NOT FOR PUBLICATION UNTIL RELEASED BY
THE SENATE ARMED SERVICES COMMITTEE
SUBCOMMITTEE ON SEAPOWER

STATEMENT OF

THE HONORABLE JAMES F. GEURTS
ASSISTANT SECRETARY OF THE NAVY FOR
RESEARCH, DEVELOPMENT AND ACQUISITION ASN(RD&A)

AND

VICE ADMIRAL WILLIAM R. MERZ
DEPUTY CHIEF OF NAVAL OPERATIONS
FOR WARFARE SYSTEMS (OPNAV N9)

AND

LIEUTENANT GENERAL DAVID H. BERGER
DEPUTY COMMANDANT
COMBAT DEVELOPMENT AND INTEGRATION &
COMMANDING GENERAL, MARINE CORPS COMBAT DEVELOPMENT COMMAND

BEFORE THE

SUBCOMMITTEE ON SEAPOWER OF THE

SENATE ARMED SERVICES COMMITTEE

ON

UPDATE ON THE DEPARTMENT OF THE NAVY SHIPBUILDING PROGRAMS

NOVEMBER 27, 2018

NOT FOR PUBLICATION UNTIL RELEASED BY
THE SENATE ARMED SERVICES COMMITTEE
SUBCOMMITTEE ON SEAPOWER

Chairman Wicker, Ranking Member Hirono, and distinguished members of the subcommittee, thank you for the opportunity to appear before you today to update you on the Department of Navy's plan to achieve a 355-ship Navy. First we would like to thank Congress for your support for timely enactment of the Fiscal Year (FY) 2019 Department of Defense (DoD) budget. Enactment of the authorization and appropriation for FY 2019 helps provide the predictability and stability in funding that is critical to our success and will support building the *Navy the Nation Needs* (NNN), generating lethal and resilient maritime forces to support the National Defense Strategy (NDS).

The strategic environment continues to be more and more dynamic, increasing in its uncertainty and sophistication. The proliferation of modern technologies, conventional weapons, and cyber capabilities to a broader range of state and non-state entities, along with the erosion of our competitive advantage in areas where we have long enjoyed relative superiority, is likely to continue as rival states attempt to contest our influence and create a range of challenges for a globally responsive force.

As described in the 2018 National Security Strategy and the 2018 NDS, in order to retain and expand our competitive advantage, it is imperative that we continuously adapt to the emerging security environment – and do so with a sense of urgency. This requires the right balance of readiness, capability, and capacity, as well as budget stability and predictability. It also requires we continue to work to improve and reform our business processes, as well as ensure we maintain a robust industrial base. Together, we can ensure our military's capability, capacity, and readiness can continue to deliver superior naval power around the world, both today and tomorrow.

355 Ship Requirement

The *Annual Long-Range Plan for Construction of Naval Vessels for Fiscal Year 2019* prioritizes the framework for building towards the NNN objective of 355 ships at a steady, sustainable, and affordable rate. FY 2019 procurement and Service Life Extensions (SLE) puts the Navy on a path to 327 ships by FY 2023 and 355 ships in the 2030s. The types of ships and capabilities procured over this 30-year timespan will evolve with technology and threat advancements. Protecting the baseline acquisition profiles provides long-term foundational stability for thoughtful, agile modernization, and a clearer forecast of when to evolve to the next ship design. The Navy's plan includes aircraft carriers, ballistic missile and attack

submarines, large and small surface combatants, amphibious ships, and auxiliary ships. Surface combatant and attack submarine capabilities are the most dynamic and will likely evolve substantially to align with growing operational demands, emergence of new technologies, introduction of unmanned and autonomous systems, and more capable sensors and payloads. Accordingly, the Navy will continue to analyze and update the Surface Capability Evolution Plan, the Tactical Submarine Evolution Plan, Amphibious Warfare Capabilities Evolution Plan, and all supporting plans (aviation, ordnance, amphibious, etc.) for alignment of capabilities and appropriate NNN adjustments. This analysis is an enduring, responsive process that increasingly values agile and adaptable lethality against dynamic adversaries. Continual analysis coupled with a stable build profile will provide the foundation from which to ensure all future platforms keep pace with the ever-changing threat.

