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HOUSE ARMED SERVICES COMMITTEE

STATEMENT OF

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ON THE POSTURE OF THE UNITED STATES NAVY

BEFORE THE
HOUSE ARMED SERVICES COMMITTEE
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Introduction

Chairman Rogers, Ranking Member Smith, and distinguished members of the Committee, thank you for the opportunity to testify on the posture of the United States Navy. On behalf of our battle-ready Sailors, resilient families, and dedicated civilians serving around the globe, thank you for your continued support to our Navy and our Nation.

For 250 years, the United States Navy has delivered forward naval power to defend the homeland, protect our economic prosperity, and deter conflict. Today, we remain forward, lethal, and ready – manned, trained, and equipped to maintain freedom of action in the maritime domain and, if required, to fight and win decisively at sea.

Operation Epic Fury has not merely tested our force – it has reinforced the assumptions that underpin the necessity of fielding and deploying a strong Navy. It confirmed that the future fight is not theoretical; it is here now – defined by speed, ambiguity, and persistent pressure below the threshold of armed conflict. What we have observed during our recent combat operations aligns directly with our Fighting Instructions: decision advantage matters more than perfect information; forward, combat-ready forces are not optional – they are decisive; and persistence is how we compete and deter. The broader security environment reflects this same reality. Strategic competition is intensifying. The People's Republic of China continues to rapidly modernize its naval and joint force capabilities to contest maritime access, coerce regional actors, and challenge international norms. Russia and the Democratic People's Republic of Korea remain persistent and opportunistic threats. Increasingly, competition is occurring in the gray space below armed conflict, where sustained presence, information dominance, and the ability to act faster than an adversary can determine outcomes.

To meet these challenges, the Navy is executing a disciplined, warfighting-focused investment strategy. We are protecting the core of our combat power – our Sailors, our strategic deterrent, and the Foundry that generates readiness – while accelerating the maritime kill chain capabilities that convert readiness into combat effects: command and control, counter-targeting, sensing and scouting, precision payload delivery, terminal defense, and contested logistics. Every major Navy investment decision is evaluated based on its contribution to warfighting advantage and deterrence.

Navy and Nation 250

Established before our Nation declared its independence, the United States Navy has served as a relentless instrument of American power – defending the homeland, securing our economic prosperity, and projecting force abroad to deter conflict and, when necessary, defeat our adversaries.

The Navy provides persistent, combat-credible forces across the globe with a battle force of 291 ships. Approximately 100 ships and over 70,000 Sailors and Marines are deployed at sea each day, ready to respond in competition, crisis, and conflict.

Today, naval power underwrites American economic power. With over 90 percent of global trade traveling by sea and the vast majority of international communications carried by undersea cables, the Navy protects the global system that fuels American prosperity. We secure sea lines of communication for ourselves and our allies – and deny our adversaries access when required.

The Navy delivers substantial differentiated value to the Nation: forward presence, global mobility, and the ability to project combat power without reliance on host-nation permission. We defend the homeland from the sea, secure maritime borders, protect critical seabed infrastructure, and ensure access to global markets. We are America's Home Team and America's Away Team – deterring conflict forward with sovereign options so it never reaches our shores.

United States Navy Around the World

Strategic Deterrence. The Navy's sea-based nuclear deterrent remains the most survivable leg of the nuclear triad. Continuous patrols by ballistic missile submarines ensure a credible second-strike capability and underpin national security. The Columbia-class program and supporting efforts are essential to maintaining this capability and remain the Navy's top acquisition priority.

Defense of the Homeland. Border security is national security. To operationalize the National Security Strategy, the Navy remains focused on defending our homeland and interests in the Western Hemisphere. As part of Operation Southern Spear, our naval forces are providing domain awareness and regional maritime security through enhanced counternarcotics operations

and maritime interdiction in the U.S. Northern Command and U.S. Southern Command areas of responsibility.

Our naval force remains pivotal in the fight against narco-terrorism as a national security threat, delivering decisive blows through power projection, coordinated deterrence, and advanced surveillance. This precise action at sea, proven successful in Operations Southern Spear and Absolute Resolve, directly degrades the enemy's ability to threaten our homeland and protects U.S. interests.

The presence of a multitude of naval assets, each bringing their own unique capabilities, working along our joint partners, creates a powerful shield for America. By intercepting threats and securing interests far from our borders, the Navy is keeping the fight off the streets of American towns and cities and preventing the flow of illicit drugs into our communities.

Indo-Pacific. China's rapid naval expansion and increasingly aggressive behavior underscore the urgency of restoring credible deterrence. In support of the National Defense Strategy, the Navy is responding by operating forward, strengthening alliances, and demonstrating the ability to fight and win at sea. Our presence signals resolve, reassures partners, and complicates adversary decision-making.

Middle East & Europe. In the Middle East, the Navy has conducted sustained combat operations to defend U.S. forces, protect maritime commerce, and degrade adversary capabilities designed to project power and control critical chokepoints. Under Operation Epic Fury, our forces, alongside our tremendous Joint Force teammates, have played an outsized role in eliminating the Iranian regime's maritime forces. These sustained operations have reaffirmed a fundamental truth: naval power underwrites American power. From the sea, our Navy has delivered persistent presence, rapid decision advantage, and sustained combat power – demonstrating our ability to project force without reliance on foreign basing, defend our forces, protect our partners, and impose costs on our adversaries at a time and place of our choosing. These operations have not only tested our Fleet – but they have also validated the Navy's differentiated value to the Nation: forward, ready, and sovereign lethal forces that are ready to fight and win. Epic Fury has validated that moving combat ships at sea are hard targets and are essential to the Joint Force scheme of maneuver.

Burden Sharing with Allies. The Navy remains steadfast in our commitment to enhance security, stability, and deterrence with our allies in the Indo-Pacific and around the world. Through joint exercises and war games, force posture initiatives, and cooperative sustainment efforts, we are strengthening interoperability and ensuring a collective approach to shared security challenges. By deepening these partnerships and promoting burden-sharing, we enhance collective resilience, strengthen deterrence, and ensure our forces remain postured to respond to any contingency. Allies and partners are essential to the Navy's overall Hedge Strategy.

AUKUS. We continue to support the Australia-United Kingdom-United States (AUKUS) enhanced security partnership and value the contributions of allies and partners to the global security environment. Royal Australian Navy Sailors are currently serving on American submarines and continue to complete the nuclear training pipeline. Last November, a U.S. Virginia-class submarine completed the first submarine maintenance period without the support of a U.S. submarine tender or sovereign facility. At the conclusion of the event, the blended U.S. and Australian maintenance workforce had completed more than 200 individual maintenance tasks, ranging from hull preservation and temporary service installations to complex system access, testing, and restoration.

The maintenance availability marked a decisive step in turning the AUKUS security partnership into an operational reality, reinforcing the Department of War's (DoW) peace through strength approach to security in the Indo-Pacific. By expanding allied capacity to repair, sustain and re-supply submarines forward in a strategically relevant region, AUKUS strengthens deterrence and ensures combat-credible forces are postured to deter aggression across the Indo-Pacific.

CNO Enduring Priorities: Sailors First, Foundry, Fleet, and Fight

My priorities – Foundry, Fleet, and Fight – are not just words, but a framework for action: forging our Sailors in the Foundry, ensuring the Fleet is properly manned, trained, and equipped, and most importantly, ensuring our forces are ready to Fight and win, whenever and wherever called upon. At the center of this vision is the United States Navy Sailor, our main weapons system, and our most enduring competitive advantage. Our Sailors are what sets us apart from our adversaries. Not just steel, technology, or combat power – our People. Enduring

through each of these priorities is an underlying imperative that we will view everything we do through an operational lens.

