STATEMENT

OF

ADMIRAL JOHN M. RICHARDSON

CHIEF OF NAVAL OPERATIONS

BEFORE THE

SENATE COMMITTEE ON APPROPRIATIONS

SUBCOMMITTEE ON DEFENSE

ON

FISCAL YEAR 2020 NAVY BUDGET

1 MAY 2019
Chairman Shelby, Vice Chairman Durbin, and distinguished members of the committee, thank you for the opportunity to testify today on the Navy’s Fiscal Year 2020 budget.

To place this budget in its appropriate tactical, operational, and strategic context, we must understand what America stands for in the world so we don’t forget it or, worse, take it for granted; the U.S. Navy’s unique and historic connection to those core tenets; the challenges to those principles and our national interests by competitors like China and Russia—and our Navy’s response; and the investments made in the President’s FY-20 Budget to deliver, operate, sustain, and maintain a Navy that is bigger, better, and more ready to sail anywhere and do anything in defense of our country.

We Are a Maritime Nation—We Rely on Freedom of the Seas

Our first President, George Washington, best captured the value a Navy provides to the American people when he said: “It follows then as certain as that night succeeds the day, that without a decisive naval force we can do nothing definitive, and with it, everything honorable and glorious.”

Over 600,000 active and reserve Sailors and Navy civilians—alongside our partners in the Congress, academia, industry, and around the world—devote much of their lives to designing, producing, and operating a “decisive” naval force. Our decisive naval force operates around the world, defends our national interests, stands ready to fight if called upon, and de-escalates tensions on our terms. The President’s FY-20 Budget delivers and sustains this decisive force and the investments contained therein will keep our Navy on a true course and making best speed to, as our oath declares, “support and defend the Constitution of the United States and the country whose course it directs.”

Our founding values, as well as our livelihoods and collective national security, are tied to the world’s oceans. The seas are a prime facilitator of our prosperity as a people. But prosperity does not and cannot exist in a vacuum. It is the result of secure and orderly conditions that enable the flow of goods and services, access to markets via open oceans and critical waterways, and the ability to move unimpeded across the seas.
The seas present both challenges and opportunities—and the rapid changes in the maritime environment are stark and profound. More than 90 percent of all international trade travels by sea—60 percent of that by value sails in containerized vessels. In recent years, approximately 735 million containers were shipped worldwide annually. If placed end-to-end, those containers would encircle the globe at the Equator more than 11 times. Beyond the numbers on trade, the global economy’s reliance on the seas for resources—rare earth minerals for advanced technology, energy, or aquaculture—increases their economic and strategic importance. The seabed also plays host to 287 undersea fiber-optic cables through which 99 percent of global internet traffic passes, fueling the modern economy.

Each of these developments serve to make the seas even more congested—and more vital.
Challenges to the United States and the International Order

Despite the United States’ persistent work over two centuries to keep the seas open to every nation and every mariner, there are those who seek to upend this free and open order and stem the tide that has steadily lifted all boats. As discussed in the 2018 National Defense Strategy (NDS), China and Russia are deploying all elements of their national power to achieve their global ambitions. China and Russia seek to accumulate power at America’s expense and may imperil the diplomatic, economic, and military bonds that link the United States to its allies and partners. And these actions are not only directed at the United States: China and Russia are working to redefine the norms of the entire international system on terms more favorable to themselves.

