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BY THE HOUSE ARMED SERVICES
COMMITTEE SUBCOMMITTEE ON
SEAPOWER AND PROJECTION FORCES

STATEMENT

OF

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

AND

VICE ADMIRAL JOSEPH P. MULLOY
DEPUTY CHIEF OF NAVAL OPERATIONS FOR INTEGRATION OF CAPABILITIES AND RESOURCES

AND

LIEUTENANT GENERAL KENNETH J. GLUECK, JR
DEPUTY COMMANDANT
COMBAT DEVELOPMENT AND INTEGRATION &
COMMANDING GENERAL, MARINE CORPS COMBAT DEVELOPMENT COMMAND

BEFORE THE

SUBCOMMITTEE ON SEAPOWER AND PROJECTION FORCES

OF THE

HOUSE ARMED SERVICES COMMITTEE

ON

DEPARTMENT OF THE NAVY SEAPOWER AND PROJECTION FORCES CAPABILITIES

MARCH 26, 2014

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Mr. Chairman, Representative McIntyre, and distinguished members of the subcommittee, thank you for the opportunity to appear before you today to address the Department of the Navy seapower and projection forces capabilities. The Fiscal Year (FY) 2015 President's Budget submission is governed by the 2014 Quadrennial Defense Review which implements the 2012 Defense Strategic Guidance (DSG), albeit with higher risk, and continues our efforts to ensure our ability to fight and win the nation's wars, operate forward, and sustain readiness. Although forestalled somewhat in FY 2014 and 2015 by the Bipartisan Budget Act (BBA) of 2013, the principal risk to the Department's ability to meet the DSG remains the considerable uncertainty in future funding. This uncertainty hinders planning and impedes balancing near and long term readiness and capability. In working to mitigate this challenge, we have set priorities in our shipbuilding, aviation, weapons, and combat vehicle plans. And we have worked aggressively within the Department of the Navy to reduce and control the costs of our acquisition programs. In all these efforts, our principal requirement remains to equip the Navy and Marine Corps with the most effective warfare systems, through procurement, modernization, and sustainment, to address the security challenges of today and tomorrow. The Department will continue to work closely with the Congress to maintain the right balance across capacity, capability, readiness, and the industrial base.

Though budget issues, including furloughs and the Government shutdown, have been hard on the Department, our Sailors and Marines deployed around the world continued to perform the mission last year and get the job done, being where it mattered when it mattered. The year began with the *USS JOHN C STENNIS* (CVN 74) Carrier Strike Group and the *USS BONHOMME RICHARD* (LHD 6) Amphibious Ready Group, embarked with the 31st Marine Expeditionary Unit, both on patrol. Carrier Air Wing 7 and *USS DWIGHT D EISENHOWER* (CVN 69) left for a four month deployment only two months after returning home from a six month deployment. The Carrier Strike Group included, for the first time, a German ship- FGS Hamburg. Our submarine forces continued to perform superbly around the globe. For example, in April, *USS ALABAMA* (Gold) (SSBN 731) completed a 108-day strategic patrol, one of the longest Strategic Ballistic Missile Submarines (SSBN) patrols in recent years. In recent weeks, the destroyer *USS KIDD* (DDG 100), P-3 aircraft, and our newest Maritime Patrol Aircraft, the P-8A, have provided critical support in the search for the missing Malaysian airliner.

The Marine Corps continues to excel in response to today's evolving security environment. In April, Marines stood up Special Purpose Marine Ground Task Force - Crisis

Response in support of AFRICOM. In May, a Marine Rotational Force deployed to Darwin, Australia in support of the nation's Pacific Pivot.

In Afghanistan, I Marine Expeditionary Force (MEF) completed a year-long deployment furthering stability operations and transitioning the fight to Afghan-led operations. II MEF relieved I MEF at Camp Leatherneck in Helmand province. In March, Carrier Air Wing 9 left the U.S. 5th Fleet area of responsibility after flying more than 9,000 sorties in support of coalition forces in Afghanistan.

In August, the Department of the Navy responded to chemical weapons attacks in Syria by patrolling four destroyers and *USS SAN ANTONIO* (LPD 17), with elements of the 26th Marine Expeditionary Unit onboard, in the Eastern Mediterranean to provide stability to the region. *USS HARRY S TRUMAN* (CVN 75), *USS GETTYSBURG* (CG 64), and *USS BULKELEY* (DDG 84) safeguarded the Northern Arabian Sea while the *USS NIMITZ* (CVN 68) patrolled the Red Sea.

And in November, the Navy and Marine Corps responded following the devastation of Typhoon Haiyan. *USS GEORGE WASHINGTON* (CVN 73), *USS FREEDOM* (LCS 1), *USS ASHLAND* (LSD 48) and *USS GERMANTOWN* (LSD 42) transited to the Philippines in support of relief efforts. More than 900 Marines delivered supplies to the thousands of survivors left without food and water.

Our nation's away team, the Navy and Marine Corps, continued this pattern of assuming the watch again and again throughout 2013. This operational tempo keeps nearly half of our Fleet underway every day. Forty-eight thousand Sailors and Marines stand watch daily around the globe, constantly ready to do that which our nation may ask them to do. No other military and no other nation on earth today, has the reach, the presence, the capability, the training and the resolve to maintain this pace or breadth of operations.

The Navy and Marine Corps are well suited and uniquely positioned to perform the missions of the DSG, as implemented by the 2014 QDR. In addressing these requirements, the Department's FY 2015 budget submission sustains our support to partners in the Middle East, rebalances our effort toward the Asia-Pacific region, focuses our presence at key maritime crossroads, and meets the highest-priority capability demands of the geographic Combatant Commanders. We made tough strategy-based choices to ensure a coherent budget that delivers the overseas presence directed by the Secretary of Defense in support of the Global Force

Management Allocation Plan (GFMAP); continues our essential, near term investments in the Middle East and Asia-Pacific; and develops capabilities over the long term to address warfighting challenges in these same regions. These tenets guide the priorities and direction of the Department of the Navy's Fiscal Year 2015 President's Budget request.

However, the potential for a return to sequestration-level funding in FY 2016 and future years increases our risk in meeting the current and future requirements necessary to meet our missions.

Despite its serious impacts, the 2013 sequestration was manageable in part because of key budget reprogrammings made by the Department, with congressional support. The Department was able to execute its plans for procurement of the ships and aircraft appropriated for FY 2013, and in particular was able to award the FY 2013-2017 multi-year procurement (MYP) of DDG 51 Class destroyers. In order to accomplish this however, the Department also had to mitigate impacts to some programs in execution to temporarily avoid reductions by deferring costs to future years.

Congress' passage of the BBA of 2013, which raised discretionary funding caps above the sequestration level for FY 2014 and FY 2015, allowed us to avoid indiscriminate funding reductions across all programs. As a result, the Department will be able to procure the eight ships appropriated in FY 2014, including the additional tenth destroyer in the MYP. Critical aircraft procurement continued with the recapitalization of our maritime patrol capability with the P-8A, our carrier based E-2D early warning aircraft and much of our vertical lift capacity across both services with the V-22, H-60, and H-1. However, while the BBA provided some relief in FY 2014 and FY 2015, the lower funding levels compared to our FY 2014 President's Budget compelled the Department of the Navy to make tough choices and accept higher risk in our ability to meet the DSG. Today, the Navy is trying to manage the reduced funding levels by improving efficiencies, reducing costs, and providing stability where possible. The FY 2015 request reflects the results of these efforts.

