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ON

ARMY MUNITION INDUSTRIAL BASE MODERNIZATION

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Introduction

Chairman Wittman, Ranking Member Norcross, and Members of the Subcommittee, thank you for the opportunity to speak to you about efforts to modernize our munitions industrial base. Secretary Hegseth has provided the Department of Defense with a clear mandate to rebuild our military and revitalize the defense industrial base by matching threats to capabilities. The Office of the Under Secretary of Defense for Acquisition and Sustainment is working with the stakeholders across the Department, the federal government, and the private sector in support of this effort. A key piece of these efforts is modernizing munitions production and sustainment.

The Office of the Under Secretary of Defense for Acquisition and Sustainment (OUSD(A&S)) seeks to deliver integrated capabilities at speed and scale and to foster a resilient and robust industrial base. Congress has granted the Department authorities and tools to move faster, and we must continue to do just that. The conflicts in Ukraine and the Middle East have provided an opportunity to use lessons learned on capabilities, production, and scaling delivery of munitions critical to the fight, and to continue driving innovative solutions into the hands of warfighters. We are experiencing long lead times for critical munitions, and these conflicts help identify which capabilities are most effective so the Department, and industry, can invest together in solutions to enhance production. In addition to commercial solutions, our organic industrial base plays a critical role in enhancing our ability to scale production and several modernization efforts are underway. The bottom line is that wars are won starting from the factory floor.

We are making significant progress on modernizing the industrial base to increase production, eliminating waste, and ensuring the military has the necessary stockpiles required to reestablish deterrence and achieve our strategic goals.

Where We Are

The Department prioritizes munitions as a critical strategic capability. Through multiyear procurement authorities, industrial base investments, and increased cooperation with allies and partners, DoD is advancing readiness and resilience for future conflicts across air-to-air munitions, air-to-ground munitions, ground-to-ground munitions, and ground-to-air munitions.

However, the Department faces shortfalls of several critical munitions. Years of inconsistent procurements and idle production lines have negatively impacted the U.S. munitions industrial base. The Department is at a juncture where increased demand, modernization efforts, and foreign military sales are placing a strain on the defense industrial base (DIB).

DoD must increase critical munitions stockpiles to address capability gaps that have the potential to undermine U.S. national security. Current munitions inventories are depleted, and current production capacity is not sized to keep pace with increased demand. A robust and readily available inventory of munitions is fundamental to reestablishing deterrence and to ensuring our warfighters have the endurance to fight a protracted conflict.

To address this challenge, the Department is aggressively working to increase U.S. munitions stocks as quickly as possible.

The Defense Industrial Base

The DIB is a critical national asset that includes a vast global network of over 100,000 organizations, from innovative startups to established defense prime manufacturers. This includes both the Commercial Industrial Base, leveraging private sector ingenuity, and the Organic Industrial Base, leveraging core capacity and the capacity to surge and reconstitute in the form of government-owned or government-owned, contractor-operated facilities.

The Department is strengthening the DIB in several key areas, growing and securing our supply chains to build resilience. Industrial base risk assessments, including annual industrial capabilities reports, focus on mitigating reliance on sole source suppliers (e.g., critical energetics and components such as solid rocket motors), fragile production nodes, and reliance on material imports from unstable, non-allied countries, or adversarial sources (e.g., precursor chemicals).

The Department is also investing in advanced manufacturing technologies, like additive manufacturing and automation, to improve efficiency, reduce costs, and increase production capacity. The Department is also working to secure the necessary technical data packages to ensure we have the capacity to appropriately sustain munitions stocks.

The Department is actively working to establish the Joint Energetics Transition Office (JETO) as directed by Section 241 of the Fiscal Year 2024 National Defense Authorization Act (FY24 NDAA). to develop strategic plans and investment strategies to modernize our industrial base for energetic materials, coordinate the development of innovative new technologies, and accelerate the adoption of those technologies in support of the warfighter. Energetic materials are a critical component of all our missiles and munitions. Sustaining, expanding, and modernizing our energetic materials technologies and production capacities is a key element of our plans to revitalize the industrial base, improve lethality, and match capabilities to threats.

Identification of Gaps

We continuously scan the operational environment to ensure we understand munitions requirements and where potential gaps exist through multiple means.