Eurasian Hotspots Threaten Critical U.S. Interests

China and Russia are determined to replace the current free and open world order with an insular system. They are attempting to impose unilateral rules, re-draw territorial boundaries, and redefine exclusive economic zones so they can regulate who comes and who goes, who sails through and who sails around. These countries’ actions are undermining international security. This behavior breeds distrust and harms our most vital national interests.
China’s Belt and Road Initiative in particular is blending diplomatic, economic, military, and social elements of its national power in an attempt to create its own globally decisive naval force. China’s modus operandi preys off nations’ financial vulnerabilities. They contract to build commercial ports, promise to upgrade domestic facilities, and invest in national infrastructure projects. Slowly, as the belt tightens, these commercial ports transition to dual uses, doubling as military bases that dot strategic waterways. Then, the belt is cinched as China leverages debt to gain control and access. In the final analysis, these unfavorable deals strangle a nation’s sovereignty—like an anaconda enwrapping its next meal. Scenes like this are expanding westward from China through Sri Lanka, Pakistan, Djibouti and now to our NATO treaty allies, Greece and Italy.

The U.S. Navy Responding to Challenges Around the World

The U.S. Navy is responding to this changing security dynamic by playing to our strengths: deploying all around the globe, regularly enforcing common principles, strengthening the conditions that have enabled mutual prosperity, and protecting our national interests. As you read these words, more than 60,000 Sailors are deployed on board nearly 100 ships and
submarines to enforce a free and open order that enables this unprecedented flow of goods and services.

As the National Defense Strategy makes clear, the U.S. Navy will compete aggressively to shape our modern maritime environment, ensuring that order and security continue to underpin our prosperity. We do so by harnessing the myriad forces at play—the increasing use of the maritime domain; the rise of global information systems and the role of data-driven decision-making; and the increasing rate of technological creation and adoption. We remain committed to challenging excessive maritime claims, strengthening relationships with allies and partners, and upholding time-tested values.

The U.S. Navy Deployed Around the World

How can we maintain this worldwide posture and compete given these strategic realities? How must we invest in order to build, sustain, organize, and strengthen ourselves so that we can continue harnessing the global maneuver power inherent in naval forces? The answers lie in the President’s FY-20 Budget (PB-20), a submission firmly rooted in addressing Great Power Competition and moving boldly and swiftly into the future.

Importantly, the single most effective way to maintain the strategic momentum started in FY-17 is to enact the President’s FY-20 Budget prior to the start of the fiscal year. This funding
will help us fulfill our responsibilities in the National Defense Strategy by building the Navy the Nation Needs: a balanced force that will increase America’s naval power and safeguard our economic, diplomatic, and military interests around the world.

**A Bigger, Better, More Ready Navy**

PB-20 seeks $160 billion for the U.S. Navy. For perspective, this request represents approximately three percent of the federal budget. According to the Congressional Budget Office, this investment represents approximately half of the amount currently expended on servicing the national debt and one-third of current expenditures on Medicaid.

This budget request preserves our industrial base and establishes an aggressive, forward-looking, competitive posture. Our industrial partners are counting on us for consistent and continuous commitments. Absent this behavior, we may perpetuate, rather than end, the “boom-and-bust” cycles we have experienced in the past. Coincident with this aim to steadily grow the force and preserve our industrial base is the responsibility to “own” the additional inventory when it arrives. PB-20 embraces future capabilities while judiciously stewarding our current force.

The guiding principle of our budget request is to balance naval power across its many dimensions. Naval power is not a choice between increased capacity or better capability—it is a combination of both. Naval power is not a choice between readiness and modernization—it requires a balance of both. Naval power is not a choice between more complex stand-alone technologies or networked systems—it is achieved through both. The talent to operate and sustain a larger and more lethal force is not a choice between more people or better training—it must draw from both.

**Bigger**

An ongoing force structure assessment will conclude by the end of 2019. While data-driven analysis may ultimately change the details of our long-term fleet architecture, all force structure analyses agree in one respect: we must build a **bigger Navy**.

**A Bigger Navy: PB-20 vs PB-19 Shipbuilding Comparison**

![Graph comparing PB-19 and PB-20 shipbuilding plans](image-url)
To increase America’s naval power, we will build more platforms like ships, submarines, and aircraft, and expand our special operations forces. In 2018, Congress made a 355-ship Navy the law of the land, and this increased capacity will strengthen our ability to prevail in any warfighting contingencies, meet demand signals from Combatant Commanders, expand global influence, and support American prosperity by safeguarding access to critical markets, waterways, and chokepoints.