Although SLEs will continue to be a valuable tool for smoothing growth ramps, sustaining inventory, and extending the return on investment of a platform already paid for, they cannot be a substitute for long-term investment. Other elements identified in the annual ship construction plan for the Navy to continue to grow the force are steady, sustainable growth with stable acquisition profiles and executing aggressive growth opportunities above the steady procurement profiles if resources are available. Examples of aggressive growth options to accelerate meeting force structure goals and take advantage of available industrial base capacity might include additional VIRGINIA class submarines above the 10 ship Block V MYP construction contract (FY 2019-2023) and additional DDG 51 Flight III ships beyond the 10 ship MYP construction contract (FY 2018-2022). Equally important, growing to a 355-ship navy requires commensurate increases to both military and civilian manpower and operations and maintenance funding to support and sustain the larger fleet.

A stable industrial base is a fundamental requirement to achieving and sustaining the Navy's baseline acquisition profiles. Our shipbuilding industrial base and supporting vendor base constitute a unique national security imperative that must be properly managed and protected. By balancing long-term acquisition profiles with targeted SLEs and aggressive growth options, the Navy will be able to stabilize the industrial base and set the foundation for growing the force towards its warfighting requirement.

Similarly, to increase its competitive advantage over pacing threats, the Marine Corps will rapidly adapt and modernize in an affordable way, which depends greatly on predictable funding in support of Force 2025. Historically, sea control/freedom of navigation has been a

purely Navy mission; however, integrating Marine Air-Ground Task Force (MAGTF) air and ground fires capabilities will transition this to a true "naval" mission. Establishing sea control against a near peer competitor is an integrated naval and joint mission that leverages Marine Corps concepts and capabilities, such as the Expeditionary Advance Base Operations (EABO), F-35B, and precision artillery (i.e. precision cannon or HIMARS-like). The Chief of Naval Operations' Design for Maintaining Maritime Superiority which stresses freedom of maneuver and power projection ashore, combined with the Marine Corps Operating Concept (MOC) and Littoral Operations in a Contested Environment (LOCE) all illustrate the importance of an integrated force in anticipation of advancing threats. Specifically, LOCE describes how an integrated naval force, operating from dispersed locations, both ashore and afloat, will utilize its flexibility, versatility, and mobility to achieve sea control and power projection into contested littoral areas. EABO is the tactical/operational execution that provides the MAGTF's distributed, lethal, involvement in continuous contact layer advance naval task force operations. These concepts are directly in line with the NDS and the Defense Planning Guidance (DPG) which highlights the requirement for increased strategic flexibility and freedom of action. Marines operate regularly within these three layers today, making the focus on modernization priorities all the more critical. An essential supporting element to the USMC missions is the 38 Amphibious Warship fleet requirement. In accordance with the NDS, the Navy and USMC are looking at various paths to increase both the lethality and survivability of the amphibious force.

Industrial Base

The DoD accounts for approximately 70 percent of the total domestic shipbuilding market. With such a large market share of the shipbuilding industry, the timing of DoD ship procurements is critical to the health and sustainment of the U.S. shipbuilding industry and has economic impact industry wide. It is important, therefore, for DoD to provide stability and predictability to the industrial base in order to keep it healthy today and robust enough to meet the Nation's future needs.

Over the last 60 years, Navy procurement profiles have shown sharp peaks in shipbuilding followed by significant breaks or valleys in production that have severely degraded the ability to plan for the long-term and respond to changing requirements in the near-term. This created a boom and bust within the industry, degrading the industrial base and

resulting in longer construction times and increased costs. The steady, sustainable baseline shipbuilding profiles in the *Annual Long-Range Plan for Construction of Naval Vessels for Fiscal Year 2019* will establish industrial efficiency and agility and protect workforce skills in order for the U.S. shipbuilding industrial base to remain cost effective long-term and meet the demands of the 355-ship *Navy the Nation Needs*.

