

NOT FOR PUBLICATION UNTIL RELEASED
BY THE HOUSE ARMED SERVICES
COMMITTEE SUBCOMMITTEE ON
SEAPOWER AND PROJECTION FORCES

STATEMENT

OF

THE HONORABLE SEAN J. STACKLEY
ASSISTANT SECRETARY OF THE NAVY
(RESEARCH, DEVELOPMENT AND ACQUISITION)

AND

VICE ADMIRAL JOHN TERENCE BLAKE
DEPUTY CHIEF OF NAVAL OPERATIONS
FOR INTEGRATION OF CAPABILITIES AND RESOURCES

AND

LIEUTENANT GENERAL RICHARD P. MILLS
DEPUTY COMMANDANT
COMBAT DEVELOPMENT AND INTEGRATION &
COMMANDING GENERAL, MARINE CORPS COMBAT DEVELOPMENT COMMAND

BEFORE THE

SUBCOMMITTEE ON SEAPOWER AND PROJECTION FORCES

OF THE

HOUSE ARMED SERVICES COMMITTEE

ON

NAVY SHIPBUILDING ACQUISITION PROGRAMS AND BUDGET REQUIREMENTS
OF THE NAVY'S SHIPBUILDING AND CONSTRUCTION PLAN

DATE: MARCH 29, 2012

NOT FOR PUBLICATION UNTIL RELEASED BY THE
HOUSE ARMED SERVICES COMMITTEE
SUBCOMMITTEE ON SEAPOWER AND PROJECTION FORCES

Mr. Chairman, Representative McIntyre, and distinguished members of the subcommittee, thank you for the opportunity to appear before you today to address Department of the Navy (DoN) shipbuilding. The Department is committed to build the fleet that best supports the Defense Strategic Guidance that emerged from collaborative efforts of the Services, Combatant Commanders, Chairman of the Joint Chiefs of Staff, the Secretary of Defense and the President. The Fiscal Year 2013 President's Budget Request for shipbuilding provides for platforms that will evolve and adapt, allowing our war fighters to fight and win the nation's wars, remain forward and be ready. While the Budget Control Act of 2011 placed new constraints on the DoN budget, which required hard choices and prioritization to address, our shipbuilding plan attempts to balance capacity, capability and the industrial base.

Today's Navy is a Battle Force of 282 ships. As described in the Long-Range Plan for Construction of Naval Vessels for Fiscal Year 2013, which outlines the DoN's five-year shipbuilding plan (included in the Fiscal Year 2013 President's Budget request) and provides a projection for new ship construction and planned ship retirements over the following 25-year period, the Navy is building for a 21st Century Battle Force of about 300 warships.

The last year has proven eventful for Navy and Marine Corps operations across the entire spectrum of the Maritime Strategy from building maritime partnerships to executing our core capabilities of forward presence, deterrence, power projection, sea control, maritime security, and humanitarian assistance and disaster response.

As 2011 began, the ENTERPRISE Strike Group sailed east from Norfolk, headed out on a penultimate deployment for the carrier. The VINSON Strike Group was already operating in 7th Fleet and sailing toward the Arabian Sea where it would join the KEARSARGE Amphibious Ready Group supporting Marines of I Marine Expeditionary Force in theater. KEARSARGE, in its fifth month of deployment, had left Norfolk in the summer of 2010 with the 26th Marine Expeditionary Unit (MEU) embarked, on a mission to provide disaster relief to the flood stricken people of Pakistan. With relief efforts complete, the 26th MEU moved on to Operation Enduring Freedom in Afghanistan.

Shortly after ENTERPRISE deployed, REAGAN, CHANCELLORSVILLE and PREBLE would get underway from San Diego to conduct multinational training in the Western Pacific before relieving the watch in the Indian Ocean.

And then, a month later, a fuse was lit in the Middle East—unleashing instability, causing governments to topple, jeopardizing American citizens and interests in this strategic region. As the Arab Spring emerged, KEARSARGE and 26th MEU would sail to the Mediterranean and ENTERPRISE would swing west. Amphibious ships BOXER, GREEN BAY and COMSTOCK and the 13th MEU would get underway from San Diego.

And then in March last year, half the world away, unimaginable devastation swept away whole villages and towns along the coast of Japan, claiming an untold number of lives while leaving the smoldering threat of greater destruction and loss. Before the world fully grasped the situation, Marines, stationed in Okinawa, would airlift to the region for disaster response. The ESSEX Amphibious Group, forward deployed to Japan, would get underway and the REAGAN Strike Group, now in the Western Pacific, would sail north, joining ESSEX, to provide critical supplies, medical services and rescue efforts. Operation Tomodachi would eventually employ 22

ships, 140 aircraft and 15,000 Sailors and Marines to deliver more than 260 tons of relief supplies to earthquake and tsunami survivors.

Meanwhile, as Muammar Qaddafi launched his army in an assault against his own citizens, guided-missile destroyers STOUT and BARRY and attack submarines PROVIDENCE and SCRANTON and the guided missile submarine FLORIDA, as well as British ships and submarines, launched their cruise missiles against Libyan air defense, surface-to-air missile sites and communication nodes, demonstrating our extraordinary power projection capability. Over the course of the NATO operation, FLORIDA would launch more than 90 Tomahawks of the more than 200 total.