The Munitions Requirements Process estimates munitions needed to execute priority Operational Plans (OPLANs), deter adversaries, and support training, testing, and security cooperation. This process provides a strategic demand signal that guides the Department's efforts.

Monthly Readiness and Inventory Health Assessments, conducted by the Military Services and reviewed by the Office of the Secretary of Defense (OSD) and the Joint Staff, identify munitions below required inventory levels, training shortfalls, and mismatches between usage and planned production.

Based on direction in Section 1705 of the FY23 NDAA, DoD has commissioned Federally Funded Research Development Centers (FFRDCs) to model requirements for simultaneous or extended conflicts, high-consumption attrition scenarios, and joint interoperability with allies and partners.

The Department knows that Congressional engagement and interagency coordination are key to jointly address challenges as a whole-of-government approach. The Department has regularly briefed the congressional defense committees on the requirements and necessary

investments to revitalize the munitions industrial base, and will continue doing so moving forward.

We are also working to institutionalize key performance metrics into our processes surrounding replenishment timeline benchmarks; facility capacity metrics such as rounds per month or missiles per year; risk assessments across tiers of the supply chain, such as for single source suppliers, foreign import dependency, and market share of adversarial nations; and quarterly tracking of the execution of multi-year procurements and advance procurement funding to show impact or surge timelines.

Tracking Munitions Health

The Department uses the Munitions Readiness Initiative (MRI) dashboard and data analysis tools to view the worldwide munitions inventory, including the condition of those munitions, down to the serial and lot number. The Department uses MRI to assess the health of our munitions stockpile and determine where we can leverage sustainment and maintenance capabilities to repair, reset, or extend the shelf life of the munitions. By increasing the DoD's serviceable stockpile through maintenance and sustainment efforts, we reduce the amount of munitions we need to procure, thus saving DoD resources and scarce manufacturing capacity.

Lessons Learned

The Department continues to learn within a rapidly changing strategic environment. The protracted war in Ukraine has demonstrated that modern conflicts consume munitions at rates far beyond peacetime forecasts. Strategic reserves and production scalability are essential.

The ability of the DIB to surge represents a strategic deterrent. Replenishment timelines are now a metric of combat credibility. Surge capacity must be treated as a core defense capability in the commercial and organic sides of the DIB.

Allied interoperability and interchangeability is likewise a combat multiplier and expands deterrence. Allied and partner nations must adopt common munition standards and integrated logistics. The effectiveness of High Mobility Artillery Rocket Systems (HIMARS), 155mm

artillery, and Patriot systems in Ukraine has reinforced the criticality of shared inventories and training. Further, forward prepositioning enhances deterrence. Theater-specific stockpiles positioned close to the fight improve response times and maximize deterrence.

Current Funding and Industrial Base Investments

The Department's Fiscal Year 2025 (FY25) budget allocates approximately \$29.8 billion for munitions procurement, encompassing both conventional ammunition and precision-guided munitions.

Since 2022, the Department has invested \$1.9 billion towards expanding 155mm artillery production capacity to ultimately reach 100,000 rounds per month; \$755 million to increase Patriot PAC-3 MSE missile production capacity from 550 to 650 units per year; \$361 million for GMLRS production expansion; \$349 million for Javelin production expansion; and more than \$650 million for other defense systems. These investments include the facilitization of load, assemble, and pack (LAP) lines, expansion and modernization of current facilities, and the construction of a new facility for metal shell production.

An additional \$783 million in Israel supplemental funding is being invested to replenish 155mm Modular Artillery Charge System (MACS) stocks used in support of propellant acceleration. For the Indo-Pacific, an additional \$133 million in supplemental funding has been appropriated to replenish DoD stocks.

Since the beginning of FY23, the Department has invested nearly \$822M into the missiles and munitions industrial base through its Defense Production Act (DPA) Title III authorities, with another \$490M in active acquisition and more planned as part of future FY26 activities.

These investments range from enabling small chemical and sub-tier component vendors deep in the supply chain for munitions, to expanding manufacturing capacity of larger components such as solid rocket motors (SRMs). These investments also cover a range of technical maturity and risk levels. For example, the Department invested in established vendors requiring expansions; emerging vendors, using new and potentially game changing technologies

to increase capacity; and vendors developing new materials and designs to meet the expanding needs of the DoD.