The Fiscal Year 2015 President's Budget Request

As the Department moves into FY 2015 and beyond, the FY 2015 President's Budget submission balances force structure, readiness, and capability to meet national security commitments. Simultaneously the plan is developed to minimize impacts to the industrial base where possible, in order to avoid further future increases in cost, or perhaps even permanent

losses to our national industrial capability. A brief overview of Seapower and Projection Forces programs follows.

Shipbuilding

The Navy reported to Congress in January 2013 the results of the Force Structure Assessment (FSA), which determined the capabilities of the future force needed to meet the full range of missions required of the Department of the Navy in support of the DSG. The FSA analysis resulted in a battle force requirement of 306-ships[1].

The Department's Shipbuilding Plan continues to build toward the balanced force required by the FSA. In support of this, the FY 2015 President's Budget requests funding for seven ships: two VIRGINIA Class attack submarines, two DDG 51 ARLEIGH BURKE Class destroyers, and three Littoral Combat Ships (LCS). Additionally, the budget request includes continued incremental funding for CVN 79. The FY 2015 submission for the FYDP (FY 2015 to FY 2019) plans for the procurement of 44 ships.

While the Navy's FY 2015 plan maintains our steady momentum towards achieving the FSA requirements, as the Chief of Naval Operations (CNO) stressed in his recent posture statement to the full committee, in order to remain a balanced and ready force while complying with the reduction in funding below our FY 2014 levels, we were compelled to make difficult choices in the FY 2015 plan. The FY 2015 President's Budget maintains the option to refuel or inactivate one nuclear aircraft carrier (CVN), and operate or shutdown a carrier air wing (CVW). If reduced Budget Control Act (BCA) levels remain in place in FY 2016, *USS GEORGE WASHINGTON* (CVN 73) and associated air wing would need to be inactivated in lieu of conducting the planned Refueling Complex Overhaul (RCOH). This decision will be made as part of our FY 2016 budget submission.

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[1] It should be noted that the Department of the Navy revised guidelines for accounting for the size of the Navy's Battle Force. Therefore, numbers in this statement are not directly comparable to those used in prior testimony. Changes to guidelines include clarifying the accounting for smaller, forward deployed ships (e.g. patrol coastal, mine countermeasures ships, high speed transports) and ships routinely requested by Combatant Commanders (e.g, hospital ships).
The following table illustrates the differences between new and old Battle Force accounting guidelines:

	Today	*FY 2015*	*FY 2020*
PB-15: New Guidelines	290	284	308
PB-15: Old Guidelines	284	274	304

An additional key component of our budget plan is a phased modernization of 11 cruisers, which are the most capable ships for controlling the air defense of a carrier strike group. The Navy's Cruiser Modernization Plan will allow the Navy to reduce funding requirements while most efficiently increasing the capability and extending the service life of our large surface combatants.

Just beyond the FYDP, the Navy must recapitalize our SSBN force, manage the block retirements and replacement of aging SSBNs built in the 1980s and 1990s, and contain the cost of replacing these ships. The significant cost associated with recapitalizing the Nation's sea based strategic deterrent will require an increase of the shipbuilding budget, up to ~$19 billion (FY 2014 dollars). Our ability to meet the FSA battle force requirements is heavily dependent upon attaining this level of funding.

The key elements of the FY 2015 shipbuilding request will now be discussed for each area of the plan.

Aircraft Carriers

Our aircraft carriers are central to our Nation's Defense Strategy, which calls for forward presence; ability to simultaneously deter potential adversaries and assure our allies; and capacity to project power at sea and ashore. These national assets are equally capable of providing our other core capabilities of sea control, maritime security, and humanitarian assistance and disaster relief. Our carriers provide our nation the ability to rapidly and decisively respond globally to crises, with a small footprint that does not impose unnecessary political or logistical burdens upon our allies or potential partners.

FORD Class carriers will be the premier forward deployed asset for crisis response and early decisive striking power in major combat operations for the next half-century. We have established a steady state FORD Class procurement plan designed to deliver each new ship in close alignment with the NIMITZ Class ship it replaces. The design improves warfighting capability, survivability, operational availability, and quality of life improvements for our Sailors, while reducing crew and aviation wing size by as many as 1,200 personnel and decreasing total ownership costs by approximately $4 billion per ship. *Gerald R. Ford* (CVN 78), the lead ship of the class, was launched on November 17, 2013. CVN 78 displaced 77,000 tons at launch and was 70 percent complete – the highest levels attained in aircraft carrier new construction. This unprecedented level of completeness by launch included the installation of

the Dual Band Radar (DBR) arrays, and the pulling of over 60 percent of electrical cable. As a result, CVN 78 is optimally prepared for its post-launch test program. CVN 78 will be delivered in FY 2016 as the numerical replacement for the *USS ENTERPRISE* (CVN 65), which was inactivated on December 1, 2012 after 51 years of active service.

The Navy is committed to delivering CVN 78 within the cost cap. We are continuing efforts to identify cost reductions; drive improved cost and schedule performance to contain cost growth; and reverse the rising cost trends associated with first-of-class non-recurring engineering, contractor and government furnished equipment (GFE), and ship production issues on the lead ship. The FY 2014 National Defense Authorization Act (NDAA) revised the CVN 78 cost cap to $12,887 million. The FY 2015 President's Budget request aligns the CVN 78 budget with the cost cap.

The Navy and shipbuilder are also committed to driving down and stabilizing aircraft carrier construction costs for *John F. Kennedy* (CVN 79) and subsequent hulls. As a result of the lessons learned on CVN 78, the approach to carrier construction has undergone an extensive affordability review. The Navy and the shipbuilder have made significant changes on CVN 79 to reduce the cost to build the ship. These efforts, identified in the May 2013, CVN 79 Report to Congress, include the following:

- Improvements in material availability and pricing;
- Major changes in build strategy and processes with a determined focus on executing construction activities where they can most efficiently be performed;
- Design changes for greater producibility; and
- Aggressive measures for cost control in GFE.

These efforts are ongoing and additional process improvements continue to be identified.

The Navy extended the CVN 79 Construction Preparation contract into 2014 to enable continuation of ongoing planning, construction, and material procurement while capturing lessons learned associated with lead ship construction and early test results. The continued negotiations of the DD&C contract afford an opportunity to incorporate further construction process improvements and cost reduction efforts. Award of the DD&C contract is expected in late 2014.

The FY 2014 National Defense Authorization Act (NDAA) adjusted the CVN 79 and follow ships cost cap to $11,498 million to account for economic inflation and non-recurring

engineering for incorporation of lead ship lessons learned and design changes to improve affordability. The Navy is committed to delivering CVN 79 within the cost cap by continuously implementing initiatives to reduce costs. The FY 2015 President's Budget rephases CVN 79 funding, resulting in the ship being delivered in mid-FY 2023 vice late FY 2022. The delay will have no impact on projected force structure, with *USS NIMITZ* (CVN 68) not due to be inactivated until FY 2025.

With more than half of the service life of the NIMITZ Class still remaining, the RCOH continues as a key enabler for the enduring presence of the aircraft carrier Fleet. This year's budget request includes cost to complete the RCOH for *USS ABRAHAM LINCOLN* (CVN 72) partially restoring program funding removed during the FY 2013 sequestration. It also includes funding for advance planning for defueling *USS GEORGE WASHINGTON* (CVN 73), work common to either inactivation or RCOH. However, the final decision on the future of CVN 73 will be made in the FY 2016 President's Budget request.