The FY-20 budget requests nearly $24 billion in ship construction accounts to fund one nuclear-powered aircraft carrier, three fast attack submarines, three large surface combatants, one small surface combatant, two combat logistics force ships, and two auxiliary support ships. Expanded across the Future Years Defense Program (FYDP), PB-20 funds construction of 55 battle force ships to achieve a 301-ship Navy in FY-20 and a 314-ship Navy in FY-24. Along with class-wide service life extensions, this puts us on pace to reach a 355-ship Navy in FY-34 (approximately 20 years sooner than PB-19). The Annual Long Range Plan for Construction of Naval Vessels (also referred to as the “Thirty Year Shipbuilding Plan”) accompanies this budget request.

There is no more existential imperative than deterring a nuclear attack on the homeland. PB-20 fully funds the COLUMBIA-class ballistic missile submarine program to do just that. Fully funding this request now will ensure that the lead ship’s construction commences on time in FY-21, delivers in 2028, and conducts its first alert patrol in CY 2030. The COLUMBIA-class will guarantee continuity of the most survivable leg of the strategic deterrent triad into the 2080s. This budget also procures 373 fixed and rotary wing aircraft (including 84 Block 3 F/A-18E/F Super Hornets), 226 unmanned systems, and over 17,000 weapons and munitions across the FYDP.

The recently approved block buy of two GERALD R. FORD-class aircraft carriers (CVNs 80 and 81) saves American taxpayers approximately $4 billion. It also maintains our trajectory towards the requirement of 12 more survivable and powerful aircraft carriers, and it gives our industrial partners much-needed predictability. It also represents an investment in future technologies that solidifies the nuclear-powered aircraft carrier as a centerpiece of national defense through the rest of the century.

Finally, PB-20 funds an additional 5,100 Sailors in FY-20 (and 18,600 over the FYDP) on top of FY-19 end strength levels to recruit, man, maintain, operate, and fight these added ships, submarines, and aircraft. Filling gapped billets at sea remains our top manning priority, and we are committed to operating safely, effectively, and sustainably over time as the battle force grows.

Better

To increase America’s naval power, we will build a better fleet—one that is more capable, agile, networked, and resilient across all of our naval platforms. This means fielding state-of-the-art systems and continually modernizing legacy equipment. In addition to other modernization efforts, the FY-20 budget includes $18 billion for research and development—an increase of $1.4 billion over FY-19 enacted levels.
For example, PB-20 includes $4 billion across the FYDP to modernize 19 guided missile destroyers. This includes critical upgrades to AEGIS Baseline 9, enabling them to simultaneously perform Integrated Air and Missile Defense (IAMD) and Ballistic Missile Defense (BMD) operations. As well, improvements to Naval Integrated Fire Control Counter Air (NIFC-CA) will allow networked ships to share identification, targeting, and fire control data. PB-20 funds 160 F/A-18E/F Super Hornet Service Life Modifications (SLM) across the FYDP, equipping these aircraft with more lethality at greater ranges, improved signatures, and advanced networks.

The budget also increases investments in long-range offensive ship-, sub-, and air-launched weapon systems, including: Tomahawk Land Attack and Maritime Strike missile, Long-Range Anti-Ship Missile (LRASM), Standard Missile (SM) 6, Joint Standoff Weapon Extended Range (JSOW-ER), Harpoon Block II+, as well as investments in Conventional Prompt Strike hypersonics. The budget augments investments for acoustic superiority modernization by requesting $93 million in FY-20 ($633 million across the FYDP) to improve submarine quieting and sensor performance. To deliver capability faster, we are also leveraging accelerated acquisition and rapid prototyping by investing $1.3 billion in FY-20 ($4 billion across the FYDP) for the Navy Laser family of systems, SM-2/6 weapons, MQ-25 Stingray carrier-based unmanned aerial system, and Unmanned Underwater Vehicles.