In a response to an Executive Order, the Navy contributed to the interagency report Assessing and Strengthening the Manufacturing and Defense Industrial Base and Supply Chain Resiliency of the United States. As a result of this analysis, there are multiple efforts currently underway focused on the shipbuilding industry to identify and mitigate risks and to ensure a healthy industrial base is available to support this navy and the next. These risks are monitored and addressed by the Navy in cooperation with OSD and our industry partners.

The Fiscal Year 2019 Department of Defense Enacted Budget

FY 2019 authorized and appropriated procurement of 13 ships: two SSN 774 VIRGINIA-class attack submarines; three DDG 51 ARLEIGH BURKE-class destroyers; three Littoral Combat Ships (LCS); one Expeditionary Sea Base (ESB); one Expeditionary Fast Transport (EPF); two JOHN LEWIS-class fleet oilers (T-AO); and one Towing, Salvage and Rescue ship (T-ATS). The FY 2019 enacted budget also included advanced procurement funds for two additional ships: one SAN ANTONIO class LPD 17 Flight II; and one AMERICA class LHA. The FY 2019 enacted budget provides for SLEs on 11 Battle Force ships including six Cruisers, four Mine Countermeasure ships, and one Improved Los Angeles-class SSN and 21 vessels in the Ready Reserve Force (RRF) and the Military Sealift Command surge fleet.

Timely enactment of the FY 2019 DoD budget has enabled the Department to initiate contracting actions at the start of the fiscal year, accelerating the timeline for getting critical capabilities to the Fleet. For example, the VIRGINIA-class SSN program will be building on past success by awarding a Block V Multiyear Procurement (MYP) contract for 10 ships in FY 2019, which will include the VIRGINIA Payload Module and Acoustic Superiority enhancements. The ARLEIGH BURKE-class destroyers MYP contract awarded in FY 2018 for 10 firm Flight III ships, also includes flexibility to award five options ships (non-MYP ships) providing the ability to increase build rates. With funding available to the Department, the Navy is actively working to award the FY 2019 multiyear ships as well as award the FY

2019 option.

We continue to pursue accelerated acquisition and business process reforms as part of our enduring commitment to accelerating delivery of advanced capabilities to the warfighter. We are utilizing accelerated acquisition authorities provided by Congress to actively promote innovation, government/academia partnerships, and the transition of key manufacturing technologies and processes. These fundamental process changes, combined with stable resources, and targeted investments will enable us to more affordably deliver the lethal capabilities most beneficial to the warfighter.

FORD Class Aircraft Carrier Program

USS GERALD R FORD (CVN 78) completed its post-delivery shakedown period and began Post Shakedown Availability/Selected Restricted Availability (PSA/SRA) in July 2018. CVN 78 shakedown accomplished six underway events, highlighted by conducting over 700 catapult launches and arrestments with Navy jets, including over a hundred launches and recoveries in one day on two separate occasions. These fixed wing operations were successfully supported by a number of aviation systems, while others will require continued refinement as they continue to support ongoing shipboard testing. CVN 78's yearlong PSA/SRA is underway, followed by a further shakedown period. Efforts already in place include capturing CVN 78 lessons learned, refining CVN 79's ship construction processes, capitalizing on technological improvements, shipbuilder investments in facilities, invoking better business strategies, and optimizing FORD-class operational systems. Lessons learned during CVN 78's Initial Operational Test and Evaluation will be captured and allow further optimization of FORD-class requirements, and continue to improve ship's design and construction schedules in order to reduce future aircraft carrier costs. As of October 2018, *John F Kennedy* (CVN 79) is over 50 percent complete with launch planned in late 2019 and delivery in the fall of 2024.