If sequestration spending levels remain in place in FY 2016, CVN 73 would be inactivated. This path has a cost avoidance of approximately $7 billion in the 2015-2029 FYDP, which includes the cost to overhaul and retain CVN 73 with her associated air wing and the logistics, manpower and training support costs. This permanent reduction in the aircraft carrier force is unavoidable if sequestration-level cuts are re-imposed, and will result in a corresponding decrease in operational availability to meet global demands and emergent crises. In this event, the Navy will be unable to meet historical Combatant Commander demands.

Submarines

Submarines' stealth and ability to conduct sustained forward-deployed operations in anti-access / area-denial environments serve as force multipliers by providing high-quality Intelligence, Surveillance, and Reconnaissance (ISR) as well as indication and warning of potential hostile action. In addition, attack submarines are effective in anti-surface warfare and undersea warfare in almost every environment, thus eliminating any safe-haven that an adversary might pursue with access-denial systems. As such, they represent a significant conventional deterrent. The Navy is mitigating an impending attack submarine force structure shortfall in the 2020s through three parallel efforts: continuing procurement of two VIRGINIA Class submarines per year; reducing the construction span of VIRGINIA Class submarines; and extending the service lives of selected attack submarines. While each of our attack submarines

provides considerable strike capacity, our guided missile (SSGN) submarines provide substantially more strike capacity and a robust capability to covertly deploy special operations force (SOF) personnel. Lastly, the Navy's 14 SSBNs provide the nation with an around-the-clock, credible, modern and survivable sea-based strategic deterrent.

The FY 2015 President's Budget requests full-funding of two VIRGINIA Class submarines and advanced procurement for the FY 2016 and FY 2017 vessels. The VIRGINIA Class submarine program has delivered the last six ships on budget and ahead of schedule. The next ship, *North Dakota* (SSN 784), fully encompasses the Design for Affordability efforts begun in 2005, which include a completely redesigned bow section, and is expected to have the shortest construction span for a VIRGINIA Class submarine.

The Navy will award the next 10-ship, MYP contract in spring 2014. It continues the co-production of the VIRGINIA Class submarines between General Dynamics Electric Boat and Huntington Ingalls Industries - Newport News Shipbuilding through FY 2018.

Ballistic missile submarines, coupled with the TRIDENT II D-5 Strategic Weapons System, represent the most survivable leg of the Nation's strategic arsenal and provide the Nation's only assured nuclear response capability. SSBNs provide survivable nuclear strike capabilities to assure allies, deter potential adversaries, and, if needed, respond in kind. The Nuclear Posture Review completed in April 2010 determined that the U.S. would retain a nuclear triad under the New START including the 14 SSBNs currently in-service. Originally designed for a 30-year service life, the OHIO Class was extended to its limit at 42 years of operation. With the OHIO Class SSBNs being an average of 23.3 years old, the U.S. must continue development of the follow-on 12-ship OHIO Replacement as the current SSBNs' life cycles cannot be extended further. This is our top priority program within the Department of the Navy.

In December 2012, the Navy awarded a research and development contract for the OHIO Replacement. This contract focuses on meeting the program's performance requirements while reducing costs across design, production, and operations and sustainment. The Navy recently validated that its industry partners met or exceeded the cost-reduction targets established for FY 2013. These reductions bring the Navy closer to its cost goals and serve as a positive start for what will be a long-term effort to minimize costs while delivering the required warfighting capability. The cost reduction efforts will continue throughout the design phase.

The FY 2015 budget requests funding to continue development of the OHIO

Replacement SSBN and ensures Common Missile Compartment (CMC) efforts remain on track to support the United Kingdom's SUCCESSOR Program's schedule. Given the need to recapitalize this aging strategic asset, coupled with the ongoing need to support Navy force structure, the Navy continues to pursue the means to resource construction of the next generation nuclear ballistic missile submarine in time to fulfill U.S. Strategic Command requirements.

The Navy's four guided missile submarines (SSGNs) provide significant warfighting capability but will be retired in the mid-2020s after 42 years of service. To mitigate the 60 percent reduction in undersea strike capacity when they retire, the Navy is exploring using the inherent modularity of the VIRGINIA Class SSN and is designing a VIRGINIA Payload Module (VPM) that will include four 87-inch wide missile tubes each capable of launching seven TOMAHAWK cruise missiles. This module provides greater than three times the payload capacity with less than 15 percent the cost increase to mitigate the large undersea strike capacity lost when SSGNs retires. The President's Budget for FY 2015 requests continued VPM Research and Development, providing an option to start procurement as part of the Block V contract scheduled for award in early FY 2019.

Large Surface Combatants

Guided missile cruisers (CGs) and guided missile destroyers (DDGs) comprise our large surface combatant Fleet. When viewed as a whole, these ships fulfill broad mission requirements both independently and in conjunction with a strike group. The demands for increased capability and capacity in Ballistic Missile Defense (BMD) and Integrated Air and Missile Defense (IAMD) continue to be a focal point. In order to meet the increased demand for BMD, the Navy is forward deploying four BMD capable DDGs to Rota, Spain. The *USS DONALD COOK* (DDG 75) arrived in Rota in February 2014. One additional ship will arrive later this fiscal year, and the remaining two will arrive in FY 2015.

The ARLEIGH BURKE Class (DDG 51) program remains one of the Navy's most successful shipbuilding programs – 62 ships are currently operating in the Fleet. The FY 2015 President's Budget request includes funding to execute the third year of the MYP and procure two DDG 51 destroyers. The ships will incorporate IAMD and provide additional BMD capacity to the Fleet when they deliver in the early FY 2020s. The President's Budget also includes a funding request to complete the construction of *John Finn* (DDG 113), *Ralph Johnson* (DDG 114), and *Rafael Peralta* (DDG 115) to restore program funding removed by the FY 2013

sequestration.

Air and Missile Defense Radar (AMDR) is the future multi-mission radar of the Navy's surface combatant fleet, which will meet the growing ballistic missile threat by improving radar sensitivity and enabling longer range detection for engagement of increasingly complex threats. In October 2013, the Navy awarded the contract for development of the AMDR, with options for up to nine low rate initial production (LRIP) units. This scalable radar is on track for installation on the second FY 2016 DDG 51 hull to make it the first Flight III ship that will better support joint battle space threat awareness and defense, including BMD, area air defense, and ship self-defense. The AMDR radar suite will be capable of providing simultaneous surveillance and engagement support for long range BMD and area defense. The program demonstrated during a March 2014 total ship design review that the Flight III design is on track to have adequate space, weight, power, and cooling service life margins. Engineering Change Proposal detail design efforts for the DDG Flight III design must continue in FY 2015 to support introduction on one of the FY 2016 ships.

The DDG 1000 ZUMWALT Class guided missile destroyer will be an optimally crewed, multi-mission, surface combatant designed to provide long-range, precision, naval surface fire support to Marines conducting littoral maneuver and subsequent operations ashore. In addition to the ship’s two 155mm Advanced Gun Systems capable of engaging targets with the Long Range Land Attack Projectiles (LRLAP), the ship will be capable of conducting anti-submarine warfare (ASW), land attack and will provide valuable advancements in technology such as signature reduction (both acoustic and radar cross-section), active and passive self-defense systems, enhanced survivability features, and shipboard automation (in support of reduced manning). The DDG 1000 program concluded 15 of 15 successful LRLAP test firings in 2013, completing the guided flight test program. As a result, the LRLAP is on track for at-sea testing which is planned for FY 2015. The program also completed a competition for a steel deckhouse for the DDG 1002. The competition for the deckhouse is one example of the Navy’s ongoing initiatives to control program cost. The DDG 1000 is scheduled to be christened in April 2014 and enter the Fleet in 2016. The FY 2015 budget requests funds to continue the DDG 1000 program.