A Better Navy: Delivering Unmanned Capability

Note: This chart represents platform deliveries and therefore may include platforms procured in earlier budgets.
The FY-20 budget builds on the progress made in FY-19 by pursuing near-term Naval Tactical Grid development and investing $50 million in FY-20 ($236 million across the FYDP) for the newly-established Digital Warfare Office to design and implement a comprehensive operational architecture to support emerging Distributed Maritime Operations concepts. The Navy will also invest $440 million in FY-20 (and more than $2 billion across the FYDP) to fund Fleet and industrial base cyber security, and hardening of ship hull, mechanical, and electrical systems among others.

As these investments indicate, the Navy is focused on controlling the high-end fight. Nuclear-powered aircraft carriers are, and will continue to be, central to this effort. FORD was designed to deliver more capability for today’s airwing and to provide growth opportunity for tomorrow’s airwing—more lethal systems, and increased power generation. FORD is also proving more cost effective with a 30 percent higher sortie rate with a 20 percent smaller crew than her NIMITZ-class predecessors. This translates into $4B savings over the life of the FORD class when compared to NIMITZ class: in other words, more naval power for less cost.

FORD is innovation on a grand scale, offering a host of new technologies that will greatly improve the combat power of strike groups. As with naval innovations of the past, we didn’t get everything right on the first try. We have learned with each test and most of the new systems are now operating. And we will continue to learn, iterate, and improve: the second FORD-class ship is being built with 18 percent fewer man hours. Despite this aggressive approach to adopt new technologies, FORD was delivered with less lead-ship cost growth than several other ship classes. FORD and her successors will set a new standard for afloat performance and combat power projection well into the second half of the century.

We are also making tough calls about the capabilities we need to tackle future challenges. PB-20 removes funding for USS HARRY S TRUMAN’s (CVN 75) Refueling and Complex Overhaul (RCOH)—$3.4 billion over the FYDP. We are applying the funds from the RCOH decision to field cost-imposing advanced technologies faster. In parallel, we continue to validate this decision through a rigorous program of studies, wargames and experimentation to analytically validate the best way forward. We remain postured to respond to what our studies show us and to adjust pace in-stride, including reversing the CVN 75 decision, if needed.

Ready

To increase America’s naval power, we will build a ready fleet. This means steaming days to exercise at sea, flying hours to train in the air, sufficient quantities of ammunition and spares, and the resources to conduct emergent and planned maintenance—not only for today but also for the future as the Fleet grows in size. And it’s not just about buying more parts: PB-20 includes $23 million in FY-20 ($66 million across the FYDP) to research and develop additive manufacturing (AM) capabilities. Among other AM goals—such as expanding this capability at sea to additional ships and beginning to network AM across the enterprise—we intend to produce 1,000 unique end-use components for Fleet installation and
operation by the end of 2019. Readiness—both materiel and training proficiency—transforms our Navy’s potential power into actual power. The knowledge and efficiency gained from the Department of Defense-wide audit will ensure that we do so as effectively as possible.

The FY-20 budget continues the readiness and wholeness commitments we made in FY-17, FY-18, and FY-19 by funding ship and aviation readiness and enabler accounts. The FY-20 budget increases maritime and aviation spares funding compared to FY-19. Additionally, the FY-20 budget stabilizes and incentivizes the industrial base by funding 62 ship availabilities in public and private shipyards, shifting two attack submarine availabilities to private yards, and infusing $546 million in FY-20 for naval shipyard infrastructure optimization. Finally, the budget includes capital investments of 12 percent in public shipyard depot facilities and 10 percent in Fleet Readiness Centers, exceeding the six percent legislative requirement and underscoring our commitment to increase our capacity to maintain and modernize our fleet.