Sailors First. The lifeblood of our Navy is the Sailor. Without our brave and courageous Sailors, our Navy would go no further than the pier. A Navy that cannot recruit, train, support, and retain its Sailors is a Navy that cannot fight, regardless of technology or platforms. Therefore, Sailors First is not a quality-of-service initiative alone; it is a warfighting imperative. We are focused on outcomes – ensuring every Sailor is supported, connected, and ready to fight. Every Sailor lost to preventable quality-of-service failures represents a direct loss of combat readiness and trust in their government leadership.

Foundry: People, Infrastructure, and Material. The Foundry determines whether we win or lose before the first shot is fired. It is the engine that generates warfighting advantage – producing trained warfighters, ready platforms, and sustained combat power at the speed and scale required for modern conflict. These investments are a prerequisite to success in any conflict. If the Foundry fails, no amount of operational brilliance, skill, or technology can compensate in war.

Fleet: People, Platforms, and Payloads. The Fleet is the Navy's most decisive instrument of national power and the core of our differentiated value to the Joint Force: forward, persistent, and combat-credible forces that deter aggression, assure allies, and, if necessary, fight and win at sea. Composed of people, platforms, and payloads, the Fleet operates across all domains to deliver effects at the time and place of our choosing. Readiness is combat power. Fully manned, maintained, and equipped forces provide the fastest and most reliable means to increase lethality today. Investments in maintenance, operations, and sustainment directly translate into increased presence, responsiveness, and warfighting effectiveness.

Fight: People, Decisions, and Effects. The Navy provides the combat credibility and global power projection required to secure U.S. interests, deter adversaries, and ensure freedom of the seas. In competition, we operate forward to shape the environment and deter conflict. In crisis, we respond rapidly with credible combat power. In conflict, we fight to win – delivering decisive effects at sea and across all domains. Future victory at sea will depend on our ability to accelerate decisions and deliver effects faster than our adversaries. This requires a force trained

and empowered to operate under conditions of degraded communications, executing commander's intent with initiative, discipline, and speed.

Within my priorities there are four overarching focus areas where we will ruthlessly prioritize future Navy investments. Together, these investment objectives are mutually reinforcing and span across my priorities of Sailors First, Foundry, Fleet, and Fight. Indeed, these objectives are tailor-made to increase the differentiated value of the Navy and deliver asymmetric advantage across the Future Years Defense Program.

CNO Investment Objectives for Fiscal Year 2027

To deliver a Navy that is ready to deter aggression and win in conflict, the Fiscal Year 2027 budget prioritizes four critical areas:

1. Battle Ready Sailors – Quality of Service and Warfighter Competency. We are investing in housing, pay, training, and total Sailor wellness to ensure our people – the Navy's primary weapon system – are ready, resilient, and retained. Failure to invest in our Sailors directly degrades readiness and combat effectiveness.

2. Total Force Readiness – Infrastructure, Maintenance, Operations, and Spares. Fully funding our global network of critical infrastructure, maintenance facilities, ship operations, flying hours, and spares is the fastest way to meaningfully increase combat power today. Underfunding readiness reduces surge capacity and delays response in crisis.

3. Maritime Kill Chain – Command and Control, Counter-Targeting, and Long-Range Fires. We are accelerating investments in sensing, counter-targeting, command and control, and precision weapons to ensure we can find, fix, and finish adversaries at range. Gaps in our complex kill webs reduce our ability to execute all joint warfighting functions.

4. Golden Fleet Initiative – Future Force Design and Scalable Combat Power. The Golden Fleet Initiative is the future of the Navy's force design. With this initiative, we are building a balanced, high-low mix of manned and unmanned systems to deliver combat mass, distributed lethality, and operational flexibility at scale. Without this transition, the Navy risks insufficient capacity to prevail in high-end conflict. These objectives are key to the Navy's

Hedge Strategy and reflect a disciplined approach to resource allocation, ensuring that every dollar invested strengthens the Navy's ability to fight and win.

1. Battle Ready Sailors – Quality of Service and Warfighter Competency

Recruit and Retain Talent. The Navy is successfully attracting and keeping top talent to ensure a lethal, combat-ready force.

In FY25, we surpassed our recruiting goal of 40,600 by recruiting 44,096 new Sailors, a success driven by data analytics and targeted digital campaigns. The Future Sailor Preparatory Courses have been key, graduating 3,583 individuals into Basic Training in FY25. For FY26, the recruiting goal has been increased to 45,000, and we are currently on track to meet this target.

Retention remains a cornerstone of our end-strength strategy. We consistently met or exceeded retention benchmarks across all zones in FY25. Policy changes have been instrumental; suspending High Year Tenure (HYT) gates retained 2,340 Sailors, and the HYT Plus Pilot has processed nearly 7,942 requests. Furthermore, the Full Power Navy (FPN) initiative, launched in February 2025, has already convinced 3,291 Sailors who were considering separation to continue their service. These combined efforts resulted in a net gain of 10,830 enlisted Sailors over the past year.

While officer retention at the department head level remains a challenge in specific career fields, we continue to offer competitive compensation and targeted monetary incentives for critical officer fields to position the Navy as an employer of choice. We appreciate the continued support of Congress in enabling our monetary retention incentives in areas such as Aviation, Explosive Ordnance Disposal, Surface Warfare, Submarine Warfare, Naval Special Warfare, and Health Professions.

Invest in Warfighter Competency. To dominate in future maritime conflicts, we are developing our Sailors into the world's most proficient warfighters. We have transitioned from episodic training to a lifelong learning model called the Career Training Continuum (CTC). This data-driven framework uses Fleet requirements to create a deliberate, career-long journey of technical mastery for every Sailor. The Career-Long Learning Continuum (CLLC) component

provides a 30-year roadmap for enlisted ratings for every milestone across character, leadership, and technical mastery.

Training is actively adapting our "A" and "C" school curricula with the goal that application and performance elements will comprise approximately 60% of all instructional time. This is achieved through the optimized use of technology, including electronic classrooms and Multipurpose Reconfigurable Training Systems (MRTS) 3D that provide high-fidelity, simulated training environments across various ratings and evolutions. Furthermore, we are leveraging additive manufacturing to create 3D-printed training aids, which provide Sailors with critical, hands-on training on modern assemblies at a fraction of the cost of using decommissioned hardware or acquiring new replicas. To accelerate learning even further, artificial intelligence and deep reinforcement learning are being implemented within our schoolhouses to analyze complex combat scenarios and enhance training.

CTC ensures our Sailors possess the advanced skills needed to operate and maintain our most complex systems, guaranteeing a more capable, confident, and battle-ready Fleet prepared to win in any contested environment.

Gaps at Sea. Proper ship manning is important to operational readiness, the ability to surge deployments, and personnel retention. Navy has worked for years to increase personnel billets and inventory afloat to ensure ships are properly manned to complete the work assigned, deter aggression, and be ready to win decisively when called on, day in and day out.

Since May 2025, recruiting success and strategically targeted distribution has increased the number of Sailors at sea by more than 400 per month due to increased sea duty billet fills and retention, driving consistent improvement in overall gaps and operational readiness since the beginning of FY25. As a result, we have 4,634 additional Sailors at sea, resulting in an 88.2% fill rate. Our schoolhouses are delivering more Sailors to the Fleet every month, with less than 2% attrition from boot camp to their first operational assignment.

Unaccompanied Housing. On my first day in office, I directed that no Sailor will live aboard ship in their homeport. We are investing in safe, modern housing and leveraging authorities to ensure every Sailor has access to clean, comfortable, and secure living conditions. A key element to this is to provide quality government-owned Unaccompanied Housing (UH)

for our service members through focused improvement of the current conditions of UH, addressing new concerns, utilizing best management practices, and producing a sustainable inventory enterprise-wide. The Department of the Navy, with guidance from the Barracks Task Force (BTF), is empowering the installations to address quick actions to improve barracks conditions that do not meet the clean, comfortable, and safe (CC&S) SECWAR target.