Small Surface Combatants

The Littoral Combat Ship (LCS) enables the Navy to implement the DSG imperative to develop innovative, low-cost, and small-footprint approaches to achieve our security objectives. The modular, open systems architecture inherent in LCS's combat system allows for rapid integration of technological solutions that increase capability at reduced cost. The LCS complements our inherent blue water capability and fills war fighting gaps in the littorals and strategic choke points around the world. LCS design characteristics (speed, agility, shallow draft, payload capacity, reconfigurable mission spaces, air/water craft capabilities) combined with its core C4I, sensors, and weapons systems, allow LCS to bring unique strengths and capabilities to the mission.

The FY 2015 President's Budget includes funding for three LCSs. The reduction to the number of ships procured in FY 2015 is the result of the tough choices required under reduced funding levels in FY 2015 relative to the FY 2014 plan. The reduction from four to three LCSs in FY 2015 will require the Navy to extend the pricing for one block buy ship. The FY 2015 President's Budget request also includes funding to complete construction on LCS 5 through LCS 16 that was deferred due to sequestration in FY 2013.

The LCS Mission Modules program continues its efforts to field capability incrementally as individual mission systems become available, rather than wait for all the mission systems needed for the end-state capability. Beginning in March 2014, the program commenced Initial Operational Test and Evaluation (IOT&E) on the Surface Warfare (SUW) Mission Packages (MP). The Remote Minehunting System (RMS) completed its reliability growth program this past year and continues to test well. RMS supports the Mine Countermeasure (MCM) MP which expects to begin IOT&E in 2015. The ASW MP is planning a Preliminary Design Review in 2014 with IOT&E scheduled to begin in 2016. The LCS, with a MP, provides capability that is equal to or exceeds the current capability of the ships that it is replacing. The FY 2015 budget requests funding for 3 modules (1 MCM, 2 SUW).

The Navy successfully validated LCS's operational flexibility during a 10-month deployment to Southeast Asia with the manning concept of rotational crewing, shore-based training, and LCS maintenance strategies. This deployment will be followed by the USS FORT WORTH (LCS 3) deployment in 2014. While the Navy continues to focus on the merits of LCS and the capabilities it brings to the fleet, the service also recognizes the importance of maintaining awareness of emerging threats and capabilities of our Nation's adversaries. As a

result, the Navy is examining options to increase the lethality of our small surface combatant force. Specifically, the Navy is studying existing ship designs (including the LCS), a modified LCS, and a completely new ship design, including their estimated cost, to determine the most affordable method for improving the capability of this critical element of our force. Pending the results of this study (due in support of FY 2016 budget formulation), the Navy will restrict LCS contract actions within the first 32 ships of the class.

Amphibious Ships

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

The Chief of Naval Operations and Commandant of the Marine Corps have determined that the force structure for amphibious lift requirements is 38 amphibious ships. Balancing the total naval force structure requirements against fiscal projections imposes risk on meeting this requirement. Based on the footprint of a 2.0 MEB assault echelon force, a minimum of 30 operationally available ships are necessary to provide a force made up of ten Amphibious Assault Ships (LHD/LHA), ten Amphibious Transport Docks (LPD) and ten Dock Landing Ships (LSD). Planning factors call for a force of 33 ships to achieve this availability, and this will be achieved in total in FY 2018, and with the required mix (11/11/11) in FY 2024 with delivery of LHA 8. At the end of FY 2015, the Amphibious Force Structure will stand at 30 ships, which includes 9 LHD/LHAs, 9 LPDs, and 12 LSDs.

LHA(R) Class ships are flexible, multi-mission platforms with capabilities that span the range of military operations - from forward deployed crisis response to forcible entry operations. These ships will provide the modern replacements for the remaining LHA 1 TARAWA Class ship and the aging LHD 1 WASP Class ships as they begin decommissioning in the late 2020s. *America* (LHA 6) and *Tripoli* (LHA 7) are optimized for aviation capability in lieu of a well

deck and will deliver in April 2014 and 2018, respectively. LHA 8, the first Flight 1 ship, will have a well deck to increase operational flexibility and a smaller island that increases flight deck space to retain aviation capability. It will be funded in FY 2017 and will deliver in FY 2024. The Navy expanded the Early Industry Involvement efforts for the LHA 8 design and initiated a phased approach to the design for affordability of amphibious ships. The increased funding in FY 2014 will fund these affordability efforts that foster an interactive competition with industry partners in developing a more affordable, producible detail design and build strategy, and drive towards more affordable ships. Funding for LHA(R) planning, testing, outfitting and post-delivery is included in the President's Budget.

The SAN ANTONIO Class (LPD 17) provides the ability to embark, transport control, insert, sustain, and extract elements of a Marine Air-Ground Task Force (MAGTF) and supporting forces by helicopters, tilt rotor aircraft, landing craft, and amphibious vehicles. The Navy accepted delivery of *USS SOMERSET* (LPD 25) in October 2013, the 9th of 11 ships. The remaining two ships are under construction and will deliver in spring 2016 and summer 2017, respectively. The FY 2015 President's Budget requests funding for cost to complete, outfitting, post-delivery, and program close-out costs.

LX(R) is the replacement program for the landing ship dock, LSD 41 and LSD 49 Classes, which will begin reaching their estimated service life in the mid-2020s. The Navy will leverage LX(R)'s Analysis of Alternatives (AoA), which will conclude in FY 2014, to determine the ship's key performance parameters. The program is anticipated to begin technology development in early FY 2015. Throughout development, affordability will be a key focus for this ship class. Industry will be involved in identifying cost drivers on this class of ship. Advanced procurement funding in FY 2019 is planned with the lead LX(R) Class ship planned in FY 2020. The lead LX(R) will deliver in time for LSD 43's retirement in FY 2027. The Navy plans to maintain 11 deployable LSDs in the active force until LX(R) delivers by rotating three LSDs to complete phased modernizations beginning in FY 2016. This will extend *USS WHIDBEY ISLAND* (LSD 41) and *USS GERMANTOWN* (LSD 42) (with mid-life complete) to 45 operational years of service. *USS TORTURGA (*LSD 46) will complete a midlife availability so as to achieve the desired 40 year operational service. This plan mitigates presence shortfalls and 2.0 MEB Assault Echelon shipping requirements.

