



**Sen. Susan Collins Opening Statement
SAC-D Department of the Navy Posture
March 28, 2023**

Thank you very much, Mr. Chairman. It's been a great pleasure to work with you, as we proceed as the Chair and Vice Chair of this very important subcommittee. I want to echo the Chairman's thank you to each of our witnesses for your service. It is greatly appreciated, and I would ask that you also pass on our gratitude to the sailors and marines that you represent. I also want to recognize the Department's many civilians and their industry partners who build and maintain the ships, aircraft, and munitions that sustain the Navy and the Marine Corps. They make invaluable contributions and I'm personally proud that so many Mainers have chosen to serve their country in these capacities, such as by working at Bath Iron Works, the Portsmouth Naval Shipyard, and the Naval Computer and Telecommunications Center in Cutler, Maine.

The Administration's 2022 National Defense Strategy accurately describes the accelerating threat of China, as the chairman has indicated, and its unprecedented military modernization. However, in my judgement, the Administration's budget request does not fully reflect the challenges identified in its own National Defense Strategy. For example, the President's budget request would result in a fleet of 291 ships at the end of the next five years. That is smaller than today's fleet of 296 ships, and significantly smaller than the Navy's own requirement of 373 ships. I'm also concerned with the contrast to the more than 440 ships that China is expected to have by 2030.

The budget request also inadequately accounts for the impact of inflation in investment and readiness accounts. The Navy's proposed budget increase of 4.5 percent, which includes the Marine Corps' 2.6 percent increase, would likely provide less buying power than the FY23 enacted budget after accounting for inflation. For example, the budget request assumes a fuel price of \$140 per barrel. Yet on the very day the budget was rolled out, fuel was \$169 per barrel – that's 20 percent more than budgeted. Why does this matter? It matters because the Department of Navy consumes roughly 24 million barrels of fuel each year, and each one dollar per barrel increase carries a \$24 million cost. At \$29 per barrel below current rates, this budget would equate to a \$700 million unfunded cost just for the Department of the Navy. It's no surprise that Admiral Gilday and General Berger's unfunded priorities, which highlight some of the shortfalls of this budget, total \$5.7 billion.

With that backdrop, Navy leadership deserves credit for redoubling its commitment to ship maintenance. This is evidenced by the \$1.8 billion increase for ship repair and the continued full funding for the Shipyard Infrastructure Optimization Plan at the Navy's four public yards, including Portsmouth Naval Shipyard in Kittery, Maine. These investments are critical to keeping a greater portion of the Navy's fleet available for operations.

I also want to commend the Navy for pursuing a record number of multi-year procurement contracts for munitions this year. Ukraine's war has taught us that we must transition from "just in time" stockpiles of weapons and munitions to "just in case" stockpiles. If implemented well, these multiyear contracts will provide industry with the certainty necessary to make that transition a reality, deliver cost savings for the taxpayer at the same time, and help with workforce challenges. I look forward to discussing all of these issues with our distinguished witnesses today. Thank you, Mr. Chairman.