in advance of the December 2023 deadline set by the NDAA, both the Navy and Marine Corps OSTCs became fully operationally capable and are staffed by experienced, specialized, and well-trained legal professionals to ensure independent review of the most serious personal violence offenses in each service. The FY23 and FY24 NDAAs expanded upon the military justice reforms enacted by the FY22 NDAA, and the budget request for FY25 includes funding to support the sustainment and staffing of both OSTCs. My Implementation Advisory Panel proposed, and I agreed, that the independent investigation of sexual harassment allegations in the DON should be conducted by the Naval Criminal Investigative Service. We have provided additional resources to NICS for this important mission. We have also strengthened collaboration by integrating local OSTC counsel with NCIS Family and Sexual Violence squads.

The Naval Court-Martial Reporting System (NCORS) is the DON's new electronic case management system, currently in its final stages of development to meet statutory requirements. It is a modern, cloud-based system that is easily configurable system and will enable the Navy and Marine Corps to better track and analyze military justice data and to respond to Congressional requests. PB25 includes additional funds for NCORS for expanded roles and functionality.

Other important reforms include a new, military judge-alone sentencing system with parameters and criteria, expanded access by convicted service members to the appellate court system, broader notification rights for crime victims, randomized selection of service members detailed to court-martial panels, new procedures for complaints of sexual harassment, and increased resources for defense counsel.

Military justice reform remains an ongoing and evolving effort, and both services are continually assessing the efficacy of new policies and practices and are ready to adjust as needed. The Navy and Marine Corps judge advocate communities, in close partnership with the OSTC regarding covered offenses, are spearheading initiatives for the Department of the Navy to develop a comprehensive, ongoing assessment framework using a wide range of qualitative and quantitative factors. These assessments include a newly developed military justice reform survey to obtain victim and other user input on their perception and confidence in the system as the significant military justice reforms are implemented.

Audit Process

After a two-year audit cycle across FY22 and FY23, the Marine Corps passed its financial statement audit with a clean opinion, successfully accounting for more than \$46.3 billion in assets. The Navy is undergoing its seventh full financial statement audit of the Navy General Fund (GF) and the DON Working Capital Fund (WCF) in FY24. We continue to execute our proven strategy focused on transformational changes geared towards our most impactful areas that includes consolidating the number of feeder and accounting systems the Navy uses, accounting for and valuing the Navy's mission-critical assets, supplying the warfighter, and enhancing cybersecurity.

In FY23, the DON sustained all prior year material weakness downgrades and downgraded three additional material weaknesses ahead of schedule—GF Fund Balance with Treasury and GF and WCF Oversight and Monitoring. In addition, the Navy closed 306 financial and information technology audit findings, leading all Services in FY23 closures, and concluded the fourth year of 100 percent physical inventory testing, achieving 99.5 percent inventory accuracy for 11 million items. Even with the size and complexity of the DON, our audit strategy is generating proven results validated by our auditors.

Enhancing Strategic Partnerships

In addition to Strengthening Maritime Dominance and Building a Culture of Warfighting Excellence, the President’s Budget for Fiscal Year 2025 enables us to continue our work in enhancing our Strategic Partnerships, both at home and abroad.

International Partnerships

In every region where our Sailors and Marines operate, we do so alongside our international partners. The relationships we enjoy with our allies and partners are unparalleled by our potential adversaries, and we are proud to enjoy the friendship of like-minded nations who share our commitment to upholding the rules-based international order that has brought relative stability and prosperity to billions of people over the last several decades. Foundational to our international partnerships is the trust our Sailors and Marines share with their counterparts—a trust that is developed through countless exercises and operations.

Over the past year, I have been fortunate to attend several bilateral and multilateral exercises in person, including UNITAS 64 in South America and TALISMAN SABRE in the Indo-Pacific. During every exercise, I was impressed by the skills of our partners and the esprit de corps

shared between our Sailors, our Marines, and their international counterparts. With each evolution, the power of our combined maritime forces was on full display, and I look forward to opportunities this year to observe the increasing interoperability and cooperation with our allies and partners at events such as Rim of the Pacific 2024, scheduled for this summer in Hawai'i.