Auxiliary Ships

Support vessels such as the Mobile Landing Platform (MLP) and the Joint High Speed Vessel (JHSV) provide additional flexibility to the Combatant Commanders. The *USNS MONTFORD POINT* (T-MLP 1) and *USNS JOHN GLENN* (MLP 2) ships are designed to support the Maritime Prepositioning Forces, enabling at-sea transfer of vehicles from cargo ships to facilitate the delivery of these vehicles, equipment, personnel and supplies between the sea and restricted access locations ashore. MLP 1 delivered, and with the installation of the Core Capability Set (CCS) completing in spring 2014, it will continue with its integrated testing and evaluation phase throughout the summer and fall to explore further use beyond MPF to facilitate expeditionary operations. The shipyard's delivery of MLP 2 occurred in March 2014; the ship will have its CCS installation completed by early FY 2015. Both MLP 1 and MLP 2 were delivered by the shipyard on cost and on schedule. MLP Afloat Forward Staging Base (AFSB) variant utilizes the MLP base ship, but is outfitted with an AFSB capability vice the CCS. The MLP AFSB variant will retain sealift capabilities inherent to the baseline MLP with added vertical lift capability to support sealift and other missions in response to Combatant Commanders' requirements. In the past, the Navy provided Fleet assets to address the AFSB demand. In order to avoid diverting a Fleet asset to fulfill this request, the Department of the Navy converted the *USS PONCE* (AFSB (I)) to provide an interim AFSB capability. Three MLP AFSB variants are currently planned. *Lewis B. Puller* MLP 3, the first AFSB variant, is under construction and will deliver in late 2015, in time to replace *USS PONCE* by FY 2017. The Navy plans to award MLP 4 AFSB and MLP 5 AFSB in FY 2014 and FY 2017, respectively.

The JHSV provides a high-speed, shallow-draft alternative to moving personnel and materiel within and between the operating areas, and to supporting security cooperation and engagement missions. In FY 2013, the tenth and final JHSV was awarded and *USNS SPEARHEAD* (JHSV 1) and *USNS CHOCTAW COUNTY* (JHSV 2) delivered. The Navy is exploring opportunities to further enhance JHSV's operational profile to support/enhance warfighter requirements such as Special Operations support; Maritime Interdiction Operations; submarine rescue; and Intelligence, Surveillance and Reconnaissance missions. The FY 2015 President's Budget requests program support and close out costs, and cost to complete funding for *Brunswick* (JHSV 6), *Yuma* (JHSV 8), *Bismarck* (JHSV 9) and *Burlington* (JHSV 10) in order to restore funding reduced by FY 2013 sequestration.

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

Research and development efforts continue as the Navy matures its concept for the replacement of the KAISER Class (T-AO 187) of Fleet Replenishment Oilers. The new replacement oilers, currently designated as T-AO(X), will be double-hulled and meet Oil Pollution Act 1990 and International Marine Pollution Regulations. Similar to the LHA(R) and LX(R) programs, T-AO(X) benefitted from early industry engagement in terms of cost/capability trade-off studies that will help to refine the ship specifications. The Navy's budget request plans the lead ship in 2016 with serial production beginning in 2018. The total ship quantity is expected to be 17 ships.

Affordability and the Shipbuilding Industrial Base

The interconnectivity of today's shipbuilding industry with its supplier and vendors is complex, and there is a cascading effect that today's decisions can have near-term as well as years into the future. A healthy design and production industrial base is critical to achieving the Department of the Navy's priorities and fulfilling the Navy's needs going forward. Perturbations in naval ship design and construction plans are significant because of the long-lead time, specialized skills, and extent of integration needed to build military ships. The complex configuration and size of naval vessels result in design times that range from two to seven or more years, and construction schedules that can span up to nine years. Individual ships cost from hundreds of millions to several billions of dollars, making each one a significant fraction of not only the Navy's shipbuilding budget, but also industry's workload and regional employment numbers. Consequently, the timing of ship procurements is a critical matter to the health and sustainment of U.S. shipbuilding and combat system industries.

Stability and predictability matter. It matters to the Navy, to industry, to their workforce, to their families and to their communities. Our nation's defense industrial workers are skilled, experienced, and innovative and they can't be easily replaced. The Department must provide

stability and predictability to the industrial base to maintain our ability to continue to build the future Fleet.

Affordability and quality matter. Together with our industry partners, we have made significant progress in the past few years improving both measures. The quality of our ships improved as evidenced by the reduction in the number of critical deficiencies issued by the Board of Inspection and Survey during Acceptance Trials. The Department of the Navy is also focusing on affordability efforts across all phases of acquisition. For ships under contract, we have held the line on minimizing change. We have demanded discipline in waiting until designs are nearly complete before starting production. We have used competition to reduce costs. With the assistance of Congress, we have employed MYP and block buy contracts to provide stability, obtain economic order quantity discounts, and facilitate learning, which yielded cost savings. We are driving affordability earlier and earlier into the life cycle: interacting with the users and sponsors to better understand the requirements and how they drive cost; and engaging with our industry partners to better understand the trade-offs and inflection points between performance and cost. We are setting affordability cost targets at both the procurement and operating and support levels, to ensure that we do not optimize one at the expense of the other. We are looking internally as well to maximize our buying power and eliminate less value added processes and oversight.

Our ability to mitigate the adverse impacts on the shipbuilding industrial base from constrained resources has its limits. At the reduced BCA levels we are facing starting in FY 2016, Navy funding of the Ohio Replacement will significantly impact the industrial base and the future ship mix due to reduced procurement of other ship classes. The result will be increased risk in the Navy's ability to support the DSG, and inevitably reductions in the shipbuilding and combat system industrial base, with further long term impacts on platform affordability and force size.

Surface Ship Modernization

The President's Budget request for FY 2015 proposes a CG/LSD Phased Modernization Plan that will provide the means to retain the best Air Defense Commander and Marine expeditionary lift capabilities through the 2030s and CGs into the 2040s. This plan paces the threat through the installation of the latest technological advances in combat systems and engineering in CGs 63-73 and LSDs 41, 42 and 46. As a result, these ships remain relevant and

viable throughout their entire service life, enabling the Navy to sustain dominant force structure. To date the Navy has modernized CGs 52-58 with the Advanced Capability Build (ACB) 08 Combat System as well as substantial Hull, Mechanical, and Electrical (HM&E) upgrades, and has nearly completed modernization on CGs 59-62 with the improved ACB 12. These investments have allowed the first 11 ships of the TICONDEROGA Class to remain the world's premier Air Defense Commander platform, fully capable of integrating into the Carrier Strike Group construct or operating independently in support of Combatant Commander demands.

The Navy has developed an affordable framework to retain the remaining eleven cruisers (CG 63-73) in the active Fleet, through induction into a phased modernization period starting in FY 2015. The Navy will begin the phased modernization of these ships with material assessments, detailed availability planning, and material procurements. Subsequently, the Navy will perform hull, mechanical, and electrical systems (HM&E) upgrades, critical structural repairs, and extensive corrective and condition-based maintenance. The final phase will include combat system installation, integration, and testing. This will occur concurrently with re-manning the ship, immediately preceding restoration to the Fleet. By combat systems modernization occurring immediately prior to restoration, these ships will have the latest practicable combat systems upgrades while mitigating the risk and cost of technical obsolescence. The Navy intends to draw down the manpower for these CG's during their modernization, thus greatly reducing the cruiser costs during the period. The current plan is to complete modernization of each cruiser on a schedule that sustains 11 deployable Air Defense Commander CG's (one per Carrier Strike Group) into the 2040's.

Similarly, the Navy plans to perform the final WHIDBEY ISLAND Class modernization through this phased modernization plan. This plan modernizes LSD 46, and installs additional structural, engineering, and combat systems modifications on LSDs 41 and 42. As a result of the modernization investment, the Navy will extend the operational service life of these ships, during which time they will remain relevant and reliable until they retire 44-51 years after commissioning.