Furthermore, the Navy received an additional $375M and the Marine Corps received an additional $350M from the One Big Beautiful Bill Act (OBBBA) for restoration and modernization for Barracks/UH improvements. The Barracks Task Force is working to improve quality of life in the barracks. The Navy is actively pursuing two large-scale unaccompanied housing privatization expansion projects; other Navy Fleet concentration locations are also under review.

Privatization Oversight and Military Housing Privatization Initiative. Recent media pieces and advocacy groups have highlighted environmental concerns, including mold, and poor living conditions in privatized housing, which has raised concerns with Congress and OSW leadership about the oversight and stability of the privatized housing program. In response, the Navy has implemented the enterprise Military Housing environmental health and safety module to support tracking home health and safety in response to emergency/urgent issues.

The Department of the Navy has also increased staffing inside military housing offices, which now include additional resident advocates and home inspectors, which enables the department to hold our Military Housing Privatization Initiative (MHPI) partners accountable and enforce the Tenant Bill of Rights and other oversight provisions included in recent National Defense Appropriation Acts.

The Navy has continued quality of life enhancements in MHPI UH and is currently negotiating the expansion of the UH projects for both Hampton Roads, VA and San Diego, CA. These large-scale expansions will privatize an additional 8,097 bedrooms in Hampton Roads and 5,091 bedrooms in San Diego.

Navy Child and Youth Programs. The Navy is actively addressing the impact the nationwide childcare staffing crisis has had on our Sailors through a robust set of initiatives: improving compensation with updated pay structures, offering recruitment incentives, and providing enhanced training. Staff childcare discounts are a powerful retention tool, helping us keep qualified professionals. The Navy is also extending childcare capacity beyond the gate by maximizing the Military Child Care in Your Neighborhood program. This fee assistance program provides immediate relief in areas with the longest waitlists by empowering families to access quality, vetted civilian childcare, turning a community resource into a force multiplier. Our message remains clear and consistent: readiness depends on strong families and a strong Fleet. Navy Child and Youth Programs deliver affordable, high-quality child and youth services.

Wi-Fi Barracks Rollout. Today's demanding environment and the needs of modern-day Sailors require improvements in Quality of Service across the enterprise. Providing Sailors with reliable connectivity ensures the Navy maintains a well-supported and connected fighting force by increasing access to training and education opportunities and expanding access to support networks. Enhanced Quality of Service initiatives positively impact Fleet morale, readiness, and retention and will strengthen the credibility of our Navy. One initiative is to provide free and subsidized high-bandwidth Wi-Fi access for Sailors living in Unaccompanied Housing. The phased plan began in November 2025 with project completion expected by December 2027 across all installations globally.

Galley and Navy Food Transformation. Nutrition is essential to every element of Sailor readiness and performance. To ensure food is consistently accessible to our Service members, the implementation of Essential Station Messing (ESM) facilities, Grab-n-Go options, a relaxed galley attire policy, as well as 24/7 access to Navy Exchange Micro Markets in barracks and food truck initiatives are in place at select locations across the enterprise. The Navy is focused on sustaining and improving ashore galley facility operations, effectively transforming them into a dining destination of choice. Galleys are essential to ensuring Sailors have access to fresh, healthy meals that support optimal nutrition and performance. In conjunction with military food transformation and modernization, the Navy is launching two ashore galley pilot sites in the third quarter of FY26, with the intention of expanding choice, increasing healthy options, expanding access, and increasing ashore galley utilization.

Fallon Range Training Complex. The Navy continues the execution of Fallon Range Training Complex (FRTC) Modernization activities to support enhanced range capabilities, consistent with the FY23 and FY25 National Defense Authorization Acts (NDAA). The FRTC is used extensively by the Navy to conduct mission training in the areas of advanced strike warfare, air warfare, electronic warfare, and tactical ground mobility, including live-fire training. The complex is the only location where an entire carrier air wing, consisting of more than 70 aircraft and associated support crews, can work together and train. In fact, every Navy Carrier Air Wing trains on the FRTC prior to deployment as part of their combat surge readiness certification.

A Programmatic Agreement between Naval Air Station Fallon, the Nevada State Historic Preservation Office and the Advisory Council on Historic Preservation was completed in November 2025, as required by the FY23 NDAA. The Agreement relates to the management of historic properties within the FRTC and streamlines compliance for issues subject to the National Historic Preservation Act.

Reserve Mobilization. The Navy Reserve continues to focus on creating strategic depth. During Fiscal Year 2025, mobilization exercises (MOBEX 25-4 and LSE-25) successfully streamlined mass mobilization protocols, achieving significant lessons learned and gains in efficiency. These exercises resulted in a 90% reduction in the order processing timeline, cutting it from 77 to just 10 days. Additionally, the activation process, including pay, was accelerated by 20%, decreasing from 250 to 209 days.

To build upon this momentum, the Billet Based Suitability Screening (BBSS) initiative was established in coordination with key stakeholders across the Navy. This risk-informed program further expedites mobilization by screening reservists for their specific billet requirements prior to activation. The BBSS is organized into three tiers: CONUS, remote/operational/sea duty, and expeditionary – ensuring that personnel are appropriately vetted for their assignments ahead of time.

Civilian Mariners and CLF Force Structure. Civil service mariners (CIVMAR) are federal government employees that crew combat logistics ships, and other government-owned, government-operated vessels. Military Sealift Command (MSC) CIVMAR inventory is 6,146 out

of a total required inventory of 8,805. This gap drives significant risk to afloat operations and mission success.

MSC needs to fill 4,868 afloat billets. 6,146 CIVMARs are not enough to fill all afloat billets once requirements for leave, training, medical holds, recertification, and travel are considered. MSC Force Generation Risk Reduction (FgRR) places 17 ships pier-side for several years, temporarily taking them out of operation to reprioritize the CIVMAR workforce onboard higher priority operational ships. Today, MSC is on plan for recovery with 15 ships pier-side and three more planned to come out later this calendar year as we work to deliberately grow our CIVMAR manning.

MSC has implemented several initiatives to improve quality of service to attract and retain more mariners. Initiatives include more efficient detailing processes, increased leave accrual, and installation of Wi-Fi at sea. Pay reform to reduce aggregate pay limits for CIVMARs was also included in the FY26 NDAA.

MSC is executing CIVMAR recruitment as planned with overall CIVMAR inventory growing ahead of target; however, the program remains undermanned. Placing ships pier-side in FgRR has temporarily reduced MSC's at-sea billet requirement to 2,908. MSC is currently filling 2,464 of these at sea billets (85%). Of these ships that have remained operational, 444 at-sea billets are vacant. MSC cannot fill 100% of these at-sea billets as the 15 ships in FgRR must still be minimally crewed to support maintenance, security, and safety requirements. Additionally, CIVMARs on leave, in training, on medical hold, or undergoing recertification are not available to crew at-sea ships. These friction points are being aggressively addressed by the FgRR efforts.

Implementation of Military Justice Reforms. The Navy has implemented the military justice reforms mandated by the FY22-FY25 NDAAs, enhancing accountability and strengthening the force. As such, the Navy has adopted a modern, cloud-based case management system, known as the "Naval Court-Martial Reporting System," which allows rapid, data-driven responses to inquiries and enhances internal oversight.

The Navy's Office of Special Trial Counsel (OSTC) provides an independent prosecution capability for serious offenses; as of January 2025, this includes substantiated formal complaints of sexual harassment. The establishment of the OSTC centralizes prosecutorial authority for 14

serious, enumerated offenses under the Lead Special Trial Counsel, who ensures that covered offenses are handled with the appropriate level of military justice expertise. The Navy has maintained a specific career track for military justice practitioners since 2007. These officers serve in the Navy's most critical military justice positions, including throughout OSTC.

Uniforms. The Navy has recently reinvigorated the Naval Uniform Board to better support our Sailors, reduce sea-bag requirements, and review current policies to ensure alignment with the Secretary of War's recent guidance. We are also investing in our uniform availability by working with the Defense Logistics Agency and Navy Exchange Service Command to resolve availability issues through weekly inventory assessments.

