STATEMENT OF

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BEFORE THE

SUBCOMMITTEE ON SEAPOWER

OF THE

SENATE ARMED SERVICES COMMITTEE

ON

U.S. NAVY SHIP ACQUISITION

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Madam Chairman, distinguished members of the Subcommittee, thank you for this opportunity to appear before you to discuss the Department of the Navy's shipbuilding programs and the FY 2000 budget request.

Your Navy and Marine Corps Team is one of the most visible aspects of United States diplomacy around the world. Similarly, it is among the first to be called upon to resolve international crises and implement national policy. Just over three months ago, it achieved profound success during Operation DESERT FOX, where the USS ENTERPRISE launched more than half of all aircraft sorties and Naval ships and submarines launched over three quarters of all cruise missiles expended during that conflict. And in just the past few weeks, it has been performing flawlessly in operations in the Adriatic. This Navy and Marine Corps Team is often the first one called because it is unfettered by international agreements for the use of foreign territory. The Navy and Marine Corps Team's autonomy and self-sufficiency ensure our Naval forces freely sail wherever this country's leaders send them.

After the buildup of the 1980s, at the end of the Cold War, we—the Department of the Navy—curtailed modernizing in order to fund near term readiness as the Department of Defense force structure was downsized. Sacrificing long-term readiness to meet our immediate requirements, our procurement accounts plummeted by about 50 percent. We have only recently begun recovery. The Department of the Navy has, therefore, been challenged to equip our Sailors and Marines sufficiently to be both agile enough to address the myriad of mission demands and flexible enough to conquer those challenges which we cannot foresee. We were able to add eight ships to the Future Years Defense Program (FYDP) in the President's FY 2000 Budget. Our Navy and Marine Corps acquisition specialists also have developed a smart investment strategy, within fiscal constraints, which achieves an optimal blend of new procurement and modernization to ensure our people have the tools to do their job.

The President's FY 2000 Budget request increases the amount of investment in support of the recapitalization and modernization that is critical for maintaining our Navy and Marine Corps Team as the pre-eminent Naval force in the world. Still rebounding from the low-water mark of $15.8 billion as recently as FY 1996, the FY 2000 Department of the Navy budget request reaches nearly $22 billion for procurement programs. The main thrusts of our budget request provide the resources that will fully support the elements of the *Shape… Respond… Prepare…* defense strategy established by the Quadrennial Defense Review (QDR), as well as acquisition strategies that focus on program stability and reducing total operational costs. We seek an agile, flexible force, which can counter both the known and the unforeseeable threats to our national security.

SHIPBUILDING PROGRAMS

The Navy's FY 2000 shipbuilding plan increases new ship construction across the FYDP. The FY 2000 budget requests $6.1 billion for new construction ships. Funding for DDG 51 procurement continues into the third year of the planned four-year multiyear contract with the acquisition of three ARLEIGH BURKE (DDG 51) Class guided missile destroyers. The third and fourth ships of the USS SAN ANTONIO (LPD 17) Class amphibious transport dock ship, which will serve as the functional replacement for four existing amphibious ship classes, are also funded in the FY 2000 request. Additionally, the lead Auxiliary Dry Cargo Vessel (T-ADC(X)) is added in the FY 2000 request. This 12 ship class will be the centerpiece for recapitalizing the Navy's aging Combat Logistics Force. The Navy has also funded advanced construction/advanced procurement of nuclear and non-nuclear components to support CVN 77, which will be procured in FY 2001, and the VIRGINIA Class SSN programs.

SHIPBUILDING INDUSTRIAL BASE

The Navy's shipbuilding plan improves the performance, efficiency, and viability of the complex naval shipbuilding industrial base and helps stabilize the suppliers that provide supporting equipment and engineering. The plan also encourages capital investments through the acceleration of the TADC(X) program, the addition of a FY 2003 VIRGINIA Class submarine, the procurement of two additional LPD-17 Class ships, the DDG 51 FY 1998 - 2001 multiyear contract, and successive three-ship DDG-51 procurements in FY 2002 and FY 2003. The SCN budget request also contains funding for an LCAC Service Life Extension Program. These actions are key steps in a continuing effort to ensure the long-term viability of the shipbuilding industry to support our future ship construction programs for the 21st Century.

The Navy is committed to investing Research and Development resources for our fleet assets of the future. We are currently focusing these resources on the DD-21 Land Attack Destroyer, CVNX, Cruiser Conversions, Joint Command and Control ships, and VIRGINIA Class technology insertion.

In order to help sustain the shipbuilding industrial base, the Navy must continue to promote progression of the traditional Navy shipbuilders into the commercial marketplace with programs that benefit commercial shipbuilding, such as the MARITECH Advanced Shipbuilding Enterprise (ASE). This program is the technology development element of President Clinton's Five-Part Plan to revitalize the U.S shipbuilding industry. It is aimed at improving the design and construction processes of U.S. shipyards to improve their ability to compete in world markets. MARITECH, funded at approximately $20 million per year, was established to run for five years (FY 1993 through FY 1998) and was managed by DARPA. As part of the FY 1999 Defense Appropriations Act, the MARITECH program was transferred from DARPA to the Navy. The intention is for the Naval Sea Systems Command to manage the follow-on effort called MARITECH ASE.

ARLEIGH BURKE (DDG 51) CLASS DESTROYER

The DDG 51 Class guided missile destroyer program is currently the Navy's largest surface ship program, and will remain so for the near future. The FY 2000 budget request includes $2.7 billion for the procurement of three DDG 51 Class destroyers. These ships are the third increment of the four-year, 13-ship multiyear contract. This multiyear contract has brought great stability to the surface combatant shipbuilding industrial base, while booking savings amounting to $1.4 billion across the multiyear.

