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SENATE ARMED SERVICES COMMITTEE

STATEMENT OF

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ON

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Good morning, Chairman Wicker, Ranking Member Reed, and distinguished members of the Senate Armed Services Committee. Thank you for the opportunity to testify today on the Department of the Navy's (DON) acquisition reform and strategies to increase competition within the munitions industrial base. It is imperative that we have greater competition within the munitions industrial base. The DON appreciates the support of Congress and this Committee for the new acquisition reform authorities. With your continued leadership and support, the DON will be able to expand competition within the munitions industrial base.

Our Sailors and Marines operate in increasingly dangerous threat environments, most notably in the U.S. Central Command Area of Responsibility. The high operational tempo they must sustain has been a stark reminder that the speed and scale of our industrial output are foundational to victory. The DON requires robust munition inventories to win our nation's conflicts. The demand for munitions has increased significantly over the past four years, underscoring the importance of expanding and maintaining a healthy and effective munitions industrial base capable of meeting growing requirements and surging when necessary.

Our legacy acquisition system, designed for a peacetime environment, is simply too slow and risk-averse for this new era of competition. That is why the Department has embarked on a fundamental transformation to establish the Warfighting Acquisition System on a permanent wartime footing. Additionally, the new Acquisition Transformation Strategy empowers our leaders and holds them accountable for delivering the decisive capabilities our Sailors and Marines need to win, at a pace that ensures we never fall behind. The DON is working to reduce regulations and pursue Planning, Programming, Budgeting, and Execution (PPBE) reform to enable more agile and flexible resource allocation. We are also prioritizing Open Systems Architectures to drive competition and rapid upgrades and modernize systems engineering to swiftly build better, more reliable systems.

Munitions Strategy

The Navy's munitions strategy is built on two pillars, (1) maximizing production of capabilities we currently employ and (2) rapidly expanding our capacity by welcoming new, innovative industry partners.

First, we are sending a clear and stable demand signal to the current munitions industrial base. The erosion of our inventories of Tomahawk missiles, the Standard Missile family, and air-

to-air capabilities like the Advanced Medium Range Air-to-Air Missile (AMRAAM) and AIM-9X is a direct result of production lines stressed by years of inconsistent funding and single-year contracts. To remedy this, we leverage Multi-Year Procurements and other long-term contracting vehicles to give industry the confidence to invest in their facilities and workforce, ensuring we can replenish our stocks and keep pace with operational needs. We are also making targeted investments in critical supply chain nodes, particularly energetics and solid rocket motors, to mitigate the bottlenecks that constrain our output, as we are demonstrating at Naval Surface Warfare Center, Indian Head.

Second, and just as critically, we are aggressively expanding competition to reverse three decades of consolidation that has diminished the industrial base of over 50 prime munitions contractors to only 5 over time. This lack of competition stifles innovation drives up costs, and constrains production capacity. We cannot afford to be dependent on a handful of suppliers for the weapons we need to deter adversaries and, if necessary, win in combat. Working with the Deputy Secretary of War's Munition Acceleration Council, the DON is executing a new commercial-like model for Tomahawk Heads of Agreement framework, in which Raytheon would fully fund facilitation of the industrial base required to support an annual production capacity of 1,000

Fostering New Entrants

The DON is actively lowering barriers to entry and cultivating a new class of defense companies. We deliberately seek out and partner with non-traditional, tech-forward companies that can deliver capable, affordable, and rapidly producible systems at scale.

Through these innovative partnerships, we are creating a dynamic, competitive environment. New entrants in the defense industrial base can provide cost-effective solutions for a range of operational scenarios and complement our high-end systems. They bring a culture of agility and speed that is essential to meet the need to outpace our adversaries and provide a uniquely American advantage. We leverage these new partnerships, including through efforts with the Defense Innovation Unit, to revolutionize our approach to developing and fielding capabilities from cradle to grave. Conflicts in Ukraine and the Middle East have demonstrated the rapid change in warfare, and the rapid innovation needed to counter our adversaries.

To enable this transformation, we are overhauling our acquisition structure by leveraging the new authorities granted by Congress. We are consolidating 22 Program Executive Offices into 10 new Portfolio Acquisition Executives (PAEs), creating single points of accountability for the delivery of integrated warfighting effects. The DON will stand up a dedicated PAE for Munitions will have the authority to manage our entire conventional weapons portfolio, from inventory management to industrial base health, ensuring a holistic and strategic approach to rebuilding our arsenal.

The new PAE Robotic and Autonomous Systems (RAS) is the first PAE stood up by the DON. PAE RAS focuses on quickly acquiring unmanned capabilities to meet current operational challenges on land, sea, and air, which continue to proliferate in contested environments. This PAE structure allows the Navy to rapidly get after operational challenges the Fleet faces without the rigid requirements-based solutions model.

To address our most urgent needs, the DON has established the Department of the Navy Rapid Capabilities Office (DONRCO). DONRCO is our single accountable organization for fielding critical solutions to the fleet within a three-year timeframe. DONRCO will "fail fast" and iterate quickly by bringing operational challenges directly to industry to ensure capabilities are tested and refined in operationally relevant environments. This enables a parallel focus on new entrants and traditional primes to the defense industrial base but also harnesses American innovation more effectively to deliver the best possible solutions to our warfighters. The DONRCO streamlines efforts by consolidating the functions of the Maritime Accelerated Response Capability Cell, Disruptive Capabilities Office, NavalX, for the Navy's execution of Department of War priorities, delivering all-domain attritable autonomous systems in partnership with DIU and the Defense Autonomous Warfare Group. DONRCO also leverages Budget Execution-year Technology Selections (BETS) to rapidly scale new programs.

DON is implementing new processes to balance speed and rigor, while promoting competition, incentivizing faster execution, and taking calculated and shared risks with industry to accelerate production. These efforts reflect direction from Executive Order 14265 "Modernizing Defense Acquisitions and Spurring Innovation in the Defense Industrial Base, "as well as authorities and taskings in the Fiscal Year 2026 National Defense Authorization Act. The DON will use these new authorities to create acquisition flexibility that will empower our leaders

to deliver the decisive capabilities our Sailors and Marines need to win, at a pace that ensures we never fall behind.

Conclusion

Mr. Chairman, Ranking Member Reed, Members of the Committee, the strategic imperative is undeniable: we must break up the status quo to inject real competition into the munitions industrial base. To meet the pacing challenge from our adversaries, the Department of the Navy is fundamentally transforming its acquisition system to operate on a war footing. The authorities granted by Congress are allowing the DON to prioritize force multiplying investments in our capabilities and surge our production capacity, including the vast munitions stockpiles needed for high-end sustained warfighting. By maximizing our current production and, in parallel, aggressively cultivating a new and truly competitive industrial base, we will create a marketplace of innovation. This ensures the DON has the weapon capabilities it needs, at the scale required, to dominate any contested environment and win. While scaling current systems is vital, we are also fostering innovation by lowering barriers to entry for new and non-traditional defense contractors. By investing in developmental munitions and advanced manufacturing techniques, we are building a more resilient, competitive, and dynamic industrial base capable of producing the next generation of decisive capabilities. Thank you. I look forward to your questions.