Physical Readiness Program. The Physical Readiness Program is built on consistent high standards and aligns with DoW guidance to maintain a healthy, deployable force. By emphasizing long-term fitness over short-term test preparation, the program fosters a culture of sustained readiness, which directly contributes to operational performance, retention, and resilience.

The Navy continues to modernize the physical readiness program to reflect advancements in sports science and reducing preventable injuries. Recent updates include revised body composition standards, expanded alternative cardiovascular options, and increased access to high quality fitness facilities both afloat and ashore. These improvements emphasize long-term wellness over short-term test preparation and support a culture of sustained readiness.

2. Total Force Readiness – Infrastructure, Maintenance, Operations, and Spares

Readiness Overview. To deliver a battle-ready force, the Navy is prioritizing full funding of surface, submarine, and aviation maintenance accounts at the executable level. This ensures platforms are delivered on time and ready for tasking. We are also prioritizing ship operations and flying hours to sustain global presence and combat readiness. These investments are foundational – without them we accept immediate risk in surge capacity, force projection, and crisis response timelines. To sustain a globally present and combat-ready force, the Navy funds Readiness accounts to include Ship Operations and the Flying Hours Program. Funding in Readiness accounts supports global operations including those in the Arabian Gulf, Red Sea, Indo-Pacific, and the U.S. southern border. These programs directly resource our forward-

deployed forces, ensuring we can deter aggression and respond to crises. Any reduction in readiness funding results in delayed maintenance, reduced operational availability, and decreased combat power available to combatant commanders.

The spares program is a critical component of operational readiness. The ability to achieve 80% combat surge readiness levels for all platforms is directly related to the health of on hand spare parts. The One Big Beautiful Bill Act made $2.1B available for spares: $1.4B for maritime spares and $700M for amphibious spares/rotatable pool establishment.

Public Naval Shipyards. The most important driver to improving shipyard performance is workforce retention, stability, and development. Portsmouth Naval Shipyard (PNSY) has received an 8.6% increase for specific Federal Wage Service (FWS) series. Norfolk Navy Shipyard (NNSY) FWS submission was derived through the results of the FY23 wage survey, which resulted in an average increase of ~14% across all series. Other locations and schedules are still under review.

The four shipyards had higher than expected attrition and lower than planned new hires in FY25 that led to gaps in the engineering workforce and in critical trade shops. Highly trained and experienced mechanics are transitioning out of the wage grade fields to pursue positions with increased pay and greater responsibilities. The Naval Sea Systems Command (NAVSEA) expert tradesperson initiative is developing a career path that incentivizes our best and brightest mechanics to remain in the wage grade field. Over 630 expert trades have been hired as of the end of FY25, with a goal of 924 by the end of FY26. These shipyard manpower initiatives are essential to restore and maintain maritime industrial base resiliency in the U.S. Homeland.

We're also taking a hard look at whether we need a new public Navy Yard. In the FY27 budget, we've resourced a deliberate study to close the gap between the maintenance capacity we have and the maintenance demand we know is coming. That work looks at three things: the shortfall we're carrying today, the requirements of the future force, and where a new yard would make operational sense - based on the threat, the industrial base, workforce, and the utilities required to sustain it.

This is about combat credibility. Maintenance is not a back-end function - it is a warfighting requirement. If we cannot generate ready ships on time, we cannot deliver combat

power when it matters. Reintroducing public repair capacity into our shore-based inventory is not just an infrastructure decision - it's a strategic one. It's how we hedge against risk, strengthen the industrial base, and ensure the Fleet we build is a Fleet we can sustain and fight.

Shipyard Infrastructure Optimization Program (SIOP). SIOP is an essential generational investment to reduce maintenance durations for the Navy's nuclear fleet and to improve the poor facility conditions in the Navy's four public shipyards. To date, SIOP has completed 54 projects across all four shipyards – Pearl Harbor Naval Shipyard (PHNS), Puget Sound Naval Shipyard (PSNS), Portsmouth Naval Shipyard (PNSY), Norfolk Naval Shipyard (NNSY) – totaling over $1.4B. These projects maintained dry dock certification, improved facilities, and optimized process flows. An additional 43 projects worth $6.3B are under contract, including six dry docks. Three new dry docks are under construction, and three dry docks are being modernized. This year's budget devotes $1.8B to SIOP.

Surface Ship Maintenance and Sustainment. Under the goal of delivering a force that is 80 percent combat surge ready, the Navy is continuing investments in surface ship maintenance to eliminate delays and deliver a more combat-ready force. We are simultaneously investing in sparing to keep operational ships at sea with their full capabilities. New initiatives such as the hybrid government-industry depot at Naval Support Activity Crane will be crucial to sustaining the wholeness of deployed the Aegis Combat System well into the 2060s. Our current maintenance structure lacks the right balance of Sailors, civilians, artisans, and engineers. Years of depot and activity level consolidation have reduced opportunities for our Sailors to master the skill sets needed to repair and sustain at sea. For these reasons, the Navy is pursuing the stand-up of Shore Intermediate Maintenance Activities (SIMA) in Norfolk and San Diego. These facilities will provide our Sailors with hands-on training in advanced ship repair and expose them to modern capabilities such as AI/ML, advanced manufacturing (e.g., 3-D printing, CAD/CAM, etc.), workflow monitoring technologies, and robotic systems.

Base Operating Support (BOS) & Facilities, Sustainment, Restoration, and Modernization. Systemic under-funding of aging shore infrastructure directly impacts global fleet operations, warfighter lethality, and quality of service (QoS) for Sailors and their families. The Navy's average facility condition is "poor" with an average facility age of 58 years and will continue to

degrade at current resourcing, with the maintenance backlog now at $36B. Our FY27 budget prioritizes restoration and modernization investments in unaccompanied housing, ensuring our most critical warfighting advantage – our Sailors – are safe, secure, resilient, and mission-focused. To do so, the Navy is investing $9.1B in Facilities, Sustainment, Restoration, and Modernization, a $3.4B (60%) increase from FY26.

We are supporting the Foundry by making large investments to improve critical infrastructure such as degraded airfields, waterfronts, and utilities essential for supporting Fleet operations. Additionally, our sustainment strategy makes targeted investments in shipyards and educational facilities and fully funds QoS facilities (UH, pools, and gyms) to ensure a resilient and ready force. We are also bolstering Fleet effectiveness by fully funding critical nuclear deterrence and operational architecture facilities

BOS shortfalls have critical impacts to Fleet readiness and sustaining mission capabilities, ensuring regulatory compliance, and promoting QoS for Sailors and their families. Historically, the Navy's BOS account has been relatively flat, creating an inability to execute increases in requirements. For FY26, programmed funding levels supported increases in physical security recapitalization, utilities inflation, Red Hill compliance, and improving QoS (e.g., Child Development Centers (CDC), Galley Operations, MWR, and UH). For FY27, the Navy continues to evaluate the BOS account holistically, with focused prioritization on requirements tied to Fleet readiness and QoS initiatives.

Military Construction Overview. Military Construction (MILCON) is critical to optimizing infrastructure across Navy installations, ensuring the readiness, resilience, and global reach of our forces. These investments enable global logistics and warfighter development, generation, and employment from the shore while supporting mission-critical capabilities. The PB-27 request will reflect the Navy's top priorities – the Navy nuclear deterrence mission, investment in the Indo-Pacific, support for new platforms, SIOP, and other key facilities/infrastructure that contributes to warfighter lethality. PB-27 requests $7.4B in MILCON, including Family Housing and SIOP, in FY27 for a total of 61 projects, in addition to MILCON Design (D), and Unspecified Minor Military Construction (UMMC).