And aircraft of the ENTERPRISE and 26th MEU operating from KEARSARGE, joined by the first deployed EA-18G Growler squadron, would leave Afghanistan and redeploy to the Mediterranean to join coalition forces in establishing a no-fly zone to halt the Libyan army and the bloodshed it threatened.

That same week, BATAAN, MESA VERDE, WHIDBEY ISLAND, and the 22nd MEU would surge from Norfolk to strengthen the coalition Operation “Odyssey Dawn.”

Through 2011, carrier air wings embarked aboard ENTERPRISE, ABRAHAM LINCOLN, CARL VINSON, JOHN C. STENNIS, RONALD REAGAN, AND GEORGE H.W. BUSH, on her first-ever combat deployment, would fly nearly 15,500 sorties totaling more than 49,000 flight hours in support of coalition forces on the ground in Iraq and Afghanistan and Operation New Dawn.

What is most remarkable about this story of the first three months of 2011 is that it is replayed month after month in Navy and Marine Corps operations. On any given day in any given year, nearly half of our battle force ships are underway, supporting missions around the globe—conducting anti-piracy patrols, global partnership stations, under-ice operations, supporting operations ashore, strategic deterrence, missile defense missions, amphibious operations or humanitarian assistance missions, such as the hospital ship COMFORT in Operation Continuing Promise. And today, ENTERPRISE, commissioned in 1961, is once again on deployment, this time, for the last time.

No other military and no other nation on earth today, has the reach, the presence, the capability, the training and the resolve to maintain this pace or breadth of operations. Global reach, persistent presence, and operational flexibility, the inherent characteristics of U.S. seapower articulated in the *Cooperative Strategy for 21st Century Seapower*, are demonstrated in all we have done in 2011 and continue to do in 2012. These tenets, along with the Defense Strategic Guidance, guide the priorities and direction of the Department of the Navy’s Fiscal Year 2013 President’s Budget request.

The Fiscal Year 2013 Budget Request

The Fiscal Year 2013 President’s Budget request funds ten ships: one GERALD R. FORD Class aircraft carrier, two VIRGINIA Class fast attack submarines, two DDG 51 ARLEIGH BURKE Class destroyers, four Littoral Combat Ships (LCS), and one Navy Joint

High Speed Vessel (JHSV). In addition, the Department is requesting Multiyear Procurement (MYP) authority for the Virginia Class (Fiscal Year 2014 through Fiscal Year 2018 ships) and the DDG 51 ARLEIGH BURKE Class (Fiscal Year 2013 through Fiscal Year 2017 ships).

Aircraft Carriers

Our aircraft carriers are best known for their unmistakable forward presence, ability to deter potential adversaries and assure our allies, and capacity to project power at sea and ashore; however, they are equally capable of providing our other core capabilities of sea control, maritime security, and humanitarian assistance and disaster relief. Our carriers provide our nation the ability to rapidly and decisively respond globally to crises with a small footprint that does not impose unnecessary political or logistic burdens upon our allies or potential partners.

The GERALD R. FORD is the lead ship of our first new class of aircraft carrier in nearly forty years. GERALD R. FORD Class carriers will replace aging NIMITZ class carriers and are expected to be the premier forward deployed asset for crisis response and early decisive striking power in a major combat operation through the remainder of this century. While the GERALD R. FORD aircraft carrier design uses the NIMITZ class hull form, it is essentially a brand new ship with new technologies and interior arrangements that improve war fighting capability, operational availability, and quality of life, while reducing crew size (approximately 1200 sailors including air wing reductions) and total ownership costs (TOC). TOC reduction by hull is expected to result in \$5 billion over the 50 year service life of each ship of the GERALD R. FORD Class.

The Fiscal Year 2013 President's Budget requests the first year of full funding for the second ship of the GERALD R. FORD Class, CVN 79, effectively maintaining aircraft carrier construction starts on five year intervals. This is an important benchmark for sustaining the large vendor base that supports this unique ship class. The build duration for CVN 79, though, has been extended by two years. This adjusted profile provides for delivery no later than 2022, which aligns with the end of service life for NIMITZ, the ship CVN 79 will functionally replace to maintain an eleven carrier force structure. This extended build period will also allow for production efficiencies which are discussed in more detail below.

Inarguably, this new class of aircraft carrier brings forward tremendous capability and life cycle cost advantages compared to the NIMITZ Class she will replace. However, the design, development and construction efforts required to overcome the technical challenges inherent to these advanced capabilities have significantly impacted cost performance on the lead ship. In the course of this past year, the Navy conducted a detailed review of the GERALD R. FORD Class build plan to improve end-to-end aircraft carrier design, material procurement, production planning, build and test. This effort, taken in conjunction with a series of corrective actions with the shipbuilder on the lead ship, will not erase cost growth on GERALD R. FORD, but should improve performance on the lead ship while fully benefitting CVN 79 and following ships of the class. The added build duration planned for CVN 79 allows the Navy and shipbuilder to develop and implement a more affordable, optimal build strategy that incorporates the findings of the end-to-end review as well as lessons learned from design and construction of the lead ship. This year's budget request includes prior year completion funding to address increases incurred to

date in GERALD R. FORD government furnished equipment, non-recurring design, and ship construction.

