

**Mr. Thomas Modly**  
**Senate Armed Services Committee**  
**Nomination Hearing – Under Secretary of the Navy**  
**Opening Statement**

Chairman McCain, ranking member Reed, members of this committee, I am deeply honored to appear before you today as President Trump's nominee for Under Secretary of the Navy. I am extremely grateful to the President and Secretary Mattis for their consideration of me for this position and, if confirmed, I will dedicate myself to ensuring that their confidence in me was well-placed. I can think of no greater honor than to be asked to help lead the brave men and women who make up the greatest naval forces in the world. If confirmed, you have my word that I will do everything in my power to ensure that the prominence, and dominance, of the United States Navy and Marine Corps will not be diminished or eclipsed by our adversaries.

Before I proceed with the formal substance of my remarks, I would like to thank my wife, Robyn, who is here with me today, as she is every day in love, support, prayer, and dedication to me and our family. I would also like to thank my friend and mentor the Honorable Chris Lehman and my classmate the Honorable Dino Aviles who are also here today as my guests. My wife Robyn and I have four children, Noelle, Zak, Natalie, and Dorian, but they could not be here as they are scattered around the four corners of the United States. I would like to especially recognize our son, 1<sup>st</sup> Lieutenant Zak Modly, and our son-in-law, Captain Chris Ulman, who are both serving on active duty in the U.S. Air Force. Having two sons on active duty gives me a special appreciation for the solemn duty I will have, if confirmed, to care for the safety and security of our people in uniform.

Mr. Chairman, Ranking Member Reed, and members of the committee, 69 years ago this month my father made a decision to risk his life and abandon everything he knew in order to escape from behind the Iron Curtain in Hungary. He made this decision after he refused to join the Communist Party and once he realized that this refusal would dim any prospects for him in that country for a future filled with real possibilities. Two years later he came here, to

this great nation, enlisted in the US Army, and eventually built a life for himself and my mother, who was also a refugee from communist Yugoslavia. Although I was born here, my father always made me acutely aware of what the United States and our Armed Forces meant, and continue mean, to oppressed people in other parts of the world. It built in me a very personal sense of service and patriotism that is at the core of who I am.

31 years after my father left Hungary, I had the incredible honor of raising my right hand to take the oath of office as a midshipman at the United States Naval Academy. To be here today as the President's nominee to be the Under Secretary of the Navy is something I could not have imagined on that day, but it is no more important of an event to me than taking that original oath of office into the Navy in July of 1979. Every year thousands of other young people take that same oath just as I did on that day. At whatever training command, or recruiting station, or ship, or barracks this may occur it is the most important day of that young person's life. If confirmed, my focus and energy will be on them. These young people have voluntarily pledged their lives to defend US and we must match their commitment by ensuring their Navy and Marine Corps are well-equipped, well-lead, and armed with the capabilities to dominate and defeat our adversaries if necessary. Senators, I believe we are at risk of not meeting this commitment today.

As Secretary Spencer stated in his confirmation hearing just a few months ago, the Department of the Navy has been besieged by a "Perfect Storm" of circumstances that threaten its ability to perform its critical missions in defense of the nation. I would refer to this "storm" as a dangerous dichotomy. On the one side of this dichotomy we are facing a far more complex and dynamic international security environment—one in which our adversaries are more capable, assertive, and diverse than before. Compounding this complexity is the fact that we are asking our naval forces to do more and more to protect a significantly higher pace of commerce on the oceans, respond to natural disasters whose human impacts have grown in severity as populations cluster in urban areas along the coasts, and shift to the Pacific region while still sustaining combat operations in the Middle East and South Asia. On the other side of this dichotomy has been intense federal budget pressure which has produced insufficient resources to sustain and modernize our forces in a way that is commensurate to these

increased security challenges and demands. The result, I fear, is a force that is carrying far too much risk today and more importantly into the future. Significant course corrections are required, and if confirmed, I will support Secretary Mattis, Secretary Spencer, and this committee in ensuring that we arrest this trajectory and turn it in the direction that our nation requires and that our sailors and marines deserve.