The industrial base for SRM production lacks the capacity to surge production to meet the forecasted Military Service procurement schedule. Defense Production Act Purchase (DPAP) investments include expanding and automating production capacity of SRMs in support of GMLRS, Javelin, and Stinger weapons. This effort will enhance SRM production, designing a family of processes that cut costs, increase manufacturing speed, improve product quality, and will assist in the replenishment of U.S. weapon stockpiles.

DPAP is also expanding production capacity of gas turbine engines to support Tomahawk, Joint Air-to-Surface Standoff Missile Extended Range (JASSM-ER), Long-Range Anti-Ship Missile (LRASM), Standoff Land Attack Missile Extended Range (SLAM-ER), Long-Range Stand Off Weapon (LRSO), and Joint Strike Munition (JSM). All these systems are key stand-off capability weapons to support Indo-Pacific operations and increased readiness

Additional investments include increased production capacity for: safe and arm devices for Conventional Prompt Strike (CPS) and Long-Range Hypersonic Weapon (LRHW – Dark Eagle), as well as multiple conventional munitions; SRM cases, nozzles, insulation material, performance enhancing components, and nozzle manufacturing materials; and precision ball bearings to support munitions as well as space-based assets.

Hypersonic investments include production capability for ultra-high temperature materials associated with the hypersonic glide body (HGB) and large SRM nozzles, and an automated robotic manufacturing capability for the HGB to decrease the production timeline and manpower requirements, while increasing repeatability of the production process.

Critical chemicals used in defense and weapon systems are either heavily imported from adversarial nations, particularly non-energetics and precursors of all chemicals, and/or are sole-sourced, especially in the case of energetics. High operational costs, often due to obsolete chemical production lines, shortages in specialized workforce, and strict regulatory controls continue to threaten the domestic chemical industry, making onshoring or reshoring increasingly complex. DPAP investments will establish state-of-the-art domestic capabilities to modernize and relocate the manufacturing of critical chemicals for defense and other industries; identify and

prioritize energetic compounds for the development of reliable second sources within the U.S.; and develop alternative, more efficient, and safer methods to stand up these second sources.

The Munitions Campus project, funded through DPAP, is creating a shared supply chain ecosystem from critical chemicals through munitions production by establishing a repeatable model to bring together private, state, and federal investments while lowering barriers to entry for emerging munitions companies. The initial campus is located near Crane, Indiana and will bring together more than 20 prospective tenants—including Prometheus Energetics, a joint venture between Kratos Defense & Security Solutions and RAFAEL Advanced Defense Systems, which will serve as the first anchor tenant of the campus. The \$75M initial DoD investment is projected to be matched by over \$600M in private capital investments. The effort includes formal partnerships with Naval Surface Warfare Center – Indian Head and Crane Army Ammunition Activity

The Innovation Capability and Modernization (ICAM) Office through the Industrial Base Analysis and Sustainment (IBAS) Program began supporting the revitalization and modernization of the munitions organic industrial base in FY25 and is planning expanded support in from FY26 through FY30. For example, the IBAS program is supporting the modernization of Pine Bluff Arsenal, Arkansas smoke munition production, replacing obsolete production lines with automated, safe, and more efficient capabilities, reducing rework rates through modern process controls, and a enabling a better trained and technically integrated workforce. The IBAS program is coordinating future investment areas with the Joint Munitions Command (JMC) and Army Developmental Command (DEVCOM) to modernize small and medium caliber ammunition at the Lake City Army Ammunition Plant, Missouri.

The IBAS program also continues to invest in the supply chain for the Navy's CPS hypersonic weapon and the Army's LRHW Dark Eagle to reduce costs and improve capacity. This includes \$64M investment in FY23 to develop a second large SRM source with a near 50% cost reduction, as well as \$9.3M investment in FY23 for production capacity improvement for CPS and LRHW hardware.

Organizational Efforts

OUSD(A&S) has established a Munitions War Room (MWR) to identify innovative actions to accelerate and increase production of existing critical systems and munitions magazine depth. This collaborative team is working with industry and across the Department to conduct comprehensive assessments of selected munitions portfolios and programs critical to countering the threat posed by China by identifying and mitigating supply chain and production bottlenecks.