A Ready Navy: Fixing, Flying and Steaming More

These investments will help on-time maintenance execution—a aircraft and ship availabilities— which in turn gives our Sailors the time they need at sea to build proficiency and confidence; not simply to operate safely but to prevail at the high-end of maritime conflict.

Recognizing the inherent link between readiness and lethality, we continue to modernize our logistics capabilities to better refuel, rearm, resupply, revive, and repair operational forces. At sea, we are prioritizing the recapitalization of auxiliaries and sealift capabilities to sustain the Fleet’s enduring global posture and support mobility of the Joint Force. PB-20 includes an
initial $8 million research and development investment in the Common Hull Auxiliary Multi-mission Platform (CHAMP) for concept design. Ashore, we recognize that readiness is an enabler for force projection; in addition to investing in our shipyards, PB-20 increases investment in facilities sustainment, restoration, and modernization (FSRM) to $3.1 billion (from 80 to 87 percent of the sustainment requirement).

Of course, ships, aircraft, and weapons are not, by themselves, sufficient to respond to today’s complex challenges. The readiness of these platforms and systems depends on talented and well-trained Sailors, led by commanders of competence and character. Our Sailors are the glue that binds our Navy team together. This is our Polaris. It is also why we established the College of Leadership and Ethics at the U.S. Naval War College in April 2018. Just as we have done throughout our history, we will continue to develop and empower leaders who are driven to build winning teams.

**Manning a Bigger, Better, More Ready Navy**

The FY-20 budget continues our generational transformation of the Navy’s manpower and personnel systems. We are investing $235 million in a modern cloud-based personnel and pay system, while creating an expanded assignment marketplace and increasing career flexibility. For example, we are exercising the authorities granted to us in the reform of the Defense Officer Personnel Management Act (DOPMA) to make better use of investments in training and increase career opportunities and flexibility for our officer corps. These initiatives leverage state-of-the-art practices to put more control into the hands of our Sailors. This
includes more transparency regarding their career options. The Sailor 2025 suite of programs will make today’s burdensome and time-consuming process for executing orders—from updating pay and benefits to finding new housing and moving household goods—as easy as scanning a Quick Response (QR) code on a smartphone. Not only will this make the frequent relocations associated with military service easier for Sailors and their families, it will minimize distractions so they can focus on warfighting.

And we continue to tackle the recommendations listed in the Comprehensive Review (CR) and Strategic Readiness Review (SRR). PB-20 assigns the highest funding priority to CR/SRR-related investments—$346 million in FY-20 and $1.1 billion over the FYDP—including construction of new Mariner Skills Training Program centers and simulators and programmatic commitments for the Next Generation Surface Search Radar. Additionally, we remain committed to assessing our ships and crews, understanding the impact of fatigue and other human factors, filling personnel gaps for ships on deployment or in sustainment, and dedicating time to maintain our forward-deployed Fleet. As of February 2019, 20 of the 111 recommendations remain to be adjudicated. While we are on track to begin implementation of these remaining items by the end of the fiscal year, we will continue to analyze the effectiveness of our new programs and iteratively improve them over the FYDP.

A Ready Navy: Surface Warfare Training

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<th>Division Officer Training (Weeks)</th>
<th>Minimum Ship Time Before O-5 Command</th>
<th>Navigation, Seamanship, and Shiphandling Trainer Upgrades</th>
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<tr>
<td><strong>Original Division Officer Course</strong></td>
<td><img src="chart1.png" alt="Chart showing minimum ship time before O-5 command" /></td>
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<td>2002</td>
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<td><strong>CR/SRR Reforms – Includes USCG Certifications</strong></td>
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Finally, we remain committed to recruiting and retaining diverse shipmates. In a time when evolving artificial intelligence and machine learning are factoring into future military capabilities, our Sailors must bring creativity, innovation, and context to tactical and strategic decisions. This potent combination will make us more competitive and operationally effective. And it is the diversity of their backgrounds and viewpoints that will catalyze the speed and quality of decisions we need to outperform our adversaries.