In my answers to the advanced policy questions requested by the committee, I have provided my specific views with respect to the most critical issues facing the Department. I appreciate the time to provide thoughtful answers to these questions in writing as it helped frame the magnitude of the challenges I will face as the Under Secretary, if confirmed. I trust that within those responses the committee recognizes that I am firmly committed to driving the Department of the Navy to embody two prominent characteristics: agility and accountability. Agility because the complexities of our national security environment dictates it... and Accountability because the American people both demand and deserve it. I believe these are the two most powerful indicators in determining whether any organization, public or private, will be successful over the long run. These factors have played themselves out in the private sector over and over as it has been shown that those enterprises that can quickly adjust and innovate are the ones that survive and thrive, while those that cannot are left behind to wither and die. Similarly, enterprises that do not drive accountability to all levels have difficulty understanding their own mistakes, correcting for them, and advancing a culture that rewards the proper behaviors. The business case history of companies that were deficient in one or both of these characteristics is lengthy and those lessons are as relevant to a small company in Silicon Valley as they are to the largest military department in the world. With respect to the Department of the Navy, it is my opinion that we must be more agile and we must be more accountable if we are to meet the demands of the dangerous dichotomy I mentioned earlier.

We must advance agility when we think about, and build, our future force structure. We need more ships and aircraft and vehicles, but that equipment must provide flexibility, adaptability, faster development cycles, reduced maintenance requirements, greater lethality, and an industrial strategy that sustains a modern, flexible and sustainable industrial base.

We must advance agility when we think about our people. We need to recruit and train individuals who are innovative and creative and courageous. People who are comfortable with uncertainty and who can collaborate and trust their teams and leaders under stressful conditions. We must also tap into the vast knowledge and spirit of the private sector as partners with our men and women in uniform, as well as our civilian workforce.

We must advance agility in how we manage the business mission of the Department. We must have faster access to accurate information and we must reduce the overhead and bureaucracy that impedes rapid decision-making. We must also understand the difference between being a “smart buyer” and a “bad customer.” We cannot build and maintain an agile organization if we promote an adversarial relationship with industry. Rather, we must promote competition, but with integrity, transparency and collaboration around common interests.

But agility alone is not enough. We must also advance accountability in every aspect of the Department’s operations. Secretary Spencer has stated that this will be a hallmark of his leadership and, if confirmed, I will fully support him in this regard. The Department must drive accountability at all levels of the organization. This includes those whom we ask to command our ships and aircraft, those whom we ask to lead our Marines and special operators in battle, those whom we ask to deliver programs, both large and small, and those whom we ask manage and account for the funds provided by the American people. Unfortunately, over the past several years the Department has been beset by several shortcomings in this regard. Massive program overruns, poor ship handling leading to the tragic death of our sailors, too many cases of sexual assault and harassment, and outright crimes and ethical lapses by senior naval officers have undermined the proud traditions of the U.S. Navy and Marine Corps and, fairly or unfairly, corroded their reputations. Having served in the Navy I know that these incidents are not reflective of the vast majority of the people who serve. Nonetheless, I am also aware that these incidents impact every single one of them very negatively and they must not be tolerated or excused. If confirmed, I will work with Secretary Spencer to address this cultural issue of accountability as a top priority.

Mr. Chairman, Ranking Member Reed, and members of this committee, a few months ago I stood in a square in Budapest not far away from where my father grew up. In plain view from that square is one of the most beautiful and ornate buildings in Europe, the Hungarian Parliament. When I first saw this building in 1970 its top spire was adorned with a red communist star. Today, that symbol of authoritarianism and oppression is gone. In stark contrast, in plain view of the spire stands a bronze statue of President Ronald Reagan. The personal significance of this to me was not lost. I joined the Navy in 1979 when my father's homeland of Hungary was still firmly entrenched behind the Iron Curtain—and the Department of the Navy was at an inflection point. I served as an active duty officer in the Navy when President Reagan and the American people fully committed to rebuilding our military, and most specifically a 600 ship Navy, to push back the challenge of the Soviet Union and protect our interests around the globe. The fact that an American president now stands in that square is a testament to what our ideals, values, and most importantly our resolve through our military strength, can produce. I believe we are at a similar inflection point today. The United States needs a strong, confident, and capable Navy and Marine Corps team----and the world depends on the United States to have one. If confirmed, you have my commitment that I will never consider this position to be just a job. Rather, I will consider it a solemn duty and an honor of a lifetime.

Thank you and I look forward to your questions.