The Navy is aggressively pursuing cost reduction opportunities to deliver fully capable FORD class CVNs at the lowest possible cost. The Navy is initiating contracting actions necessary to continue fabrication of *Enterprise* (CVN 80) in early FY 2019 and preserve the delivery date while continuing to negotiate the significant savings associated with the two CVN buy, should the Department chose to pursue this option. The two-ship buy is a contracting strategy the Navy effectively used in the 1980s to procure NIMITZ-class aircraft

carriers. The strategy achieved significant acquisition cost savings compared to contracting for the ships individually.

COLUMBIA Class Submarine Program

Ballistic Missile Submarines, coupled with the TRIDENT II D-5 Strategic Weapons system, represent the most survivable leg of the Nation's strategic arsenal and provide the nation's most assured nuclear response capability. The COLUMBIA class program, the Navy's number one acquisition priority, is on track to start construction in October 2020 and deliver to pace the retirement of our current ballistic missile submarines, deploying for its first patrol in FY 2031. Cost, schedule, and technical performance are being tightly managed to ensure this critical strategic capability is delivered on time and within budget. The design schedule is aggressive but achievable. Programmatic and enterprise readiness will be paramount to achieving on time delivery for the class's 12 hulls.

General Dynamics Electric Boat (GDEB) and the Navy continue to take corrective measures regarding the recent issues of welding quality and inadequate Ultrasonic (UT) Non-Destructive Testing (NDT) of missile tubes. Corrective actions are in progress for all delivered and in process BWX Technologies (BWXT) large diameter tubes, as well as conducting actions for the two other missile tube vendors (Babcock Marine [BM] and Northrop Grumman [NG]). U.S and UK leadership approved a GDEB and NAVSEA plan to accelerate follow-on missile tube procurement and improve schedule margin to U.S lead ship construction, while minimizing the impact on UK lead ship construction.

VIRGINIA Class Submarine Program

The VIRGINIA Class program (SSN 774) program continues as one of the Navy's most successful shipbuilding programs with 17 ships delivered within budget and increased capability in each block. The FY 2019-2023 Block V MYP delivers on the Department's commitment to build and sustain a lethal, resilient force while growing near-term capability and capacity. The MYP allows for the investment and sustainment of our critical industrial base, helping to ensure stability and more affordable acquisitions with the options to add additional ships in the future providing the Navy flexibility to increase SSN 774 build rates above the 10 MYP ships that was included in the Navy's FY 2019 budget request. The Block V MYP incorporates Acoustic Superiority and starting with the second ship in FY 2019

incorporates the VIRGINIA Payload Module (VPM). The VPM ships aid in the recovery of strike capability when guided missile submarines (SSGN) retire in FY2026-2028.

The Navy with the shipbuilders continue to work within the Integrated Enterprise Plan framework to support COLUMBIA, VIRGINIA, and FORD Class construction in an integrated approach. This long-term government and contractor effort guides the execution of these nuclear-powered platforms affordably, on time, to specifications, in the necessary quantities, and with acceptable risk.

Large Surface Combatants

The ARLEIGH BURKE class (DDG 51) program remains another of the Navy's most successful shipbuilding programs with 66 ships delivered to the Fleet. The FY 2018-2022 DDG 51 MYP delivers on the Department's commitment to build and sustain a lethal, resilient force while growing near-term capability and capacity. This MYP also allows for the investment and sustainment of our critical industrial base, helping to ensure stability and more affordable acquisitions with the flexibility to add additional ships in the future. Each shipbuilder's contract included options for construction of five option ships (non-MYP ships) in FY 2018/2019/2020/2021/2022, providing the Navy flexibility to increase DDG 51 build rate above the 10 MYP ships that was included in the Navy's FY 2018 budget request. All ships in this MYP will incorporate Integrated Air and Missile Defense and provide additional Ballistic Missile Defense capacity known as Flight III, which incorporates the Air and Missile Defense Radar (AMDR). AMDR meets the growing ballistic missile threat by improving radar sensitivity and enabling longer range detection of increasingly complex threats. The program demonstrated design maturity through its successful completion of several stages of developmental testing, its entry into the Production and Deployment phase, and FY 2017 Flight III awards to both shipbuilders.