Among the new technologies being integrated is the Electromagnetic Aircraft Launch System (EMALS) which will support FORD's increased sortie generation rates. EMALS testing continues and has been successful. To date, EMALS has launched more than 1500 dead loads and 134 aircraft launches from the full scale EMALS production representative unit using five different types of test aircraft, including an F-35C Joint Strike Fighter. EMALS' production schedule supports the planned delivery of GERALD R. FORD in September 2015.

Advanced Arresting Gear (AAG) is also a new technology planned for GERALD R. FORD. This technology will provide the capability to recover all existing and future carrier-based fixed wing air vehicles, including those too heavy or too light for current systems. Testing of a full-scale, land-based installation of AAG is ongoing. It, too, supports the planned delivery of GERALD R. FORD.

Dual Band Radar (DBR) will also be introduced on GERALD R. FORD. DBR integrates an X-band Multi-Function Radar with an S-band Volume Search Radar to provide a single interface to the ship's combat system. Its active planar arrays enable GERALD R. FORD to be designed with an island smaller than those on current carriers, which contributes to the ship's increased sortie generation rate. With the truncation of the DDG 1000 program at three ships and subsequent removal of the S-band radar from the DDG 1000 baseline, GERALD R. FORD will be the lead ship for DBR developmental testing. DBR production schedule supports the planned delivery of GERALD R. FORD.

GERALD R. FORD's newly designed reactor delivers more core energy and nearly three times the electrical output of the current carrier's plant, yet will need only half as many sailors to operate and will be easier to maintain. GERALD R. FORD also incorporates several survivability enhancements to counter current and emerging threats.

With more than half of the service life of the NIMITZ Class still remaining, the Refueling Complex Overhaul (RCOH) continues as a key enabler for the enduring presence of the aircraft carrier fleet. This year's budget request includes prior year completion funding for the RCOH of the fourth ship of the NIMITZ Class, THEODORE ROOSEVELT, whose availability was extended due to unexpected growth work discovered during execution. In addition, the budget request includes incremental funding to initiate the RCOH of ABRAHAM LINCOLN and advance procurement funding for the RCOH of GEORGE WASHINGTON.

The Submarine Fleet

Submarines have a unique capability for stealth and persistent operation in an access-denied environment and to act as a force multiplier by providing high-quality Intelligence, Surveillance, and Reconnaissance (ISR) as well as indication and warning of potential hostile action. In addition, attack submarines are effective in anti-surface ship warfare and anti-submarine warfare in almost every environment, thus eliminating any safe-haven that an adversary might pursue with access-denial systems. As such, they represent a significant conventional deterrent. While our attack submarine fleet provides considerable strike capacity already, our guided missile

submarines provide significantly more strike capacity and a robust capability to covertly deploy special operations force (SOF) personnel. Today the Navy has four guided missile submarines (SSGN). To mitigate the loss of strike capacity when SSGNs retire in the next decade, the Navy has requested Research and Development funding in Fiscal Year 2013 to begin design of a modification to the VIRGINIA Class SSN, the VIRGINIA Payload Module. This added capability would contain four SSGN-like tubes for strike and future payloads. Pending the future fiscal environment, modified Virginia Class SSNs could be procured starting no earlier than Fiscal Year 2019. This would permit Navy to sustain undersea strike capacity without requiring the Navy to construct a purpose-built ship to replace the SSGN – an option that would be cost prohibitive.

The Fiscal Year 2013 President's Budget requests funding for two VIRGINIA Class submarines in Fiscal Year 2013 as well as advance procurement and economic order quantity funding for the Fiscal Year 2014 through 2018 boats. The Fiscal Year 2013 boats are the last two submarines under the Block III (Fiscal Years 2009 through 2013 Multiyear Procurement (MYP) contract). Now in its 15th year of construction, the VIRGINIA program reliably delivers this critical undersea capability affordably and on time, in large part due to the cost savings and stability provided by the program's multiyear procurement strategy. The Department expects continuation of this strategy to yield similar benefits, and is including a legislative proposal for the authorization of a nine-ship MYP for procurement of the next block of VIRGINIA Class submarines (Fiscal Years 2014 through 2018) with the Fiscal Year 2013 President's Budget request. The Navy estimates 14.4 percent savings on this MYP versus single ship procurement, as result of economic order quantity opportunities, improved workforce planning and workload sequencing, optimized construction scheduling, increased opportunity for facilities investment, and reduced support and engineering workload; all made possible by leveraging the stability offered by the MYP.

The Navy is mitigating the impending attack submarine force structure gap in the 2020s through three parallel efforts: reducing the construction span of VIRGINIA Class submarines, extending the service lives of selected attack submarines, and extending the length of selected attack submarine deployments.