Guam Infrastructure Build-Up. Damage from Typhoon Mawar impacted both civilian and military infrastructure, which complicates our ability to meet the NDS and impacts QoL for Sailors and their families. The Department of the Navy has executed several hundred million dollars in emergent repairs related to Mawar damage to date; and the Fiscal Year 2025 (FY 25) Supplement provided $2.2B for Mawar recovery efforts ($900M Operations Maintenance Navy (OMN), $102.2M Family Housing OMN, $1,127M Military Construction Navy, $27.4M Family Housing Construction).

Additionally, the Defense Policy Review Initiative, which moves Marines from Okinawa to Guam, continues to be a priority for the DoW. The cost cap for Guam construction was established within the National Defense Authorization Act for Fiscal Year 2015 (NDAA FY15) as $8.5B, of which the Government of Japan is providing $3.1B.Shore Counter Small Unmanned Aircraft Systems (C-sUAS). The Navy is a committed partner to the Joint Interagency Task Force 401 (JIATF-401) and the Portfolio Acquisition Executive Robotic & Autonomous Systems (PAE RAS) to increase collaboration on C-sUAS development, engineering, test and evaluation, and operations. The Navy continues to develop, integrate, support, and sustain capabilities required to address rapidly evolving multi-domain threats, ensuring interoperability across all Counter Unmanned Systems (C-UXS).

The Navy C-UAS capability coverage reached 96% of the legacy baseline capability equipment install requirements at our installations. The remaining sites are pending local jurisdiction approvals. Additionally, the Navy has successfully installed multi-modal (layered) detect and defeat capabilities at key strategic weapons facilities. Fixed site EW systems are installed at 99% of the planned Navy installations (57 planned installations), with handhelds also being present at 85% of these installations (47 locations). Fixed site multi-modal (e.g., EW, radar, camera) systems are installed at one installation. System operator staffing is currently at 95% for required locations and historically, the Navy has been the leading Service in ensuring C-sUAS is appropriately integrated into installation operations, reinforcing that a complete capability is dependent upon both materiel and non-materiel aspects.

3. Maritime Kill Chain – Command and Control, Targeting, and Long-Range Fires

Fight from the Maritime Operations Centers. Maritime Operations Centers (MOCs) are a critical warfighting capability – serving as the operational command-and-control hub that links strategic intent to tactical execution. Treating the MOC as a warfighting platform and weapon system enables the Navy to synchronize effects across domains and accelerate decision-making. This initiative strengthens the Navy's contribution to Joint and Combined All-Domain Command and Control and ensures unity of effort in contested environments. Additionally, our MOCs are fully integrated into LVC networks, enabling our teams to train just like we fight. However, improvements to integrate Information Warfare systems must continue to be prioritized going forward, including enhanced battle management aids.

C-C5ISRT. The Navy continues to leverage the Counter-Command, Control, Communications, Computers, Combat Systems, Intelligence, Surveillance, Reconnaissance and Targeting (C-C5ISRT) Investment Strategy to align research and development (R&D)/science and technology (S&T), investment recommendations, operational needs, and key programs of record (PoRs) to support our "North Star" outcomes. We have continuously refined C-C5ISRT objectives and made significant strides in focusing intelligence, studies, war games, experiments, evaluations, tests, emulation, and modeling and simulation by working with stakeholders and capability developers across the Fleet to provide awareness at oceanic scale. These efforts are focused on developing effective command and control (C2) of joint effects for unity of mission and synchronized operations to close complex kill chains.

Further C2 efforts will be tested through exercises and war games this year. The Navy also led development of option cards for use by combatant commands and senior national security decision-makers. R&D efforts were able to conduct proof of concepts for significant capabilities aligned with C-C5ISRT efforts. Multiple Fleet exercises and war games reinforced command and control, training, doctrine, and enhanced readiness efforts on new and existing capabilities. C-C5ISRT investments are the Navy's most important strategy to improve maneuver, survivability, and scheme of maneuver executability.

Surface Missile Systems. Without sufficient investment in munitions and payload capacity, the Navy risks entering future conflicts with forces that are technologically advanced

but unable to sustain combat or achieve decisive outcomes. As such, the Navy is expanding both the capability and capacity of its missile inventory. Sustained production of SM-6 and Tomahawk cruise missiles, integration of additional interceptors, and development of hypersonic weapons such as Conventional Prompt Strike are essential to maintaining credible offensive and defensive capabilities. Increasing magazine depth remains a top priority. For that reason, the Navy is committed to a historic investment of $21.6B in FY27 for 4,612 weapons, including 540 Standard Missiles and 785 Tomahawk missiles. The Navy is also investing another $1.6B in the weapons industrial base.

4. Golden Fleet Initiative – Future Force Design and Scalable Combat Power

Golden Fleet Initiative. The Navy's current force structure is not sufficient in size or design composition to deliver the optimal combat mass required to prevail in high-end maritime conflict for all key operational problems and scenarios globally. The Golden Fleet Initiative addresses this challenge by creating a balanced, high-low mix of platforms – combining high-end combatants with scalable, lower-cost systems and unmanned capabilities to deliver distributed lethality at scale. This approach recognizes a fundamental reality: future conflicts will require both capacity and capability integrated for optimized, lethal outcomes. High-end platforms, such as battleships and next-generation carrier aviation, provide multi-mission, high payload capacity, and advanced warfighting capability, while lower-cost and scalable platforms, like Frigates and RAS, provide responsive and flexible modular solutions required for modern naval warfare. Lower cost systems also deliver the volume and distribution necessary to complicate adversary decision-making and sustain operations over time. The unmanned fleet is fielded through partnerships with organizations such as the Defense Innovation Unit (DIU) and the Navy's Rapid Capabilities Office, which can leverage the speed of commercial innovation to provide the highest-technology and the lowest price. For example, in FY25, the Navy in close collaboration with DIU, successfully curated, developed, prototyped, and transitioned an sUSV interceptor to USINDOPACOM in 15 months. The Golden Fleet Initiative's high-low mix ensures the Navy can generate sufficient combat power to deter aggression, absorb losses, and ultimately culminate a fight at sea.

BBG(N). The battleship is designed to provide the Fleet with a significant increase in lethality by accommodating advanced weapon systems required for modern warfare. Adding capability at the highest end of the high-low mix, its primary role is to deliver high-volume, long-range offensive fires and serve as a robust, survivable forward command and control platform. The battleship will be capable of commanding a Battle Group, operating independently, or integrating with a Carrier Strike Group for missile and air defense.

The battleship is planned to be nuclear powered and designed to accommodate developmental capabilities and will have a large capacity for existing weapons, to include vertically launched missiles from the Mark 41 launcher as well as a large Conventional Prompt Strike magazine. A key advantage of large surface combatants is their ability to deliver high-volume fires from a single platform. Delivering large quantities of ordnance from fewer platforms reduces coordination complexity, increases synchronized responsiveness, and ensures combat power can be applied at decisive moments. Its large form factor delivers space, weight, power, and cooling margins crucial for the battleship's directed energy and railgun weapons systems, which will dramatically reduce the need for kinetic missile defense and greatly extend the range of the battleship's gun systems.

Battleship acquisition will utilize an innovative Navy-led, industry-collaborative design approach. Procurement of the ship is planned for 2028, with projected delivery to the Fleet in the 2030s. PB-27 includes one billion dollars of advanced procurement for Battleship.

Frigate. The Navy's Frigate program is a strategic necessity to address a significant shortfall in the Navy's small surface combatant inventory and to create a more balanced and flexible Fleet. Representing the low end of the high-low mix, Frigates will relieve more capable, high-end assets like the Arleigh Burke-class destroyers from missions that do not require large, exquisite multi-mission combatants. Frigates will primarily be responsible for missions such as convoy escort and anti-submarine warfare (ASW), homeland defense, maritime interdiction, and counter-drug operations. Its main role is to serve as a highly producible, cost-effective, and adaptable platform focused on surface warfare and ASW. while also acting as a command and control "quarterback" for RAS capabilities and unmanned vessels like Medium Unmanned Surface Vessels (MUSV).