Exercises are only one facet of our strategy to engage with our international partners and allies. At a macro level, the United States Navy and Marine Corps remain committed to supporting our longstanding NATO alliance—an alliance which now includes Finland and Sweden—especially as our European allies continue to address security concerns presented on their borders by Russia. We also are committed to our partners in Africa, where last year I attended the first-ever U.S.-hosted African Maritime Forces Summit, held in Cabo Verde.

In the Indo-Pacific, we are focused on ensuring the success of AUKUS, a generational security partnership that both provides our Australian allies with a nuclear-powered, conventionally-armed submarine fleet and fosters advanced technology development among Australia, the United Kingdom, and the United States in several critical areas, including undersea capabilities, artificial intelligence, and machine learning, cyber, and hypersonics. As part of AUKUS, the Australian government's contribution to the U.S. Submarine Industrial Base starting in FY25 will supplement our own SIB investments. These investments will facilitate increased U.S. production of future Virginia-Class submarines, which will offset the impacts to the U.S. submarine fleet caused by the sales of one in-service Virginia SSN in 2032 and a second in-service SSN in 2035 to Australia in accordance with Congressional authorization, as well as a new-construction submarine which will be sold to Australia in 2038. We are grateful for the support of this committee in our work to ensure the success of the AUKUS partnership, which will further our goal of maintaining a free and open Indo-Pacific region for decades to come.

Guam

As we continue to strengthen our international partnerships, we are also focused on building and maintaining our relationships here in the United States with the state, territorial, and local governments across the many communities that support our Sailors, Marines, civilians, and their families. As such, we are deeply involved with the government and citizens of Guam. Our Department is on track to begin the movement of Marines from Okinawa to Guam in support of the Defense Policy Review Initiative, with the relocation of Marines slated to begin in the first quarter of FY25. The end state of this personnel movement is projected to leave 11,500 Marines on Okinawa, while stationing 7,000 Marines on Guam. I am also pleased to highlight that our Under Secretary of the Navy was appointed by the Deputy Secretary of Defense to serve as the Senior Defense Official for Guam (SDOG). In this role, Under Secretary Raven will serve as the DoD's senior representative when meeting with key leadership and stakeholders in Guam. He will also provide senior leadership oversight and support to Commander, Joint Region Marianas in the execution of on-island activities and will liaise with the Army, Air Force, USINDOPACOM, USD (A&S), USD (R&E) to ensure we are aligned in the capability development and delivery of logistics and infrastructure requirements.

As we face the unprecedented pace of our mission growth on Guam, infrastructure and facilities are required to support the expansion of our on-island infrastructure footprint. In support of our military construction and family housing construction projects, totaling \$2.9 billion across the FYDP, we greatly appreciate Congress' approval of an extension of the H2B visa program through 2029, which will provide measures to offset workforce capacity challenges in support of our missions on Guam. We are committed to working with our government partners and stakeholders on Guam, as well as our partners across the DoD, to ensure the success of the

transition of our personnel. We appreciate this committee's support as we carry out this process in a disciplined, sustainable manner that will enhance the readiness of our forces throughout the Indo-Pacific.

Industry Partnerships

Beyond international and local partnerships, we are also committed to ensuring that the defense industrial base on which we rely remains responsive to our acquisition requirements. PB25 invests \$4.0 billion in our Submarine Industrial Base to support submarine new construction and sustainment, as well as \$227 million in the weapons industrial base to increase surge production and suppliers for critical components. These investments are vital to maintaining the health of key industries that play a significant role in the lethality of our Fleet and our Force—industries from which we cannot afford to accept production delays.