The Phased Modernization plan for CGs and LSDs allows the Navy to garner 172 additional operational ship years above the permanent force structure cuts required to meet the limits imposed by the BCA, and precludes the Navy from having to increase our overall end strength by about 3,700 people, which would otherwise be required to fill critical shortfalls in

our training pipelines and fleet manning. Phased modernization also greatly benefits the industrial base by providing a steady, predictable work flow which increases production efficiency and lowers cost to the Navy. The HM&E- centric maintenance and modernization availabilities can be scheduled at times when there is a shortage of work in the various homeports, thereby leveling the work load and effectively utilizing industrial facilities, such as drydocks and piers. Without the pressure of meeting near term Fleet deployment schedules, the work can be planned in the most economical and efficient manner, including reducing the need for costly overtime rates and hiring subcontractors to supplement shipyard workforce. An additional advantage of the phased modernization approach is that it provides an option to restore the ships to service in the event of a shift in the strategic environment in much less time than would be required to construct new ships.

The FY 2015 President's Budget request also includes funding for the modernization of three destroyers. To counter emerging threats, this investment is critical to sustain combat effectiveness and to achieve the full expected service lives of the Aegis Fleet. The Navy is proposing a two-pronged modernization plan to maintain relevance throughout the destroyer fleet: continue to modernize the Flight I/II destroyers, and modernize the Flight IIA destroyers beginning in FY 2017. This approach maximizes return on investment by modernizing the ships close to their midlife, and increases BMD capacity by installing BMD on Flight IIA destroyers. The destroyer modernization program includes HM&E upgrades as well as advances in warfighting capability and open architecture combat systems. This renovation reduces total ownership costs and expands mission capability for current and future combat capabilities.

Naval Aviation

There are several central themes to our 2015 Naval Aviation Budget plan: Persistent multi-role intelligence, surveillance, and reconnaissance; supporting capabilities as maritime patrol; and targeted modernization of the force for relevance and sustainability.

To meet the demand for persistent, multi-role ISR capability, the Navy and Marine Corps are building a balanced portfolio of unmanned and manned aircraft, leveraging other service capacity where able, but valuing the unique contribution of maritime ISR.

The Department of the Navy is also recapitalizing our aging fleets of airborne early warning and maritime patrol aircraft. Specifically, we are replacing our fleet of E-2C airborne early warning aircraft with the E-2D and P-3C maritime patrol aircraft with a modern P-8A.

Unmanned Aircraft Systems (UAS)

The UCLASS system will enhance carrier air wing capability and versatility for the Joint Forces commander through integration of a persistent and mission flexible unmanned aircraft into the Carrier Air Wing by FY 2021. The Joint Chiefs of Staff issued a new memorandum in February 2014 reaffirming the need for rapid fielding of an affordable, adaptable carrier-based ISR platform with precision strike capability. UCLASS will provide that persistent ISR with precision strike capabilities supporting missions ranging from permissive counter-terrorism operations, to missions in low-end contested environments, to providing enabling capabilities for high-end area denied operations. It will be sustainable onboard an aircraft carrier and designed to be fully integrated with the current carrier air wing. The UCLASS system will also have the ability to pass command and control information along with sensor data to other aircraft, naval vessels, and ground forces. Sensor data will be transmitted to exploitation nodes afloat and ashore. Interfaces will be provided with existing ship and land-based command and control systems, as well as processing, exploitation, and dissemination systems. The UCLASS system will achieve these capabilities through development of a carrier-suitable, semi-autonomous, unmanned Air Segment; a Control System and Connectivity Segment; and a Carrier Segment. These segments will be overseen by the Government as the Lead System Integrator, providing government-led system-of-systems integration for the UCLASS Program.

The UCLASS Program builds on the knowledge gained through the UCAS Demonstrator (UCAS-D) efforts. UCAS-D will advance technological development and risk mitigation for the UCLASS system and continue the autonomous aerial refueling (AAR) demonstration. UCAS-D has completed two Carrier Qualification detachments consisting of catapult testing, arrested landings and envelope expansion, to include testing in off-nominal conditions and increased sea states. The latest AAR testing period was completed in December 2013 utilizing a manned surrogate aircraft. AAR development and testing is planned to continue throughout 2014. The Department of the Navy is working to reduce risk and align program/CVN operational schedules to best accommodate risk mitigation to meet demonstration objectives.

The MQ-4C Triton (formerly known as BAMS or Broad Area Maritime Surveillance) is a key component of the Navy Maritime Patrol Reconnaissance Force. Its persistent sensor dwell, combined with networked sensors, will enable it to effectively meet ISR requirements in support of the Navy Maritime Strategy. The FY 2015 President's Budget postpones the MQ-4C Triton

LRIP from FY 2015 to FY 2016. Due to software integration delays during initial testing, the program experienced a year-long delay to the start of flight testing. The program schedule has been adjusted to accommodate this delay and the program remains executable within current funding levels.

Triton will start establishing five globally-distributed, persistent maritime ISR orbits beginning in FY 2017. MQ-4C Triton test vehicles have completed 12 test flights as of February 25, 2014 and are on schedule to begin developmental testing later this year. This rigorous integrated flight test program will support the planned FY 2016 Milestone C. The Navy procured two U.S. Air Force (USAF) Global Hawk Block 10 UAS in FY 2004 for demonstration purposes and to perform risk reduction activities for the Triton UAS Program. In April 2011, Navy accepted three additional Block 10 aircraft from the USAF to be utilized as spare parts assets. These aircraft, the Broad Area Maritime Surveillance Demonstrators, or BAMS-D, have been deployed to CENTCOM's Area of Responsibility for over five years. BAMS-D recently achieved over 10,000 flight hours in support of CENTCOM ISR tasking. Continued operation of these demonstration assets are adequate to cover all Navy needs through FY 2016.

The MQ-8 Fire Scout is an autonomous vertical takeoff and landing tactical UAV (VTUAV) designed to operate from any suitably-equipped air-capable ships, carry modular mission payloads, and operate using the Tactical Control System (TCS) and Line-Of-Sight Tactical Common Data Link. Our FY 2015 efforts continue the development of an endurance upgrade (MQ-8C), integrate radar and weapons on the MQ-8C, and continue payload and LCS integration with the MQ-8B and MQ-8C. The President's Budget request defers procurement of MQ-8C air vehicles to better align with LCS deliveries, while procuring MQ-8 System ground control stations, ancillary, training and support equipment, technical support and logistics to outfit the ships and train the Aviation Detachments. Commonality of avionics, software, and payloads between the MQ-8B and MQ-8C has been maximized. The MQ-8B and MQ-8C utilize the same ship-based ground control station and other ship ancillary equipment.

Fire Scout was deployed to Afghanistan from May 2011 until August 2013, and amassed more than 5,100 dedicated ISR flight hours in support of U.S. and coalition forces. Additionally, successful deployments aboard *USS KLAKRING*, *USS SIMPSON*, *USS BRADLEY*, *USS SAMUEL B. ROBERTS* and *USS ELROD* have supported Special Operations Forces (SOF) and Navy operations since 2012. The MQ-8B Fire Scout has flown more than 4,800 hours from

frigates, performing hundreds of autonomous ship board take-offs and landings. The Fire Scout program will continue to support integration and testing for LCS-based mission modules.

The Tactical Control System (TCS) provides a standards compliant, open architecture, with scalable command and control capabilities for the MQ-8 Fire Scout air vehicle. In FY 2015, TCS will continue to transition to the Linux operating system software to a technology refreshed ground control station, enhance the MQ-8 System's Ocean Surveillance Initiative for ships Automatic Identification System and sensor track generation. The Linux operating system conversion overcomes hardware obsolescence issues with the Solaris based control stations and provides lower cost software updates using DoD common application software. In addition, the TCS Linux upgrade will enhance collaboration with the Navy's future UAS common control station.