A key innovation in the Frigate program will be the inclusion of space and power to accommodate containerized payloads, which will allow the platform to incorporate existing and future capabilities and weapons without having to redesign the hull or engage in lengthy modernization availability. The Frigate will be produced with speed and affordability and a mature, stable design to reduce technical risk and accelerate production. Initially contracting to deliver two ships from one shipbuilder, we will leverage a competitive bidding process for follow on hulls across multiple yards. PB-27 includes $1.4B for Frigate.

Columbia-class Submarines. The Columbia-class Ballistic Missile Submarine (SSBN) is our Navy's number one acquisition priority, designed to recapitalize the nation's sea-based strategic deterrent as the Ohio-class SSBNs approach the end of their service life. Its primary role is to serve as the most survivable leg of the nuclear triad through the 2080s, ensuring that strategic warfighting requirements continue to be met.

The Columbia class will employ advanced technologies not found on the Ohio-class, to include fly-by-wire controls, electric propulsion, and improved quieting technology to pace the threat. While the lead ship is projected to deliver 12 to 18 months late, the Navy is working with shipbuilders to recover schedule and investing in Ohio-class life extensions to manage the transition. This program is in serial production, with six hulls in various stages of construction. PB-27 includes $15.2B for Columbia-class program full funding, advanced procurement, and industrial base investments.

Virginia-class Submarines (VCS). VCS are designed to provide the Fleet with unrivaled warfighting overmatch by delivering on the Nation's undersea asymmetric advantage. The new construction program is currently underperforming to the required delivery cadence but has stabilized and is seeing improvements in key areas. The primary challenge associated with submarine construction is to drastically increase production capacity across the enterprise in order to improve efficiency and increase the new construction rate to ~2.33 submarines per year. The Navy's plan involves a close partnership with industry and Congress, featuring heavy investment in modernized facilities, skilled workforce development, a strengthened supplier network, and accelerating advanced manufacturing and digital tools to increase throughput and improve first-time quality. This budget provides stable, multi-year funding essential for restoring

the production cadence. Twenty-six Virginia-class submarines have been delivered to date, and an additional 14 are under contract and under construction. PB-27 includes $14B for the Virginia-class program across advanced procurement, procurement of two submarines, industrial base investments, and shipbuilder productivity and wage enhancements.

Aircraft Carriers. One of the Navy's most important differentiated values is projecting mobile, lethal force from the sea. A Carrier Strike Group (CSG) is a sovereign, floating airfield that provides sustained combat power without needing permission to use foreign land bases – a vital capability in contested regions like the Western Pacific, Middle East, and High North. This allows the Navy to conduct its irreplaceable mission of independent power projection, launching precise, over-the-horizon air strikes on demand. To maintain this, the USS John F. Kennedy will replace the USS Nimitz in FY2027, keeping the Fleet at its required 11 carriers. These carriers are the centerpiece of our naval strategy, enabling us to build powerful formations that can deter and quickly seize the upper hand against any adversary. PB-27 includes $4.1B for aircraft carriers: $1.9B for advanced procurement of CVN-82 and $2.1B of incremental funding for CVNs-80/81.

Next Generation Carrier Aviation (F/A-XX). To maintain air dominance from the sea in contested environments, and a growing number of complex threats at an ever-lowering cost of entry, the Navy must continue developing the next generation of carrier-based aviation capability. With prudent and focused investments, F/A-XX will extend the reach, survivability, and lethality of the Carrier Air Wing (CVW), enabling operations against advanced threats at greater ranges and with increased persistence. As the manned component of the Navy's next generation tactical airframe, F/A-XX is the most important effort in our Air Wing of the Future (AWOTF) campaign – already allowing the Carrier Air Wing (CVW) to remain ahead of complex threats our legacy fighters face today.

This capability is essential to counter adversary investments in long-range sensors, weapons, and anti-access/area denial systems. F/A-XX, integrated with unmanned platforms like the Navy's Combat Collaborative Aircraft (CCA), will ensure the CSG remains a decisive instrument of power projection well into the future. Failure to field next-generation carrier

aviation capability on schedule will introduce risk to air superiority, strike reach, and the long-term viability of carrier-based operations in contested environments.

F-35 Lighting II Joint Strike Fighter. The F-35C is the most lethal, combat capable aircraft in the Department of the Navy's inventory, complementing the CSG. It provides unique capabilities that cannot be matched by modernizing fourth-generation aircraft and is vital to the CVW's future as the ultimate cornerstone of our naval forces. To date, the Navy has delivered 82 F-35Cs to the Fleet with 132 procured through the end of this fiscal year. Over the next decade, our goal is to field 273 total F-35C aircraft by 2036. To ensure the F-35C remains the preeminent multi-role fighter within the CSG, Navy must continue to invest in and modernize this highly capable platform to keep pace with our adversaries. Delivering this transformational capability to CVWs as soon as possible remains imperative to ensuring naval air dominance. To that end, PB-27 procures 20 F-35s, an increase of 12 aircraft compared to FY26.

Destroyer Modernization. The Arleigh Burke-class guided-missile destroyer (DDG 51) is the workhorse of the surface Fleet, as illustrated clearly by Operation Epic Fury. While Frigate will relieve them of lower-end missions, and Battleship will take on long range strike with greater capacity, DDG 51 remains highly capable for integrated air and missile defense, surface warfare, anti-submarine warfare, and strike as a critical component of both CSGs and Surface Action Groups. All remaining procurement for the class is the Flight III variant, which incorporates the most modern hardware and software, especially the AN/SPY-6 radar and Baseline 10 of the Aegis Combat System along with a limited number of hull, mechanical, and electrical upgrades.

The Navy intends to continue destroyer procurement at a level that does not pressurize the current construction backlog while at the same time modernizing Flight IIA destroyers through DDG Modification 2.0. Through this process, Flight IIA ships will be upgraded to AN/SPY-6, Baseline 10, and SLQ-32(V)7, ensuring that past investments remain relevant to the future fight. Without significant improvements in destroyer construction at the shipyards and sustained investment in modernization, the Navy will accept risk in air and missile defense coverage, escort capacity, and the ability to protect high-value forces in contested environments.

Littoral Combat Ship. The Littoral Combat Ship fulfills an important near-term role on the low end of the current Fleet's high-low mix. With capability upgrades leveraging containerized and modular payloads including the offensive Naval Strike Missile, deployed LCS complicate adversary decision-making by holding surface ships at risk. LCS have relieved the legacy Avenger-class mine countermeasures ships in the FIFTH Fleet area of operations, marking an important transition in a persistently challenging warfare area. At the same time, LCS are conducting experimentation with RAS that will lay a foundation for the success of Frigate and streamline a repeatable process for creating tailored forces. With the final LCS delivering to the Fleet prior to FY-27, the Navy will transition to sustaining and modernizing these ships to keep them relevant, combat credible, and reliable through their service lives.

LHA/LPD. The Navy is committed to maintaining no less than a 31-ship amphibious force structure and the Navy and Marine Corps remain committed to building and sustaining traditional amphibious warfare ships that comprise the Amphibious Ready Group/Marine Expeditionary Unit (ARG/MEU) team to support ARG/MEU readiness. The LHA is a key component of the ARG/MEU team, providing unmatched capabilities for crisis response, humanitarian aid, and high-end combat. Starting with USS Bougainville (LHA-8), LHA Flight I ships reincorporate a well deck for deploying landing craft, to complement aviation assault. LHA 8 is projected to deliver in FY27.

Amphibious transport docks (LPDs) provide our expeditionary team with the capability to embark, transport, and disembark elements of a landing force for a wide range of expeditionary missions with the ability to operate independently in distributed operations. The new Flight II LPDs are designed to replace aging and costly Landing Ship Dock (LSD) ships. The next ship Harrisburg (LPD 30) is projected to deliver in FY27. LHAs and LPDs are currently built at HII Ingalls Shipbuilding. LHA 10 and LPDs 33, 34, and 35 are a part of the 2024 Multi-Ship Procurement (MSP) contract.