Ballistic missile submarines are the most survivable leg of the Nation's strategic arsenal and provide the Nation's only day-to-day assured nuclear response capability. They provide survivable nuclear strike capabilities to assure allies, deter potential adversaries, and, if needed, respond in kind. The OHIO Replacement Program inventory is assumed to be 12 ships. The Nuclear Posture Review (NPR) completed in April 2010 determined that the U.S. would retain a nuclear triad under New START and that, for the near-term, the Navy would retain all 14 SSBNs in the current inventory. The NPR stated that, depending upon future force structure assessments and how SSBNs age in the coming years; the U.S. will consider reducing from 14 to 12 OHIO Class submarines in the second half of this decade. To maintain an at-sea presence for the long term, the U.S. must continue development of the follow-on to the OHIO Class submarine. Due to budget constraints, the Department has shifted procurement of the lead OHIO Replacement submarine by two years (from Fiscal Year 2019 to Fiscal Year 2021). The delay results in a temporary reduction to 10 available SSBNs in the 2030s during the transition period between OHIO and OHIO Replacement SSBNs. Because there are no major SSBN overhauls planned during this period, an available force of 10 ships will be able to meet the current U.S. Strategic Command's

at-sea presence requirements, albeit with increased operational risk that stems from the reduced force levels. The Fiscal Year 2013 budget requests funding to continue development of the Ohio Replacement Program and ensures Common Missile Compartment efforts are on track to support the United Kingdom's Successor Program's schedule. All aspects of the OHIO Replacement Program will continue to be thoroughly reviewed and aggressively challenged to drive down engineering, construction, and operations and support costs.

As threats evolve, it is vital to continue to modernize existing submarines with updated capabilities. The submarine modernization program includes advances in weapons, integrated combat control systems, sensors, open architecture, and necessary hull, mechanical and electrical upgrades. These upgrades are necessary to retain credible capabilities for the future conflicts and current peacetime ISR and Indication and Warning missions and to continue them on the path of reaching their full service life. Maintaining the stability of the modernization program is critical to our future Navy capability and capacity.

Modernization is also critical to sustaining the current combat capabilities of the submarine fleet. Through extensive use of Commercial Off-The-Shelf (COTS) equipment, modern submarine C4I systems are maintained with a minimal industrial logistics tail. Regular replacement of electronics through the Tech Insertion process prevents part obsolescence and related impacts to operational availability. This successful COTS model has sustained the submarine fleet for the past decade at a fraction of legacy combat system costs. Maintaining the stability of the modernization program is critical to our future Navy capability and capacity.

Large Surface Combatants

Guided missile cruisers (CGs) and guided missile destroyers (DDGs) comprise our large surface combatant fleet. When viewed as a whole, these ships fulfill broad mission requirements both independently and in conjunction with a strike group. The demands for increased capability and capacity in Ballistic Missile Defense (BMD), Integrated Air and Missile Defense (IAMD) and open ocean anti-submarine warfare (ASW) have resulted in a shift of focus on the type and quantity of these ships. The Navy's ongoing analysis is influenced by the emerging shift of focus for large surface combatants; the increased demand for capability and capacity in integrated air and missile defense; and open ocean anti-submarine warfare resulting from changing global threats. BMD forward presence is assumed to be "in stride" meaning that a BMD capable ship can transition rapidly between BMD and other operations historically assigned to these classes of ships.

The DDG 1000 Zumwalt guided missile destroyer will be an optimally crewed, multi-mission surface combatant designed to provide long-range, precision naval surface fire support to Marines conducting littoral maneuver and subsequent operations ashore. The DDG 1000 features two 155mm Advanced Gun Systems capable of engaging targets with the Long Range Land Attack Projectile at a range of over 63 nautical miles. In addition to providing offensive, distributed and precision fires in support of Marines, it will provide valuable lessons in advanced technology such as signature reduction, active and passive self-defense systems, and enhanced survivability features. The first DDG 1000 is approximately 65 percent complete and is scheduled to deliver in FY 2014 with initial operating capability planned in 2016.

The Fiscal Year 2013 President's Budget requests funding for two Flight IIA DDG 51 ARLEIGH BURKE Class destroyers as well as advance procurement and economic order quantity funds for the Fiscal Year 2013 through Fiscal Year 2017 Multiyear Procurement (MYP). These two ships are planned as part of the Fiscal Years 2013 through 2017 MYP. The Flight IIA ships will incorporate Integrated Air and Missile Defense (IAMD), providing much-needed BMD capacity to the Fleet. In evaluating the merits of a MYP contract for Fiscal Years 2013 through 2017 DDG 51s, the Navy projected \$1.5 billion in savings for nine ships across that time period and has leveraged these savings in the procurement of the nine ships.