Complementing the DDG 51, the DDG 1000 ZUMWALT class guided missile destroyers are an optimally crewed, multi-mission surface combatant designed to provide long-range, precise, naval surface fire support. The DDG 1000 ship is in combat system activation at its homeport of San Diego. DDG 1001 HM&E delivered April 24, 2018, and construction on DDG 1002 is over 79 percent complete. After a comprehensive review of ZUMWALT-class requirements, the Navy decided in November 2017 to refocus the primary mission of the

ZUMWALT-class Destroyers to Offensive Surface Strike. This change in mission adds lethality and offensive capabilities by providing fires against targets afloat and ashore.

Small Surface Combatants

The FY 2019 appropriation funded three LCS in FY 2019. Not to Exceed ship prices were established with the FY 2018 LCS ship awards. Requests for repricing are with the shipbuilders with awards planned by December 31, 2018. The Navy is on track to award a single source Guided Missile Frigate [FFG(X)] Detail Design and Construction contract, via a full and open competition, as planned. To support this, the Navy awarded five Conceptual Design (CD) contracts on February 16, 2018, and is now in month nine of the 16-month CD phase. The contracts allow for ongoing dialogue with Industry using monthly Technical Exchange Meetings held with each contractor facilitating an open forum to discuss technical issues, questions, and design progress with Navy Subject Matter Experts. FFG(X) award will be a full and open competition. The requirements have been refined and are being finalized based on industry feedback on the feasibility of meeting the desired performance levels and accommodating common Navy standard systems across the radar, combat system, and launcher elements in the various ship designs in a cost effective manner.

Future Surface Combatants

A significant portion of the surface combatant force will operate forward, consisting of a mixture of large and small manned surface combatants (LSC/SSC). To stay ahead of adversary technological advances, these combatants will be designed to be flexible and adaptable, supporting affordable upgrades at the pace technology will allow - throughout their full service life. Manned surface combatants will team with unmanned systems (UxS) - in all domains - providing for a variety of on and off-hull support capabilities such as persistent early, warning, communications, decoys, radars and acoustic radiation sources, naval surface fire support, and adjunct magazine capacity. All forces will operate as integrated networks, ranging from an individual ship with multiple off-board systems, multi-ship and system Surface Action Groups (SAG) and Strike Groups (SG). An Integrated Combat System (ICS) will link communications, command and control systems, sensors and weapons, and facilitate an exchange and analysis of data to provide warfighters with actionable knowledge to ensure decision superiority.

The capabilities delivered by Future Surface Combatant Force will span multiple platforms and systems. The earliest ICS Initial Operational Capability will occur in the mid-2020's as combat systems transition toward higher levels of integration across the combatant force. Also, in the mid-2020s, UxVs will deliver with increased levels of autonomy and capability as their mission systems are increasingly networked.

Amphibious Ship Programs

Amphibious ships operate forward to support allies, rapidly and decisively respond to crises, deter potential adversaries, and provide the Nation's best means of projecting sustainable power ashore. They also provide the preponderance of our naval response in humanitarian assistance and disaster relief. The operationally available inventory of amphibious warships and connectors remains below the 38 ship force structure requirement. The Navy is exploring service life extensions of existing ships and the acceleration of the LPD Flight II program to mitigate this shortfall.

LHA 6 AMERICA class ships are flexible, multi-mission platforms with capabilities that span the range of military operations, from forward-deployed crisis response to forcible entry operations. *Tripoli* (LHA 7) is 93 percent complete and now scheduled to deliver in June 2019 as it continues to work through its shipboard test program. After a successful production readiness review, LHA 8 began sustained fabrication on October 18, 2018, and is scheduled to deliver in FY 2024.