In addition to building new amphibious ships, we are executing a comprehensive plan to improve readiness of our existing amphibious ships, an area in which we acknowledge we have underperformed. To provide an increased focus on this issue, the Navy and Marine Corps jointly established the Amphibious Force Readiness Board (AFRB), co-chaired by Vice Chief of Naval

Operations Admiral Jim Kilby and the Assistant Commandant of the Marine Corps. Our charter addresses challenges for force generation, readiness, and maintenance and modernization of the amphibious force. The AFRB will provide quarterly reports to SECNAV, CNO, and CMC on actions and improvements.

We have set clear goals including executing on time deployments and on time maintenance completion, specifically: reducing unplanned maintenance to 10% to reduce cost and schedule impact, reducing days of maintenance delay, procuring 97% of long lead time material greater than one month prior to maintenance period commencement, and awarding contracts one year prior for maintenance planning and workforce stability. These actions are how we restore confidence in the amphibious force and deliver combat power on time.

Medium Landing Ship (LSM). The Marine Corps and Navy are developing the new Medium Landing Ship (LSMs) to address a recognized littoral mobility gap in the Indo-Pacific and support the Marine Corps' Force Design. This vessel will maneuver and sustain expeditionary forces – including their supplies and equipment – across contested waters, enabling direct landings on beaches and at austere or degraded ports. To accelerate delivery of the new LSM, the Navy is using a rapid acquisition strategy with a commercial Vessel Construction Manager (VCM), with the expectation of fielding LSM at a higher rate. The first hull is directed to Bollinger Shipyard, with hulls 2 through 5 directed to Fincantieri Marinette Marine, and hulls 6 and on to be competitively awarded by the VCM.

Auxiliaries. AS(X) is the two-ship recapitalization class for the USS Emory S. Land (AS 39) and USS Frank Cable (AS 40) submarine tenders located in Guam. AS(X) will directly contribute to submarine force readiness and maintenance capacity by conducting rearm, repair, and resupply missions for all U.S. submarine classes. AS(X) will also store submarine ordnance, countermeasures, and unmanned systems. PB-27 procures two submarine tenders in FY-27. The two ships are funded at $4.4B.

The Navy's Light Replenishment Oiler (T-AOL), also known as the Next Generation Logistics Ship (NGLS), will be a new class of smaller logistics ships that will rearm, refuel, and resupply naval forces at sea. NGLS will augment the Combat Logistics Force with smaller, less expensive, intra-theater ships that enhance the Navy's ability to support expanded maritime

maneuver by enabling Distributed Maritime Operations (DMO), Littoral Operations in Contested Environments (LOCE), and Expeditionary Advanced Base Operations (EABO). PB-27 proposes procurement of the NGLS lead ship in FY31 with planned delivery in FY35.

The Navy is recapitalizing its towing, salvage, and rescue ship force with eight Navajo-class Towing and Salvage (T-ATS) ships. T-ATS will be capable of conducting diving, salvage, submarine rescue operations, and emergency towing missions. The program is behind schedule, but the schedule is stabilizing. T-ATS 11 will be delivered in 2026. The final T-ATS is scheduled to be delivered in 2029.

The T-AO 205 class oiler is the replacement class for the current fleet of Henry J. Kaiser-class (T-AO 187) oilers, which are reaching end of service life. T-AO 205 class is being built at General Dynamics NASSCO in San Diego. The first John Lewis-class oiler (T-AO 205) has commenced Fleet operations. The USNS Oscar V. Peterson (T-AO 206) will commence Fleet operations in Q4FY26. The Navy requires 20 oilers per the current Battle Force Ship Assessment and Requirement (BFSAR). The T-AO 205 class oilers utilize a double-hull design to align with modern commercial industry practices, provide a V-22 capable flight deck, and have greater food storage capacity than the T-AO 187 class. Initial program delays have caused the Navy to have to extend legacy T-AO 187 class ships in previous years.

Strategic Sealift. We are forging the next generation of maritime dominance by recapitalizing our strategic sealift fleet. We are not just replacing old ships but ensuring that America can deliver naval combat power to any shore for the next fifty years. We must continue this vital work and champion the merchant mariners who sail them – they are the lifeblood of this critical capability. The Navy's strategic sealift fleet is projected to lose 1.3 million square feet of capacity by 2031 as older ships retire. Without sustained and predictable recapitalization authorizations and funding for a mix of both new and used vessels, the DoW will be forced to accept a critical shortfall in strategic sealift, directly threatening the timely delivery of the Joint Force in crisis.

To effectively address the critical shortfall in strategic sealift capacity, a dual-pronged investment strategy is required. In the near term, a sustained focus on acquiring younger, more reliable used commercial vessels offers the most rapid solution to close the immediate capacity

gap created by the retirement of aging ships. Concurrently, a long-term, steady investment in the new construction of purpose-built sealift ships will guarantee a future Fleet structured to provide reliable, predictable, and militarily useful capacity to meet wartime delivery demands.

The Department of the Navy's budget request for PB27 is the continuation of its recapitalization strategy by the procurement of used vessels, construction of new sealift vessels to replace the aging surge sealift capacity, as well as the continuation of capability development for future special mission sealift recapitalization.

Top Level Requirements (TLR) for Sealift New Construction has been approved by the Navy and provided to the Department of Transportation's Maritime Administration (MARAD). Upon receipt of One Big Beautiful Bill (OBBB) funding, MARAD will contract with a Vessel Construction Manager for design and construction of the first two sealift vessels. The Buy-used sealift recapitalization program provides a stable near-term acquisition profile while reducing maintenance and repair costs. The program's buy-used authorized vessel limit was increased from ten to twelve by Congress in FY26 NDAA and seven of the twelve vessels have been purchased.

Reserve Aircraft Recap. As the Navy's only organic intra-theater airlift asset capable of movement of oversized cargo like F-35 engines, munitions, special warfare boats, submarine periscopes, the C/KC-130T flies across the world resupplying the Fleet with necessary equipment every day enabling the uninterrupted operations of carrier strike groups, independent deployers, and expeditionary forces. The Navy's legacy C/KC-130T airframes average 35 years of age and are declining in readiness due to fatigue life limits and diminishing manufacturing sources and material shortages. The number of legacy C-130 operators within DoW decreased as the Air Force divests of legacy aircraft, which will continue to impact part supply as suppliers continue to leave the space and will ultimately further degrade readiness.

Each mission-capable Navy Unique Fleet Essential Airlift (NUFEA) C/KC-130T provides an annual cost avoidance of $47.9M in transportation costs. Past funding support of KC-130J recapitalization will enable expanding the capabilities of our legacy C-130s through the addition of integrated aircraft survivability equipment and secure communications, ensuring the

intra-theater airlift mission for the Navy will continue in a contested logistics environment. To continue this important modernization, PB-27 procures nine KC-130J aircraft.

MUSV. Medium Unmanned Surface Vessels will enable the creation of tailored force packages and modern formations that realized the warfighting goals of the Hedge Strategy. MUSVs are designed to be scalable, deployable, adaptable, and cost effective. These units will be able to compose formations to bolster scouting, screening, deceiving, denying, resupplying, or striking through their ability to accommodate containerized payloads to perform a wide variety of functions from across the spectrum of conflict. As part of the broader category of tailored offsets provided by RAS initiatives, MUSV will allow operational commanders to make different risk decisions with these platforms compared to traditional manned combat ships. The Navy will use Other Transaction Authority (OTA) to acquire MUSV, which will provide opportunities for new shipbuilding entrants. MUSV will create opportunities for smaller shipyards to expand their workforce and will add capacity in parallel with combatant ships in production at established shipbuilders.