The Navy is proceeding with the Air and Missile Defense Radar (AMDR) program to meet the growing ballistic missile threat by greatly improving the sensitivity and longer range detection and engagement of increasingly complex threats. This scalable radar is planned for installation on the DDG 51 Flight III ships to support joint battle space threat awareness and defense, including BMD, area air defense, and ship self defense. The AMDR radar suite will be capable of providing simultaneous surveillance and engagement support for long range BMD and area air defense. Three Fixed Price Incentive Technology Development phase contracts were awarded in the fall of 2010. AMDR technology development is on track and successfully completed the three System Functional Reviews in December 2011. Prototype development to demonstrate critical technologies is well underway. The program remains on schedule for the Preliminary Design Reviews in the fall of 2012 and the Navy plans to award an Engineering and Manufacturing Development contract in early Fiscal Year 2013. Pending the successful demonstration of technical maturity and final determination that production risks have been suitably mitigated, the Navy intends to conduct a separate fixed price competition for installation of the AMDR Engineering Change Proposal into DDG 51 ships, commencing in Fiscal Year 2016.

To counter emerging threats, the Navy continues to make significant investments in cruiser and destroyer modernization to sustain combat effectiveness and to achieve the 35 year service life of the Aegis fleet. Destroyer and cruiser modernization programs include Hull, Mechanical, and Electrical (HM&E) upgrades, as well as advances in warfighting capability and open architecture to reduce total ownership costs and expand mission capability for current and future combat capabilities. The Fiscal Year 2013 President's Budget request includes funding for the modernization of three cruisers (one Combat Systems and two HM&E) and five destroyers (two Combat System and three HM&E). Beyond Aegis modernization, the Navy is continuing development of Hybrid Electric Drive (HED) at the Land Based Engineering Site to mature this promising technology. An initial shipboard demonstration of HED is targeted for installation in a DDG 51 ship in early Calendar Year 2013.

The Aegis Fleet serves as the Surface Navy's sea-based BMD force. The Advanced Capability Build 12/Technology Insertion 12 (ACB 12/TI 12), also known as Baseline 9, constitutes the most significant combat system upgrade of the Aegis Fleet. In service DDGs will undergo a comprehensive modernization of their combat system, and new construction DDGs starting with DDG 113 will be outfitted with ACB 12/TI 12. ACB 12/TI 12 brings the Integrated Air and Ballistic Missile Defense (IAMD) capability to Surface Combatants. IAMD allows Aegis Destroyers to perform the BMD mission without any degradation to their ability to conduct Anti Air Warfare (AAW) simultaneously through the introduction of the Multi-Mission Signal Processor (MMSP). ACB 12/TI 12 software development is 97 percent complete and on

schedule. JOHN PAUL JONES's ACB 12/TI 12 modernization will begin in the fall of 2012. JOHN PAUL JONES will be the first IAMD capable destroyer, paving the way for backfit into existing destroyers as well as forward fit on new construction ships in the restart of the DDG 51 Class. ACB 12/TI 12 also provides a platform for rapid introduction of additional BMD capabilities.

As in the past, cruisers and destroyers will continue to deploy with strike groups to fulfill their traditional roles. Many will be required to assume additional roles within the complex BMD arena. Ships that provide BMD will sometimes be stationed in remote locations, away from strike groups, in a role as theater BMD assets. The net result of these changes to meet demands for forward presence, strike group operations and BMD places additional pressure on the existing inventory of surface combatants. In addition, the constraints of the current budget resulted in the Navy having to retire seven CGs (four in Fiscal Year 2013 and three in Fiscal Year 2014) before the end of their service lives. While the specific CGs chosen for decommissioning were selected with a view toward minimizing the impact their loss will have on BMD capability and capacity, the loss of these ships will necessitate other ships fulfilling their roles in non-BMD situations – further exacerbating the demands for large surface combatant structure. To support the President's Phased Adaptive Approach for defense of Europe, Navy plans on placing four BMD capable DDG 51 platforms in a Forward Deployed Naval Forces (FDNF) status in Rota, Spain, significantly reducing the number of ships required to source this mission. Further, the Navy will continue to explore alternatives that will redistribute assets currently being employed for missions of lesser priority to meet the missions contained in the updated defense strategy.

Small Surface Combatants

The Navy remains committed to an inventory of 55 Littoral Combat Ships (LCS). These ships expand the battle space by complementing our inherent blue water capability and filling war fighting gaps in the littorals and strategic choke points around the world. LCS design characteristics (speed, agility, shallow draft, payload capacity, reconfigurable mission spaces, air/water craft capabilities) combined with its core C4I, sensors, and weapons systems, make it an ideal platform for engaging in Maritime Security Operations.

The Navy's Fiscal Year 2013 President's Budget funds four LCSs in Fiscal Year 2013, with a total of 16 to be procured across the Future Years Defense Program (FYDP). Affordability remains the key factor in acquiring the needed future capacity of these highly flexible and capable ships. The Navy remains on course to deliver these ships in the quantities needed through the execution of the two competitive block buy contracts (for ten ships of each version) awarded in Fiscal Year 2010. Each ship brings unique strengths and capabilities to the mission and each has been designed in accordance with overarching objectives for reducing total ownership cost.

LCS capabilities address specific and validated capability gaps in Surface Warfare, Mine Countermeasures, and Anti-Submarine Warfare. The concept of operations and design specifications for LCS were developed to meet these gaps with focused mission packages that deploy manned and unmanned vehicles to execute a variety of missions. The first two Mine Countermeasure (MCM) Mission Modules (MM), first two Surface Warfare (SUW) MMs, and

the first Anti-Submarine (ASW) MM have been delivered. The Fiscal Year 2013 President's Budget requests approximately \$300 million in Research and Development funding for continued development of mission modules, and Procurement funding to buy common mission module equipment and three mission packages (one MCM and two SUW).