**Continuing Our Budgetary Momentum**

These realities highlight the importance of partnerships and a recognition that together we can do so much more. This past year’s on-time budget put our Navy on a steady course making best speed. Prior to last year, when the FY-19 National Defense Authorization Act (NDAA) was enacted on August 13, a defense authorization bill had not been enacted prior to the start of the fiscal year since FY-97; the last time a defense appropriation was enacted by October 1 was FY-09. This meant nine years of continuing resolutions that averaged one-third of the fiscal year. This uncertain financial footing resulted in fluctuating toplines and interruptions to government operations and services.

The Navy looks forward to working with the 116th Congress to continue the momentum developed in FY-19. Stable and predictable funding solidifies strategic planning, incentivizes our commercial partners, strengthens our industrial base, safeguards our Sailors, and bolsters the interests of your constituents. And most importantly, stable and predictable funding mitigates operational risk by maximizing our planning and execution time.

With timely, stable, and predictable investments, the U.S. Navy will be bigger, better, and more ready to work every day—in every ocean—to set the conditions that allow Americans and all the citizens of the world to flourish and prosper.
The Navy has always maintained a strong connection to the flourishing and prosperity of the American people. President Washington’s phrase—“everything honorable and glorious”—hearkens to American values that are derived from the inalienable rights outlined in the Declaration of Independence: “That among these are Life, Liberty, and the Pursuit of Happiness.” This last value has commonly been understood as the right to materially improve our circumstances. The Navy also maintains a deep and historic connection to America’s economic strength, the engine that makes our country a global power. The Navy was founded to protect vital sea lanes like Gibraltar and combat piracy off the North African coast—a mission to safeguard free movement of trade and free access to markets that continues in earnest today.

“Honorable and glorious” also characterizes the mission of the United States Navy and the selfless service of more than 600,000 Sailors and civilians, and their families. The U.S. Navy is a definitive military force in world events but the Navy also connects with every other element of our national power. The Navy is the face of the nation and often the first point of
contact between the United States and other peoples. U.S. Navy ships have shuttled American diplomats across all seven seas: think of the paddle-wheeled steam frigate USS *MISSISSIPPI* transporting Commodore Matthew Perry to Japan in the early 1850s; the Great White Fleet circumnavigating the globe at the turn of the Twentieth Century; and the USS *QUINCY* (CA 71) carrying President Franklin D. Roosevelt to Malta in 1945. And our ships have hosted international events of the highest consequence that have shaped the global security environment, such as the Japanese surrender aboard the USS *MISSOURI* (BB 63), anchored in Tokyo Bay, which formally ended the Second World War. The Navy brings sovereign United States territory to the shores of other nations, fostering connections to extend American assistance to those who would be our friends and demonstrating resolve to those who may oppose us.

And ingrained in every mariner is the notion that we will never sail past another mariner in distress. We will continue to provide humanitarian assistance and disaster relief to our fellow citizens and neighbors wherever and whenever they are in need.

**Conclusion**

This hearing comes at a critical time to both our Navy and our nation. The challenges we face are varied and are growing more dynamic by the day. Let there be no doubt: America is a maritime nation and a maritime power. Our way of life and our economic prosperity have always been linked to the sea. For 243 years—through war and peace, uncertainty and stability, turmoil and prosperity—the United States Navy has validated founding father Thomas Paine’s maxim that “a Navy when finished is worth more than it cost.”

In the competitive environment we face now and in the future, we must increase naval power in a balanced approach to meet our national strategic goals. The President’s FY-20 Budget ensures that the Navy and the nation can continue to do everything honorable and glorious, as Washington intended.

I am grateful to this committee and to your colleagues in the Congress for starting this important work, and we look forward to sailing alongside you to build and deliver the Navy the Nation Needs.