Airborne Early Warning Aircraft

The E-2D Advanced Hawkeye (AHE) is the Navy's carrier-based Airborne Early Warning and Battle Management Command and Control system. The E-2D AHE provides Theater Air and Missile Defense and is capable of synthesizing information from multiple onboard and off-board sensors, making complex tactical decisions and then disseminating actionable information to Joint Forces in a distributed, open-architecture environment.

Utilizing the newly developed AN/APY-9 Mechanical/Electronic Scan Array radar and the Cooperative Engagement Capability system, the E-2D AHE works in concert with tactical aircraft and surface-combatants equipped with the Aegis combat system to detect, track and defeat air and cruise missile threats at extended range and provide Strike Group Commanders the necessary required reaction time.

The first Fleet E-2D squadron (VAW-125) has transitioned and was designated "safe for flight" in January 2014. Initial Operational Capability (IOC) is on track for the first quarter of FY 2015, fielding the NIFC-CA Increment I capability which integrates aircraft sensor and ship weapon capabilities, improving lethality against advanced air and missile threats.

The Department of the Navy will continue development of improved E-2D capabilities during FY 2015. These capability improvements include, In-Flight Refueling, Tactical Targeting Network Technology, Secret Internet Protocol Router Chat, and the Advanced Mid-Term Interoperability Improvement Program. Additionally, we plan to continue Full Rate Production (FRP) of Lot 3 aircraft (the second year of a 25 aircraft MYP contract covering from FY 2014 to

FY 2018) and utilize Advance Procurement for FY 2016 FRP Lot 4 aircraft and Economic Ordering Quantity (EOQ) funding for the MYP (FY 2017 and FY 2018).

Maritime Patrol Aircraft

The P-8A Poseidon recapitalizes the Maritime Patrol ASW, Anti-Surface Warfare (ASUW) and armed ISR capability currently resident in the P-3C Orion. The P-8A combines the proven reliability of the commercial 737 airframe with avionics that enables integration of modern sensors and robust communications. P-8A achieved IOC when the first Fleet squadron (VP-16) deployed to the Western Pacific with six aircraft in December 2013. As of February 2014, three Fleet squadrons have completed transition to P-8A. All Fleet squadrons are scheduled to complete transition by the end of FY 2019. The P-8A program is meeting all cost, schedule and performance parameters in accordance with the approved Acquisition Program Baseline.

We have delivered 13 aircraft (LRIP I/II) to the Fleet as of February 2014. LRIP III (11 aircraft) and LRIP IV (13 aircraft), and FRP 1 (16 aircraft) are under contract. The FY 2015 President's budget procures 56 P-8As over the FYDP and sustains the P-3C to P-8A transition in the Fleet, but is reduces the FY 2015 procurement by eight aircraft due to the BBA cap in FY 2015. Across the FYDP, we are driven by fiscal constraints to lower the final P-8A inventory objective from 117 to 109 aircraft and adjust the annual procurement targets. The warfighting requirement remains 117 aircraft; however the revised inventory objective for 109 aircraft will provide adequate capacity at acceptable levels of risk.

As fleet deliveries of the Increment 1 configuration accelerate, integration and testing of P-8A Increment 2 capability upgrades continues. In particular, Phase I of P-8A Increment 2 Multi-Static Active Coherent ASW capability is on-track for flight testing in late 2014. The 2015 request also continues the prototyping and development of the more extensive P-8A Increment 3 upgrades, which expand the P-8A evolutionary acquisition strategy to deliver the next level of required P-8A capability.

In FY 2015, we are requesting resources for P-3C airframe and mission systems sustainment. This funding is for continued wing modifications and mission systems sustainment for special mission P-3 aircraft that will remain in service until the end of the decade. The legacy P-3C fleet continues to provide ASW, ASUW, and ISR support for Joint and Naval operations worldwide. The P-3C is being sustained to maintain warfighting capability and

capacity until completion of P-8A transition in FY 2019.

The P-3C aircraft is well beyond the original planned fatigue life of 7,500 hours for critical components, with an average airframe usage of over 18,000 hours. Since February 2005, 174 aircraft grounding bulletins have impacted 136 P-3 aircraft. In December 2007, the Navy's Fatigue Life Management Program determined that in addition to existing structural fatigue issues associated with the forward lower wing section (Zones 2-4), the lower aft wing surface (Zone 5) of P-3 aircraft showed fatigue damage beyond acceptable risk resulting in the grounding of 39 P-3 aircraft. As of February 2014, a total of 93 aircraft have been grounded for Zone 5 fatigue. P-3 groundings due to known material fatigue will continue for the remainder of the P-3 program, and unknown fatigue issues will continue to present persistent risk until P-8A transition is complete. To date, $1.3 billion has been invested in P-3 wing sustainment, which has improved the overall structural health of the P-3 fleet. As of February 2014, there are currently 84 P-3C mission aircraft available. Preserving funding for Zone 5 and outer wing installations is critical to sustaining the minimum number of P-3Cs and other special mission variants required to meet warfighting requirements.

In the President's FY 2015 budget is a request for EP-3 Aries Replacement and Sustainment funding. The request supports the installation and sustainment of multi-intelligence capabilities and modifications necessary to meet emergent classified requirements. These efforts are necessary to keep the platform viable until the EP-3 capabilities are recapitalized.

The EP-3E Aries is the Navy's premier manned Maritime Intelligence, Surveillance, Reconnaissance, and Targeting (MISR&T) platform. The Joint Airborne Signals intelligence (SIGINT) Common Configuration includes SIGINT spiral upgrades. These upgrades, in conjunction with Secretary of Defense and the ISR Task Force (ISR TF) surge efforts, are fielding a robust Multi-Intelligence (INT) capability inside the FYDP. Multi-INT sensors, robust communication, and data links employed by the flexible and dependable P-3 air vehicle help ensure effective MISR&T support to conventional and non-conventional warfare across the current Range of Military Operations. Operating around the globe, the EP-3E continues to satisfy critical Joint, Combatant Commander, and Service airborne ISR priorities and requirements.

The Navy is in the process of developing the MISR&T Family of Systems construct to recapitalize the EP-3 MISR&T capabilities within existing Programs of Record. The strategy

has been further refined to focus on modular systems and payloads required for the Navy to conduct MISR&T on a variety of vehicles, providing Combatant Commanders with scalable capability and capacity. The inclusive full-spectrum approach will deliver increased ISR persistence by the end of FY 2018 and exceed the aggregate capability and capacity of our legacy platforms by the end of FY 2020. However, as we transition from legacy platforms like the EP-3E Aries II, fiscal constraints will compel us to take moderate risk in some collection capabilities over the next few years.

Fixed Wing Aircraft

The Department of the Navy plans to procure one KC-130J included in the second year of the multi-service MYP request and continued product improvements. Targeted improvements include aircraft survivability through advanced electronic countermeasure modernization, and obsolescence upgrades to the Harvest HAWK ISR/Weapon Mission Kit.

Fielded throughout our active force, the Marine Corps declared IOC for the KC-130J transition in 2005; bringing increased capability, performance and survivability with lower operating and sustainment costs to the MAGTF. Forward deployed in support of ongoing operations since 2005, the KC-130J continues to deliver Marines, fuel and cargo whenever and wherever needed. In 2014 the KC-130J remains in high demand, providing tactical air-to-air refueling, assault support, close air support and Multi-sensor Imagery Reconnaissance (MIR) in support of OEF, Special Purpose MAGTF Crisis Response, and deployed Marine Expeditionary Units.