Amphibious Ships

Amphibious ships operate forward to support allies, respond to crises, deter potential adversaries, and provide the nation's best means of projecting sustainable power ashore; they provide the best means for providing humanitarian assistance and disaster relief. Amphibious forces comprised of Sailors, Marines, and ships provide the ability to rapidly and decisively respond to global crises without a permanent footprint ashore that would place unnecessary political or logistic burdens upon our allies or potential partners. There are two main drivers of the amphibious ship requirement: maintaining the persistent forward presence, which enables both engagement and crisis response, and delivering the assault echelons of up to two Marine Expeditionary Brigades (MEB) for joint entry operations.

The Chief of Naval Operations and Commandant of the Marine Corps have determined that the optimal force structure for amphibious lift requirements is 38 amphibious ships to support the operations of 2.0 MEBs. Balancing the total naval force structure requirements against fiscal projections imposes risk on meeting this requirement. Based on the footprint of a 2.0 MEB force, the minimum number of operationally available ships necessary to meet the assault echelon requirement is 30: a force made up of ten Amphibious Assault Ships (LHD/LHA), ten Amphibious Transport Docks (LPD) and ten Dock Landing Ships (LSD). The DoN can meet this requirement as long as all ten of each type is operationally available when needed. Historically, the Navy has carried more than this minimum number of ships to mitigate the impact that long-duration maintenance has on their availability when they are tasked to respond during conflict. Planning factors call for a force of 33 ships to achieve this availability. Today, the Amphibious Force Structure stands at 29 ships, which includes 9 LHD/LHAs, 8 LPDs, and 12 LSDs.

The Navy is commencing recapitalization of the large deck amphibious assault ships with the construction of AMERICA (LHA 6). AMERICA is now more than 60 percent complete and is scheduled for delivery in Fiscal Year 2014. The Fiscal Year 2013 President's Budget request includes a funding request to complete construction of AMERICA, which will cover government liabilities up to the contract ceiling and impacts from the Pension Protection Act of 2006. Beginning with LHA 8, which is planned for procurement in Fiscal Year 2017, the Navy will reintegrate the well deck into the large deck amphibious assault ships to provide necessary surface lift capacity. Funding to design this reintegration of the well deck is included in the Fiscal Year 2013 President's Budget request.

The SAN ANTONIO Class LPD (LPD 17) serves as the replacement for four classes of older ships: the LKA, LST, LSD 36, and the LPD 4. Six of the eleven authorized and approved ships of this class have been delivered to the Navy. Lessons learned from the effort to resolve material reliability concerns identified in the early ships of the class are being applied to ships currently under construction. Quality continues to improve with each ship delivered as the Navy continues to work closely with the shipbuilder to address cost, schedule, and performance issues.

The utility of this class was best demonstrated by USS MESA VERDE (LPD 19) as she recently returned after 19 months of deployed operation over a twenty five month period.

LSD (X) will replace the aging LSD 41/49 WHIDBEY ISLAND/HARPERS FERRY Class vessels and will perform an array of amphibious missions. An Analysis of Alternatives (AoA) will be conducted in Fiscal Year 2012. The Fiscal Year 2013 President's Budget requests funds for Research and Development required for technology development and initial design efforts resulting from the AoA. Affordability will be a key factor in acquiring the needed future capacity and operational capabilities of this highly flexible multifaceted ship.

A fully funded LSD mid-life program, to include repairs, is essential for ensuring the LSD 41/49 ships are able to meet their readiness for tasking requirements and meet their expected service life. Funding for LSD mid-life is included in the Fiscal Year 2013 President's Budget request.

Auxiliary Ships

Combat Logistics Support ships fulfill the vital role of providing underway replenishment of fuel, food, repair parts, ammunition and equipment to forward deployed ships and their embarked aircraft, to enable them to operate for extended periods of time at sea. Combat Logistic Support Ships consist of T-AOE fast support ships, T-AKE auxiliary dry cargo ships, and T-AO fleet oilers. The T-AO and T-AKE ships tend to serve as shuttle ships between resupply ports and their customer ships, while the T-AOE tends to serve as a station ship, accompanying and staying on-station with a Carrier Strike Group (CSG) to provide fuel as required to customer ships.

Support Vessels such as the Mobile Landing Platform (MLP) and the Joint High Speed Vessel (JHSV) provide additional flexibility to the Combatant Commander within the operating area. The MLP enables at sea transfer of vehicles from cargo ships and facilitates the delivery of these vehicles, equipment, personnel and supplies between the sea and restricted access locations ashore. The JHSV provides a high-speed, shallow draft alternative to moving personnel and material within and between the operating areas, and to support security cooperation and engagement missions. Other support vessels, such as salvage ships, fleet tug boats, and submarine tenders serve in various supporting roles, but are not counted as part of the battle force.