OSD-led reforms and FFRDC studies are ensuring the Total Munitions Requirements reflect readiness needs for simultaneous conflicts and protracted warfare, not peacetime assumptions.

Secretary Hegseth's 2025 Guidance on Munitions and Energetics elevates munitions and energetics to top-tier modernization priorities, alongside shipbuilding and microelectronics. Accordingly, industrial base improvements throughout several cross-cutting, sub-tier suppliers (e.g. energetics, SRMs, critical chemicals) ensure continued support for operational plans beyond initial inventory levels.

The DoD Critical Energetics Materials Working Group, forthcoming Joint Energetics Transition Office, and Munitions War Room are targeting critical and new domestic suppliers to expedite the qualification, scale-up, facilitization, and adoption of new technology for energetics, components, and long-lead items for munitions, such as antennas and radio frequency systems, initiation devices, guidance and navigation, SRMs, and warheads.

Section 332 of the FY25 NDAA directs the Secretary of Defense to issue regulations allowing Government-Owned, Government-Operated facilities to receive production-based support funding to scale-up and upgrade operations for high demand munitions, such as 155mm artillery ammunition, bombs, and energetics.

We continue to appreciate the authority Congress granted in Reed-Inhofe Amendment within the FY23 NDAA that authorized multiyear procurement contract authorities for 20 munitions programs and investments in the industrial base to create the stability suppliers need to accelerate procurement.

The Army awarded more than \$800 million in multi-year contracts to General Dynamics Ordnance and Tactical Systems and American Ordnance for LAP of the 155mm M1128 Artillery

rounds, the Modular Artillery Charge System propellant, and packaging – supporting the goal of producing 100,000 rounds per month by FY26.

The Army also awarded a \$4.5 billion multi-year contract to procure 870 Patriot Advanced Capability-3 Missile Segment Enhancement (PAC-3 MSE) missiles over four years, enhancing air and missile defense capabilities.

Multi-year procurements benefits are also having a positive impact beyond the Army, with the Air Force awarding a \$3.2 billion multi-year contract for the Joint Air-to-Surface Standoff Missile (JASSM) and Long-Range Anti-Ship Missile (LRASM) programs, increasing production rates and industry resilience. An additional LRASM Economic Order Quantity (EOQ) contract was awarded for \$334.93 million to purchase components in bulk to achieve lower prices increase production efficiency.

Additionally, the Navy awarded a \$906 million multi-year contract to Kongsberg Defence and Aerospace for the Naval Strike Missile requirement over five years.

Burden Sharing with Allies and Partners

Co-production expands global resilience. The U.S. is actively pursuing co-production agreements with key allies to ensure opportunities for greater collaboration and burden sharing to improve national security.

With Australia, we are partnering on Guided Weapons and Explosive Ordnance (GWEO) efforts with Lockheed Martin and Raytheon, including Guided Multiple Launch Rocket Systems (GMLRS) and HIMARS components. We have also formalized a co-production agreement for 155mm M795 artillery ammunition to bolster Australia's defense manufacturing capabilities, enhancing interoperability and regional security in the Indo-Pacific.

With Israel, we are exploring co-production of 120mm tank ammunition and rocket motor energetics to distribute manufacturing demand and reduce logistics risk.

With Poland and the Baltics, we are engaging in preliminary efforts for regional sustainment and production capabilities with NATO force structure.

With Japan and South Korea, we are assessing collaboration opportunities on air and missile defense interceptors and industrial base investments.

Conclusion

The Department of Defense and the DIB are taking decisive action in accordance with the Secretary's direction to overcome munitions production challenges and increase stockpiles. By prioritizing munitions as a critical strategic capability, investing in industrial base modernization, fostering collaboration with allies and partners, and leveraging the authorities granted by Congress, we are making tangible progress. We are committed to increasing production, eliminating waste, strengthening supply chain resilience, and ensuring our warfighters have the necessary stockpiles to deter aggression and, if necessary, prevail in conflict. The work continues, but with focused effort and commitment, we will build a robust and resilient industrial base capable of meeting the demands of a complex and evolving global security landscape.