The SAN ANTONIO class (LPD 17) provides the ability to embark, transport, and land elements of a landing force by helicopters, tilt rotor aircraft, landing craft, and amphibious vehicles. USS *Portland* (LPD 27) commissioned in April 2018 and the USS *Fort Lauderdale* (LPD 28) is expected to deliver in FY 2021. LPD 28's design and construction features will leverage many of the ongoing LPD Flight II design innovations and cost reduction initiatives that are necessary for the program to achieve affordability goals while maintaining the high-level capabilities of the LPD 17 class. LPD 29 was awarded in February and will continue with the LPD 28 design, but add the Enterprise Air Surveillance Radar (EASR) among other improvements. LPD 30 will complete the design transition and meet the requirement. It has been designated as the first LPD Flight II. Contract actions are in process for the award of LPD 30 Detail Design and Construction.

Auxiliary Ship Programs

Support vessels such as the ESB, Expeditionary Transfer Dock (ESD), and the Expeditionary Fast Transport (EPF) provide additional flexibility to the Combatant Commanders. ESBs are flexible platforms designed and built for Airborne Mine Counter-measure Missions and capable of hosting multiple mission sets with airborne, surface, and subsurface assets. ESB 4 delivered in February 2018 and ESB 5 is currently under construction. Delivery of the EPF 10 is planned for November and the award of EPF 13 is planned by the end of the calendar year

The Combat Logistics Force (CLF) consists of T-AOE fast combat support ships, T-AKE dry cargo and ammunition ships, and T-AO fleet replenishment oilers. CLF ships fulfill the vital role of providing underway replenishment of fuel, food, repair parts, ammunition and equipment to forward-deployed ships and embarked aircraft, to enable them to operate for extended periods of time at sea. The KAISER class (T-AO 187) fleet replenishment oilers will be replaced with the JOHN LEWIS class fleet replenishment oilers, designated T-AO 205 class. The first T-AO 205 started construction on September 20, 2018.

The Department has begun procurement of a combined towing, salvage, and rescue (T-ATS) ship to replace the four T-ATF 166 class fleet ocean tugs, which reach the end of their expected service lives starting in 2021, and the four T-ARS 50-class salvage ships, which reach the end of their expected service lives starting in 2025. Fabrication is expected to begin in early summer 2019.

Ready Reserve Forces (RRF)

The Navy, in coordination with the Office of the Secretary of Defense (OSD), U.S. Transportation Command (USTRANSCOM), and the Department of Transportation's (DoT) Maritime Administration (MARAD), provided the "Sealift That the Nation Needs" Report to Congress in March 2018. This report outlined a three-phased approach to strategic sealift recapitalization: SLE of select surge sealift vessels, used vessel acquisition, and a common-hull shipbuilding program.

Across the FY 2017 to FY 2019 budget cycles, the Navy programmed SLEs for 31 ships. These SLEs will add roughly 10 additional years to select hulls (typically increasing the service life from 50 to 60 years). The Navy will continue to identify other vessels suitable for extensions in subsequent budget cycles, subject to the requirements of the "Sealift That the

Nation Needs." SLE is a temporary mitigation, which must be managed as the fleet's average age increases and the challenge of maintaining obsolete equipment and scarce spare parts expands.

Acquiring used vessels is the most cost-effective approach to replacing the aging fleet and bridging the gap for strategic sealift capability until a new construction program comes on line. The DoD-DoT strategy is to place the acquired used vessels into MARAD's Ready Reserve Force. Considering material condition of the current fleet, expected service life, and the new build acquisition timeline, the estimated total number of used vessels required is 26 to maintain the Sealift That the Nation Needs. Authority granted in the FY 2018 National Defense Authorization Act (NDAA) permits the purchase of two used vessels. The FY 2019 NDAA increased authority to purchase up to seven used vessels, contingent on the Secretary of the Navy certifying the initiation of an acquisition strategy for new construction of not less than 10 sealift vessels, with the lead ship delivery in 2026.