The Fiscal Year 2013 President's Budget requests Research and Development funds to mature the Navy's concept for the replacement T-AO fleet oiler in Fiscal Year 2016. The Analysis of Alternatives (AoA) is nearing completion. The new oilers will have a double-hull design to ensure compliance with the environmental protection requirement for this type of ship.

In support of the enhanced Maritime Prepositioning Ship Squadron (MPSRON) concept of operations, two T-AKE auxiliary dry cargo ships are being allocated to the Maritime Prepositioning Squadrons (MPS) to provide sea-based logistic support to Marine Corps units afloat and ashore. Further, the Navy recognizes the need to provide for at-sea transfer of vehicles from a cargo ship and to provide an interface with surface connectors. The Mobile Landing Platforms (MLP) (support vessels) will provide an enhanced throughput option for the

MPS and increase capacity to support Combatant Commander requirements. It will facilitate delivery of vehicles, equipment, personnel, and supplies between the sea base and restricted access locations ashore. The Navy has awarded a contract for three MLPs. As part of the Fiscal Year 2013 budget deliberations, the Department will retain 2 MPSRONS and return the third to U.S. Transportation Command for common sealift support. The first two MLPs will be built to support the 2 MPSRONS.

During the Fiscal Year 2013 deliberations, Central Command submitted a Request for Forces for Afloat Forward Staging Base (AFSB) capability with capacity for Mine Warfare. In the past, the Navy has provided fleet assets to address the AFSB demand. In order to avoid diverting a fleet asset to fulfill this request, the Department has elected to convert PONCE to provide an interim AFSB capability until Fiscal Year 2016. To meet the enduring AFSB mission, Navy plans to modify the MLP 3 (Fiscal Year 2012 ship) to become a dedicated AFSB asset and will request an MLP 4 in Fiscal Year 2014 to provide an additional MLP variant for the AFSB mission. This will result in a class of four MLPs – two dedicated to the 2 MPSRONS and two dedicated to the AFSB mission. The two dedicated MLP/AFSBs are required to provide continuous AFSB support anywhere in the world. Advance Procurement funds for the Fiscal Year 2014 ship as well as Research and Development funds for AFSB are included in the Fiscal Year 2013 budget request. MLP 3 is planned for delivery in order to replace PONCE by Fiscal Year 2016.

The Fiscal Year 2013 President's Budget request includes funding for construction of the tenth and final JHSV (support vessel). A Memorandum of Agreement with the Army transferred programmatic oversight and mission responsibility for the entire JHSV program, including operations and maintenance, to the Navy. All delivered JHSV's will be operated by the Military Sealift Command and manned by civilian or contract mariners.

Decommissionings/Inactivations

As a result of fiscal constraints, the Navy chose to prioritize readiness over capacity. The Fiscal Year 2013 decision to decommission seven TICONDEROGA Class guided missile cruisers (CG), four in Fiscal Year 2013 and three in Fiscal Year 2014, and two LSDs exemplify our resolve to provide a more ready and sustainable Fleet within our budget constraints. The resources made available by these retirements will allow increased funding for training and maintenance. Both the cruisers and the LSDs were in need of significant maintenance investment and six of the seven cruisers required further investment to install BMD capability. Inactivating the CGs resulted in approximately \$4.1 billion in savings across the FYDP, including manpower and maintenance savings and costs avoided by not executing combat system and hull, mechanical, and electrical upgrades. These savings were shifted to other portions of the Fleet. Inactivation of the two LSDs in Fiscal Year 2014 saved approximately \$293 million across the FYDP. These ships will be placed in Mobility "B" category, allowing for re-activation should conditions warrant. The reduction in cruiser and amphibious capacity and shift to a more sustainable deployment model will result in some reductions to the amount of presence the Navy will provide overseas in some select areas, or a change in the nature of that presence to favor innovative and lower-cost approaches.

Affordability and the Shipbuilding Industrial Base

The strength of our shipbuilding plan is closely coupled with the strength of our shipbuilding industrial base. The critical skills, capabilities, and capacities inherent to our new construction shipyards and weapon systems developers inarguably underpin the U.S. Navy's dominant maritime position. Accordingly, in the course of balancing resources and requirements in the formulation of the shipbuilding plan, the effect of program decisions on the industrial base must be closely weighed.

Over the past several years, the Navy has placed a priority on increasing shipbuilding rates and providing stability for the shipbuilding industrial base. Stability translates into retention of skilled labor, improved material purchasing and workforce planning, strong learning curve performance, and the ability for industry to invest in facility improvements; all resulting in more efficient ship construction and a more affordable shipbuilding program.

The past VIRGINIA Class and DDG 51 Class MYPs, the DDG 1000 Swap/DDG 51 Restart Agreement, the LCS dual block buy, the three ship MLP procurement, the continuation of CVN 78 Class procurements on constant five year centers, and the heel-to-toe CVN RCOH induction-to-delivery cycle have provided critical stable workload for the affected shipyards and their respective vendor base. The Fiscal Year 2013 President's Budget request for the next VIRGINIA Class and DDG 51 Class MYPs will help to further stabilize the surface combatant and submarine industrial base through this decade. Likewise, the funding requested to procure a fourth MLP, and to configure MLP 3 and MLP 4 as AFSBs will also provide for added workload within the auxiliary shipbuilding sector.