We continue to pay special attention to increasing our engagements with small businesses throughout the defense ecosystem. As a former small business owner, I know just how critical this segment is, and I also know the incredible amount of expertise and know-how these firms bring in support of our Sailors, Marines, and civilians. The DON continues to explore all opportunities to increase prime awards to for Small Businesses (SB), including but not limited to increased outreach to the SB industrial base via conferences and Navy Weeks, monitoring subcontracting performance and trends of our large prime partners, and continuing to stress the importance of disaggregation of expiring contracts to give a possible greater allocation to small businesses. As a direct result of these strategic initiatives, the DON has increased spending with SBs by 30% over the last three fiscal years, with SDBs experiencing a similar 30% increase over that same time period. Both SB and SDB set new records for prime awards in FY23, with Small

Businesses receiving over \$20B in prime awards from the DON (an increase of \$1.5B over FY22); Small Disadvantaged Businesses received \$7.6B in prime awards from the DON (an increase of \$680M over the prior record of \$6.9B set in FY22). For FY24, we are on-track to meet our Small Business goals and remain committed to doing so during FY25.

Beyond capital investments and engagements with small businesses, we continue to partner with industry and academia in workforce development initiatives. This past October, I attended the groundbreaking ceremony for a new, purpose-built regional training center in Danville, Virginia, that will expand workforce training opportunities in "new-collar" trades—those that combine traditionally blue-collar jobs with cutting-edge technologies—which are crucial to submarine and ship construction. This regional training center demonstrates the progress that can be achieved when local, state, and Federal governments, as well as industry and academia, come together and collaborate in support of a noble cause. Danville can and should serve as a model for nationwide training programs that provide Americans with the skillsets necessary to achieve employment in good-paying jobs while also contributing to our national security.

Last month, I received the results of the 45-Day Shipbuilding Review, conducted by my Assistant Secretary of the Navy for Research, Development, and Acquisition and Commander, Naval Sea Systems Command. This review illuminated the delays we are experiencing across several major shipbuilding programs and highlighted the challenges faced by both industry and the Navy to deliver ships and submarines on time. Our Department undertook this review to both provide transparency to Congress and identify steps we can take to develop a more realistic, pragmatic approach to shipbuilding. We are building a process and a team to reduce delays in ship and submarine deliveries with our industry partners, and we appreciate the continued support of this committee as we endeavor to “Get Real, Get Better” on shipbuilding.

As we invest in the capacity, workforce, and capabilities of our industry partners, we must also give due consideration to holding industry accountable for the work they are contracted to perform. It is of utmost importance that the American people receives the best value for taxpayer dollars, and the Taxpayer Advocacy Project (TAP) ensures just this. TAP leverages DON subject matter expertise to research recurring contractor issues and legal solutions, educate Program Executive Officers, Program Managers, Contracting Officers, and DON attorneys on available legal tools to improve contractor performance, and assist those same stakeholders in identifying and clearing any Pentagon or vendor barriers to deliver contracted material and services on behalf of the warfighter and the taxpayer. TAP supports my priorities by positively impacting readiness improvement, ensuring that our Sailors and Marines are well-equipped, that contract cooperation is flowing both ways, and that the DON receives what it paid for on-budget, on-schedule, and on-performance.

Maritime Statecraft

This past September, during my remarks at Harvard University's Kennedy School of Government, I called for a new vision of Maritime Statecraft to prevail in this era of intense strategic competition. Maritime Statecraft encompasses not only naval diplomacy but also a national, whole-of-government effort to build comprehensive U.S. and allied maritime power, both commercial and naval. Our Nation's most prominent naval strategist, Alfred Thayer Mahan, argued that naval power begets maritime commercial power, and control of maritime commerce begets greater naval power. The PRC's leaders have read Mahan, and their actions show it.

As the PRC has built up its commercial and naval fleets and gained influential ownership in ports around the world, U.S. commercial maritime power has declined precipitously. Today, the PRC is the world's largest builder of commercial, ocean-going ships, with over 40% of the global market being built in Chinese shipyards. More concerning still, Beijing leverages its dominant commercial shipbuilding capacity and modern commercial shipyards and infrastructure to efficiently produce its naval fleet. Chinese shipping firms have come to dominate the worldwide commercial shipping industry. They have established an ownership stake in 95 ports across 53 countries worldwide, including in many of our own ports and those of our allies. They also field the world's largest global fishing fleet and the third largest merchant marine fleet with more than 7,000 ships, compared to the United States—ranked 70th—with 178.