The FY 2019 NDAA directed that the Navy in consultation with MARAD and USTRANSCOM prepare a Business Case Analysis (BCA) of recapitalization options for the RRF. Navy will deliver the BCA in 2019 in order to align the analysis with OSD and USTRANSCOM's Mobility Capabilities Requirements Study (MCRS). The MCRS is integral to the BCA as it will set the sealift capability required to meet combatant commander requirements. The Navy will continue to partner with Congress as well as interagency, joint, and industry partners to ensure the success of this important force projection capability.

Unmanned Undersea Vehicles

The Navy is expanding its global reach through the development of unmanned capabilities to ensure maritime dominance and power projection. This requires persistent global presence in all maritime domains, the ability to deny our adversaries safe haven in the world's oceans, and the capability to generate kinetic and non-kinetic effects at the time and place of our choosing. The Navy executes multiple missions in and from the Undersea and Surface Domains including Strategic Deterrence; Intelligence, Surveillance, and Reconnaissance (ISR); ASW; Anti-Surface Warfare (ASuW); Strike; Naval Special Warfare; and Mine Warfare. The Navy is using a Family-of-Systems strategy to develop and employ unmanned vehicles to conduct a spectrum of missions that complement and relieve stress on the manned force. The Family of Systems approach leverages commercial and modified

commercial vehicles, and is developing large and extra-large vehicles as necessary.

Snakehead and Orca are the large and extra-large undersea vehicles that will be used for unmanned undersea Family development and tactical operations. Additionally, medium and large unmanned surface vehicles will be used for unmanned surface Family development, logistics and tactical operations.

Summary

The ascendant threats posed by revisionist powers and rogue states require change – we must become more lethal, resilient and as a consequence, a more capable deterrent. The Navy and Marine Corps are actively integrating capabilities, synchronizing efforts, and moving forward as a unified force while preparing to meet challenges across the range of military operations. Naval integration bonds Navy and Marine Corps warfighting doctrine, concept development, task organization, material acquisition programs, logistics, training and command and control. Naval integration maximizes the warfighting capabilities of the Navy surface, subsurface, aviation, cyber, and special warfare communities with the MAGTF to create a credible multi-functional Naval capability that can influence, deter, and compete in all domains. At the Service-level, this implies achieving a greater degree of interdependence in organizing, training, and equipping of the force through the MOC. At the operational level, this implies a reform to theater maritime command and control (C2) architectures and sustainment; and, at the tactical level, this implies the rapid integration/interoperability of amphibious forces functional capability into larger Navy formations.

The Department of the Navy continues to increase capacity, lethality, and availability with the shipbuilding, aviation, and expeditionary programs. New capabilities are continually being delivered to the fleet and retrofitted on existing platforms to provide enhanced lethality and survivability to the warfighter. In addition, the Department is aggressively pursuing efforts to accelerate acquisition timelines and schedules and further drive affordability into our programs, in order to deliver capability to our warfighters faster and be as effective as possible within our resources. Continued congressional support of the Department's plans and budgets will help sustain a viable industrial base, as will timely enactment of appropriations, avoiding costly Continuing Resolutions.

By balancing new construction opportunities with calculated SLEs, the Department

of the Navy is on the path to a 355-ship fleet. While the Navy continues to utilize multiyear procurements and block buy strategies to stabilize the industrial base and attain ships more affordably, achieving a 355-ship fleet will be a challenge. It's not just the number of ships that is important; it's the capability and the ability of our ships to be on station when and where needed. It is also the long-term operation and sustainment of this larger fleet that will require increased and predictable budgets well into the future. Procurement priorities must be balanced with what is needed to maintain our readiness including maintenance and planned modernizations to ensure our ships meet their expected service lives coupled with SLEs where appropriate. Through targeted SLEs, we will be able to retain highly-capable ships past their originally designed service life until the Navy can replace them with new construction ships.

This lays the ground work for growing warfighting capabilities in the FY 2020 President's Budget, as the Department also makes initial investments in a larger Navy and Marine Corps. With the support of Congress, we can deliver the larger, more ready, and more capable force that our warfighters need. Our Sailors and Marines greatly appreciate your support and commitment.