However, the shipbuilding plan submitted with the Fiscal Year 2013 President's Budget request also reflects difficult choices guided by the strategic priorities and fiscal constraints brought with two governing works; the 2011 Budget Control Act and the recently released 'Sustaining U.S. Global Leadership: Priorities for 21st Century Defense.' The decisions to truncate the JHSV program, to delay starting the TAO(X), LSD(X), and SSBN(X) programs, and to defer a destroyer, a submarine, LHA 8, and two LCS ships to later years in the FYDP (or beyond) are decisions which place added stress on the industrial base and on the affordability of the respective programs; yet best match our resources to our requirements.

Any strategy which seeks to improve upon these projections by relying upon increasing investment above the current plan for shipbuilding is, at best, high risk. In fact, the current shipbuilding program calls for significant added investment through the FYDP and beyond (particularly during the period of SSBN(X) procurement). Accordingly, the Navy must continue to explore and implement alternatives to improve upon these projections for shipbuilding and the industrial base through other means.

The strategy going forward must continue to center upon improving affordability. One of the greatest challenges to our future shipbuilding program, and therefore to elements of our industrial base, is the rapidly increasing cost of our ship programs. To this end, in addition to the emphasis on stability discussed above, the Navy is establishing affordability requirements and investing in Design for Affordability for future ship programs; mandating use of open systems design; leveraging competition where it exists in shipbuilding; employing fixed price contracts to

control cost for ships and weapon systems in production; imposing strict criteria limiting disruptive change to contracts; investing in industry-wide manufacturing process improvements through the National Shipbuilding Research Program; and incentivizing capital investment in facilities where warranted. There are additional mechanisms to improve affordability, which have required or will require Congressional support:

- Strong industry performance in restarting DDG 51 production has yielded substantial savings for the Fiscal Year 2011/2012 ships placed under contract. The Navy is targeting additional savings through the competitive Fiscal Year 2013 to Fiscal Year 2017 MYP.
- Provision of a Shipbuilding Capabilities Preservation Agreement (SCPA), to improve a Navy shipbuilder's competitiveness for commercial work, is particularly effective for auxiliary shipbuilders that possess the skills and capabilities common to both Navy and commercial shipbuilding. Navy has signed one SCPA agreement in the recent past.

The Navy will continue to aggressively pursue the mutual objectives of improving the affordability of our shipbuilding program and increasing the strength of our shipbuilding industrial base, and is committed to working closely with Congress on these efforts.

Acquisition Workforce

The Navy has embarked on a deliberate plan to strengthen the acquisition workforce over the FYDP. The Navy's position is to continue its current plan as stated in the Department of Navy (DoN) Acquisition Workforce (AWF) Strategic Plan, to rebuild the DoN civilian acquisition workforce. In the past two years, the DoN AWF has hired approximately 4,300 full time equivalents and has improved its education and training programs in shipbuilding program management and contracting.

The Navy continues to emphasize the need for a professional cadre of on-site Supervisor of Shipbuilding (SUPSHIP) personnel co-located with the nation's shipbuilding industrial base in an oversight role. Over the last year, the number of onboard SUPSHIP staff reached 1146. This marks a continued growth trend of SUPSHIP staffing from approximately 900 onboard in Fiscal Year 2007 and marks another successful year of achieving hiring targets, as SUPSHIPS have done every year from Fiscal Year 2007 to Fiscal Year 2011. Preserving these staffing gains made over the past four years is critically important to ensuring sufficient oversight and management of the Navy's shipbuilding programs.

Summary

The Navy continues to instill affordability, stability, and capacity into the shipbuilding plan and to advance capabilities to become a more agile, lethal and flexible force to address the challenges and opportunities facing the nation. The carrier force will sustain a five year interval for construction starts to better align delivery of the GERALD R. FORD Class ships with the ends of service life for the NIMITZ Class ships while ensuring the Navy maintains an eleven carrier fleet. The submarine force will continue to be preeminent in the world as the Navy continues to invest in VIRGINIA Class submarines via multiyear contracts, submarine modernization, and prepare for replacement of the ballistic missile capability. The plan also continues DDG 51 construction via a multiyear contract to leverage a stable design and mature

infrastructure to achieve affordable capabilities. LCS will address specific and validated capability gaps in Mine Countermeasures, Surface Warfare, and Anti-Submarine Warfare, and the selection of both LCS designs leverages the unique capability delivered by each platform while providing stability to the shipbuilding infrastructure. The Navy's amphibious force will remain capable with full funding of LSD mid-life upgrades, replacement of the LSD 41/49 Class ships with LSD(X), construction of the LHA Replacement Class, and successful deliveries of the LPD 17 Class ships. Finally, the Navy is investing in the auxiliary fleet with the procurement of the last JHSV and 4 MLPs, with variants supporting the MPS and the AFSB demands.

The Navy and Marine Corps, on the high seas and closing foreign shores, stand ready to answer the call of the nation. We thank you for your continued support and request your approval of the Fiscal Year 2013 President's Budget request for shipbuilding.