Undersea Robotic and Autonomous Systems (RAS). Undersea RAS are designed to provide critical tailored offsets against adversary anti-access capabilities, ensuring our manned platforms can execute missions successfully. Their primary role is to extend the reach of sensing, provide counter-C5ISRT, enhance communication ranges, and add subsea and seabed warfare options for sea denial and assured access. Our Navy is leveraging a partnership with DIU to accelerate the evaluation and delivery of commercial off-the-shelf systems and is investing in enabling technologies like autonomy standards, communications, and shore infrastructure. With over 200 undersea RAS operational today, we expect to procure an additional 250 next-generation systems to field hedge forces across multiple theaters. PB-27 invests $600M towards undersea RAS capabilities.

Directed Energy. Directed energy is a critical component of future naval warfare, particularly for ballistic missile and terminal defense. The current paradigm, which forces a trade-off between defensive interceptors and offensive strike weapons within the limited space of the Vertical Launching System (VLS), is unsustainable. Every VLS cell used for a defensive missile is a lost opportunity for a long-range offensive strike. Furthermore, in a high-threat

environment, kinetic systems alone may struggle to meet the required rate of fire. Directed energy weapons (DEW) offer a solution by increasing the potential kill rate at a lower cost per engagement compared to traditional kinetic projectile munitions and missile interceptors, thereby increasing overall combat endurance. Future ships, like the battleship, will be designed with the power and cooling capacity necessary to scale these systems to very high energy levels, thereby providing lethality against exquisite threats. A sustained investment in directed energy will drive improvements in the industrial base, allow cost sharing where appropriate with U.S. Army activities, and provide expanded test opportunities to accelerate integration into layered terminal defense with low-cost kinetic weapons. We must prioritize and fund R&D for compact, high-density energy storage and thermal management systems capable of handling the demands of DEWs and invest in digital engineering and land-based test facilities to de-risk the complex integration of DEW systems with legacy combat and ship control systems.

Containerized Capability Campaign (C^3). The Navy is advancing a Containerized Capability Campaign to rapidly field scalable, modular, mission-tailored combat power across multiple platforms. This initiative enables the integration of modular payloads – including missiles, unmanned systems, sensors, electronic warfare packages, and directed energy – into standardized containers that can be deployed across a wide range of platforms and shore sites.

Containerization decouples payloads from platforms, allowing the Navy to adapt capability faster than traditional acquisition timelines. It increases operational flexibility, enhances distributed lethality, and enables the Navy to tailor solutions to specific operational problems. This approach is central to the Navy's hedge strategy – delivering cost-effective, scalable, and adaptable capabilities that complement high-end platforms and expand combat power at scale.

The Containerized Capability Campaign is a foundational element of the Golden Fleet, enabling both high-end combatants and lower-cost platforms to deliver a broader range of effects without requiring platform redesign. Consistent with the U.S. Navy Fighting Instructions, containerized capabilities provide a means to accelerate warfighting advantage by rapidly fielding and integrating new effects into the Fleet. Without investment in modular and containerized capabilities, the Navy will be forced to rely on slower, platform-centric

modernization approaches, reducing our ability to adapt to rapidly evolving threats. Ultimately, containerization allows us to deliver combat power at the speed of relevance – not the speed of platform-centric acquisition.

Fleet Introduction Operating System (FIOS). As the Navy accelerates the delivery of new capabilities, we must ensure the Fleet can rapidly absorb, integrate, and employ them. The Fleet Introduction Operating System (FIOS) is the Navy's framework for synchronizing doctrine, organization, training, materiel, leadership, personnel, and facilities (DOTMLPF) to enable rapid and effective Fleet adoption of new capabilities. FIOS ensures that Sailors, training pipelines, and supporting infrastructure are not the limiting factor in fielding new combat power. It provides a standardized, scalable approach to integrating new systems – so that capabilities arrive ready to fight, not waiting to be understood, supported, or integrated by the end user – our Sailors.

Much like a modern operating system enables seamless integration of new applications, FIOS ensures that new capabilities can be introduced into the Fleet with predictable performance, interoperability, common interface standards, and usability – reducing friction and accelerating warfighting effectiveness. Consistent with the U.S. Navy Fighting Instructions, FIOS translates innovation into operational advantage by ensuring new capabilities are integrated into warfighting concepts, training, and execution at speed and scale.

FIOS is essential to the Navy's hedge strategy, enabling rapid fielding of targeted offsets and tailored forces that can be employed and deployed effectively across multiple theaters. Without a deliberate system for Fleet integration, the Navy risks delivering capability faster than it can be integrated and operationalized – resulting in underutilized systems, delayed readiness, and reduced return on investment, especially as acquisition reform improvements take traction. Capability delivered without integration is not combat power. In future maritime conflict, payload integration and mastery at speed will be a decisive factor.

The United States Navy Fighting Instructions

The U.S. Navy Fighting Instructions provide the operational framework that aligns how we think, build, and fight. The document challenges many outdated paradigms and assumptions as it translates strategy into executable action – guiding investment decisions, force design, and

warfighting execution under a common lens. It serves as the Navy's operating system – ensuring that every action in the Foundry strengthens the Fleet, and every capability in the Fleet contributes to success in the Fight. The document outlines which investments matter most, where we must accept and manage risk, and which asymmetric capabilities we must forge to offset adversary strengths. It sharpens our focus on undersea dominance, long-range fires, integrated air and missile defense, resilient logistics, cyber and space integration, and the command-and-control architectures that enable expanded maritime maneuver and allows distributed forces to operate with speed and coherence. It demands technical mastery, from basic seamanship to advanced combat systems, because advantage at sea is built on competence, repetition, and trust.

Central to the Fighting Instructions is a disciplined Hedge Strategy – balancing capacity and capability through a mix of high-end platforms, scalable and tailored forces, and targeted offsets to manage risk and ensure warfighting advantage across a range of scenarios. While distributed forces increase survivability and complicate adversary targeting, they must be balanced with sufficient payload concentration to achieve decisive effects in time, space, and executability. Volume and distribution are complementary – not interchangeable.

At its core, the Fighting Instructions are our answer to a simple but daunting question: How do we ensure we can fight and win across the spectrum of conflict, under conditions we cannot entirely predict, against adversaries who are increasingly capable, innovative, and aggressive? The answer is not a single platform or program. It is a new and disciplined warfighting culture. It leverages risk-informed investments. It is a Hedge Strategy that builds capacity and capability at the same time while never losing the Navy's differentiated value. And it empowers leaders operating within an Enhanced Mission Command Framework by emphasizing clear commander's intent, decentralized execution, and accountability for results. The Fighting Instructions provide that clarity and vision. The Fighting Instructions ensure that every Sailor understands their role in delivering combat power – and that the Navy remains ready to fight and win under ever growing conditions of complexity and uncertainty globally.

Conclusion

The Navy continues to meet its Title 10 responsibilities – organizing, training, and equipping forces to defend the Nation and protect its interests at sea. Our ability to do so depends

on sustained readiness, disciplined investment, and the continued support of Congress. We are focused on improving maintenance, accelerating modernization, strengthening our warfighting culture, and delivering the QoS our Sailors and families deserve. These efforts ensure a Navy that is ready today and prepared for the challenges of tomorrow. Consistent and predictable funding is essential to that end, with the proper horizons to support shared risk with industry. Further, our industry partners must deliver on time and on budget. Without it, the Navy will be forced to accept unnecessary risk in readiness, capacity, and modernization – risk that will manifest in reduced surge capability, delayed response timelines, and diminished combat effectiveness.

I look forward to working with you to support our Sailors, civilians, and families. The credibility of our Nation's deterrence rests upon ready and capable ships, aircraft, and submarines. I could not be prouder of the Navy team that guarantees our prosperity and security, deters our adversaries, and is ready to fight and win. The decisions we make today will shape the global maritime balance of power for the rest of this century and determine whether the United States Navy sustains its maritime superiority or cedes advantage to our adversaries. The Navy will continue to work alongside all stakeholders to deliver the Navy the Nation needs. With your continued support, we will remain the preeminent naval force – ready to deter aggression and, if necessary, fight and win.