Since entering office in August 2021, I have engaged across our Federal government—with the White House, the Department of Transportation, the Department of Homeland Security, Department of Commerce, the Office of the U.S. Trade Representative, and throughout the DoD—to bring attention to this issue and explore what authorities we can leverage to support the revitalization of our national shipbuilding industry. For example, Secretary Buttigieg and I had a productive discussion regarding our shared Title 46 authority in the Construction Differential Subsidy that allows the U.S. Government to offset the higher cost of building a commercial ship in the United States relative to foreign shipyards provided the Secretary of Transportation and the Secretary of the Navy certify a national security purpose for the vessel. I have likewise welcomed the United States Trade Representative's in-depth engagement on boosting the proportion of U.S. international trade carried on U.S.-flag vessels—today, less than one half of one percent of U.S. international exports and imports sail on U.S.-flagged merchant ships, almost all of which are foreign-built.

My team and I have toured private shipyards across our Nation, from Bayonne, New Jersey, and Philadelphia, Pennsylvania, to Vallejo and Richmond, California, to better understand the capacity and workforce challenges these yards face. In February, I held engagements with the leadership of major shipbuilders in Japan and South Korea to gain a better understanding and appreciation for how they construct commercial and naval vessels in modern shipyards. I was enormously gratified by the strong interest expressed by the leaders of these world-class shipbuilders in establishing U.S. subsidiaries and investing in shipyards in the United States—and I could not be more excited at the prospect of these companies bringing their expertise, their technology, and their cutting-edge best practices to American shores.

In mid-November, I convened the inaugural meeting of the Government Shipbuilders Council at the Coast Guard's only public yard in Baltimore, Maryland. This new organization, comprised of representatives from the Departments of Transportation, Commerce, Homeland Security, and Defense, and our five government shipbuilding partners—MARAD, Coast Guard, NOAA, and the Army—will discuss how we can work together to collectively engage with industry, address common challenges, and share best practices.

All of these are early steps, and there is still much work to be done. We welcome Congress' collaboration and support as we continue our Department's work on Maritime Statecraft with our counterparts in other Federal departments and agencies, industry, academia, and our international allies and partners. Revitalizing our comprehensive maritime power is a generational endeavor, requiring sustained, bipartisan commitment at the national level. Though the road ahead may be long, not a moment's time should be lost in embarking on a task so essential to our country's security and prosperity.

Closing

As I close, it is important to remember that the missions we send our Sailors and Marines on every day are anything but routine and, in most cases, extremely dangerous.

In January, we suspended the search for two U.S. Navy SEALs we lost at sea—Petty Officer First Class Christopher Chambers and Petty Officer Second Class Nathan Ingram—during the seizure of lethal, Iranian-supplied advanced conventional weapons to the Houthis.

And in February, we lost five Marines in a training accident—Lance Corporal Donovan Davis, Sergeant Alec Langen, Captain Benjamin Moulton, Captain Jack Casey, and Captain Miguel Nava—assigned to the “Flying Tigers” of Marine Heavy Helicopter Squadron 361.

As we mourn the loss of these brave Americans, their fellow Sailors and Marines continue to deploy around the globe. We honor their legacy by protecting the families they left behind and by upholding the ideals and principles that they gave their lives for.

The investments we ask you to make in our Navy and Marine Corps represent more than just buying ships, aircraft, and submarines, developing new capabilities, or bolstering the resiliency of the critical infrastructure we rely on. It is about supporting our men and women, both uniformed and civilian, and their families, who have committed their careers and indeed their lives in defense of our Nation.

I am grateful for the continued bipartisan support of this committee, and I look forward to working with all of you to advance our Nation's security with a Navy and Marine Corps that possesses the enduring advantages required to uphold our nation's interests in peacetime, deter potential adversaries in crisis, and win decisively in war.

May God continue to grant the United States of America and its people fair winds and following seas. Thank you.