Deployed in support of OEF since fielding in 2010, the bolt-on/bolt-off Harvest HAWK ISR/Weapon Mission Kit for the KC-130J continues to provide the extended MIR and CAS required by Marine forces in Afghanistan. Three mission kits have been fielded to date, with three more kits on contract to deliver in FY 2014. Funding included in the FY 2015 Budget request will be used to maintain operational relevance of this mission system through Hellfire P4 compatibility and the addition of a full motion video transmit and receive capability.

The Marine Corps funded 52 of the 79 KC-130J program of record. The three aircraft included in the FY 2013 budget will complete the Active Component (AC) requirement of 51 aircraft. The Marine Corps will use the AC backup aircraft to accelerate the Reserve Component (RC) transition from the legacy KC-130T aircraft to the more capable, more efficient, KC-130J beginning in FY 2014. The aircraft requested in the FY 2015 President's Budget will continue to

increase KC-130J inventory as we strive to achieve Full Operational Capability (FOC) in the RC. Delays in procurement would force the Marine Corps to sustain the KC-130T aircraft longer than planned at an increased cost.

Expeditionary Warfare

History demonstrates that when fiscal austerity reduces the size of available forces, the Nation must rely on the persistent presence and power projection capabilities of the Navy and Marine Corps. Ensuring the Nation retains its critical amphibious capability remains a top Department of the Navy priority. The Marine Corps remains first and foremost a naval service, operating in close partnership with the United States Navy. Together, the two naval services leverage the seas, not only to protect the vast global commons, but also to project our national power and influence events ashore.

The future security environment requires a robust capability to operate from the sea and maneuver over land to positions of advantage. A core capability of expeditionary forces is the ability to project forces ashore from amphibious platforms and to maneuver once ashore. Their flexibility and adaptability provide unmatched capability to Combatant Commanders, and their demand for these forces always exceeds our existing capacity.

Amphibious Combat Vehicle (ACV)

The ACV is the Marine Corps' top ground modernization priority to replace the aging Amphibious Assault Vehicle (AAV) which Marines have utilized since 1972. The legacy AAV faces multiple component obsolescence issues that affect readiness, sustainment costs, safety, and our ability to respond from the sea. In response to the AAV fleet approaching obsolescence, the Marine Corps established an Amphibious Capabilities Working Group in 2011 that examined current and emerging ISR capabilities, strike capabilities, and their integration into potential adversaries' approaches of anti-access, area denial. The working group was worried about the impact of future loitering top-attack munitions and the proliferation of guided rockets, artillery, missiles, and mortars.

Based on this threat assessment, Marine Corps determined to expand the scope, speed and duration of our shaping operations and littoral maneuver, or apply some combination of these actions. Additionally, this approach may require the launch of initial forces from farther offshore ranges.

Next, the Marine Personnel Carrier (MPC) program examined commercial off-the-shelf/non-developmental wheeled combat vehicles and discovered several important points. First, modern wheeled vehicles closed the maneuver performance gap with improved cross country performance and shore-to-shore swimming capability. Second, current wheeled vehicle technology contributes to improved protection against mines and improvised explosive devices. Marine Corps concluded that the concepts for operational maneuver from the sea and ship-to-objective maneuver remain valid, and will continue to refine our complimentary portfolio of capabilities to meet the evolving threats.

The current ACV program has been refined to reflect a systems approach to the military problem – the necessity to conduct amphibious operations rapidly from further offshore while enhancing protected mobility for the mission on land. It leverages experience gained in the Expeditionary Fighting Vehicle program, the MPC program, threat analysis, and combat experience. It will be procured on a phased approach in concert with a revision to our concept of operations for littoral maneuver. ACV, Phase I will provide an amphibious wheeled vehicle that complements the existing AAV and provides enhanced protected mobility ashore. The ACV will conduct most of its ship-to-shore movement via existing and programmed high-speed connectors. Our long-term Phase II effort will continue the research and development to explore capabilities that better enable us to conduct extended range littoral maneuver from ship to shore. The fruits of this phased effort are aimed at producing an amphibious vehicle capable of deploying from greater distances and speeds that ensure greater stand-off distances for the Naval Forces. Given continuing advancements in applicable technologies, the Marine Corps believes that further investment in these technologies will lead to the envisioned high water speed capability. While high-speed technology exists today, it currently requires too many capability tradeoffs to be an acceptable solution.

AAV Enhancements

AAV must be enhanced to serve as an effective bridge until it is replaced by the ACV Phase II. To maintain capacity while maximizing affordability, the Marine Corps is conducting on limited vehicles essential survivability and sustainment upgrades to improve force protection. An additional initiative to mitigate obsolescence issues and improve reliability is in development.

Connectors

The Navy Marine Corps team will continue its investment in future connectors. These connectors with enhanced speed and range, both aviation and surface, will provide future expeditionary force commanders greater flexibility to operate in contested environments. The President's Budget includes the Ship to Shore Connector (SSC) air-cushioned vehicles and the Surface Connector Replacement (SC(X)(R)) program that will replace the aging Landing Craft Utilities. These platforms are essential in connecting the combat power and logistical sustainment that the sea base provides, with the forces that are operating in the littorals and inland for all missions. We will continue to explore future connector options that will increase our ability to exploit the sea as maneuver space by increasing range, speed, and capacity.

Other Ground Programs

While the ACV remains the Marine Corps' number one priority, it will be part of a broader acquisition strategy aimed at providing the Marine Corps with balanced maneuver and mobility capabilities and capacities. This strategy involves retaining and recapitalizing portions of our Mine Resistant Ambush Protected (MRAP) vehicle and High Mobility Multi Wheeled Vehicle (HMMWV) fleets. We remain firmly partnered with the U.S. Army in fielding a Joint Light Tactical Vehicle (JLTV) that lives up to its name, while also being affordable. The JLTV is essential to provide the Marine Corps with modern, expeditionary, light-combat and tactical mobility while increasing the protection of our light vehicle fleet. By replacing only a portion of our HMMWV fleet, the JLTV will help to preserve our expeditionary capability with a modern level of protected mobility.

Summary

The Department of the Navy continues to instill affordability, stability, and capacity into the shipbuilding, aviation, and combat vehicle plans and to advance capabilities to become a more agile, lethal and flexible force to address the challenges and opportunities facing the nation. The ships requested in the President's Budget request for FY 2015 are required to support the National Security Strategy. These ships are keeping with the Force Structure Assessment which calls for 306-ship Navy. Naval Aviation is aligned to meet our international responsibilities and national imperatives. Our force is focused on global reach and access with investments to enable global presence, sea-control, mission flexibility, and when necessary, interdiction. Naval

Aviation will continue to focus on balancing the challenges of national defense within the margins of tighter budget constraints. As America's Expeditionary Force in Readiness, the Marine Corps modernization investments will ensure continued capability to project power from the sea and provide a powerful response and credible deterrent to aggression anywhere in the Littorals. A modern survivable ACV is a critical component of our amphibious capability and the Department of the Navy is committed to embarking on this program with well-defined required capabilities, technical maturity, and affordability of this once in a generation acquisition program.

Budget uncertainties may slow progress towards our goals, but the tenets which guide our decisions remain firm. The Navy and Marine Corps stand ready to answer the call of the Nation. We thank you for your continued support of the Navy and Marine Corps and request your approval of the FY 2015 President's Budget request for the Department of the Navy's program.