The three ARLEIGH BURKE Class destroyers procured in FY 2000 will be Flight IIA ships configured with the Baseline VII Aegis Combat System, which was introduced in the FY 1998 ships. This baseline incorporates new integrated mission capability and makes these ships more capable in the littoral than any other combatant in the world. The upgrades include the Aegis SPY-1D(V) radar system, Area Theater Ballistic Missile Defense, Cooperative Engagement Capability, the 5"/62 gun firing Extended Range Guided Munitions, advanced processing, and a Remote Minehunting System.

For modernization, this budget request also includes $36.7 million to fund the procurement and backfit installation of “Smartship” upgrades in three DDG 51 Class destroyers as well as four CG 47 Class Cruisers. A total of $600 million over the FYDP is programmed for these “Smartship” improvements, which will reduce manning and ease the maintenance burdens of our Sailors. The upgrades include an integrated bridge system to assist in digital piloting and collision avoidance and an integrated condition assessment system that automates condition-based maintenance for propulsion and auxiliary equipment. Their implementation is critical to reducing overall life cycle cost and at-sea-manning requirements. The budget request for the DDG 51 new construction shipbuilding continues to forward fit installation of “Smartship” technologies.

DD 21 CLASS DESTROYER

The FY 2000 budget request includes $270 million to continue development of the 21st Century Land Attack Destroyer. DD 21, the first in the family of SC-21 ships, will be a multi-mission surface combatant tailored for land attack and maritime dominance. Armed with an array of land attack weapons, DD 21 will provide offensive, distributed, and precise firepower at long ranges in support of forces ashore. Entering the fleet as our Frigates and DD 963 Class ships retire, DD 21 will sustain the QDR-mandated 116 surface combatant force level. DD 21 will provide independent forward presence and deterrence, and operate as an integral part of Joint and Combined Expeditionary Forces. To ensure effective operations in the littoral, the Navy’s new surface combatant will possess full-spectrum signature reduction, active and passive self-defense systems, along with cutting-edge survivability features, such as in-stride mine avoidance.

The Navy has successfully engineered a competitive acquisition strategy for DD 21 that best employs industry's broad resources, expertise, and ingenuity to achieve the requirements of tomorrow's Fleet. DD 21's streamlined acquisition approach seeks maximum design innovation and flexibility, minimum cycle time from ship design to delivery, and significant cost savings through the use of advanced commercial technologies and non-developmental items, as well as privatized life-cycle support. Advanced design techniques, advanced construction techniques, and an innovative maintenance concept will result in significant reductions in procurement and lifetime operating costs.

On August 17, 1998, the Navy signed Contract Phase I agreements for System Concept Design with the two industry teams competing for DD 21. Each team has been given a clean sheet for developing independent total system concept designs based on the DD 21 Operational Requirements Document. Contract Phase I, System Concepts, will culminate with an Overarching Integrated Product Team meeting scheduled for August 1999. Contract Phase II, System Design, scheduled to begin in October 1999, will continue through FY 2000 with the competitive downselect to a single team for completion of System and Subsystem Design occurring in FY 2001. The first ship award for detailed design and construction of DD 21 will occur in FY 2004 with scheduled delivery in 2008.

TICONDEROGA (CG 47) CRUISER MODERNIZATION PLAN

The Navy has a plan to enhance and extend the capability of 22 of the 27 existing CG 47 Class ships; 12 of which are funded in the FYDP. The FY 2000 budget request includes $40 million in RDT&E for an upgrade of these ships to enhance their combat systems capability for Theater Ballistic Missile Defense and land attack missions. The joint operational capability of these ships will be significantly improved by incorporating the new Area Air Defense Commander capability. In addition, these ships will be upgraded with the "Smartship" technologies successfully demonstrated on USS YORKTOWN (CG 48). Extending the useful service life of the weapons systems of these highly capable combatants is integral to the program plan for introduction of CG 21, the follow on ship to DD 21, and second member of the SC 21 "family of ships".

CARRIER MAINTENANCE AND MODERNIZATION

The maintenance and upgrade of our nuclear carriers is accomplished through the Incremental Maintenance Plan, of which the mid-life Refueling Complex Overhaul (RCOH) is the industrial availability to extend the life of our existing fleet well into the 21st century. We are executing the FY 1998 funded RCOH for USS NIMITZ (CVN 68), and our FY 2000 budget request contains $345.6 million to continue funding of the RCOH Advance Planning/Procurement for USS EISENHOWER (CVN 69). Such investments are vital to the recapitalization of these national assets.

CVN 77

The evolutionary aircraft carrier acquisition strategy, which will be used to develop the next generation of aircraft carriers, begins with CVN 77, the tenth ship of the NIMITZ Class. The CVN 77 will serve as a technology insertion bridge to the next generation of aircraft carriers designated CVNX. The FY 2000 budget request includes RDT&E funding of $35 million in FY 2000 to continue incorporation of critical transition technologies in CVN 77. RDT&E efforts have been focused on a new fully integrated combat system and other initiatives to reduce total ownership costs. Technology innovations fielded in CVN 77, will be forward fit to achieve cost savings and risk reduction in the next class, CVNX. Additionally, design changes for CVN 77 and CVNX will also be evaluated for backfit into NIMITZ Class carriers to reduce life cycle cost.

CVNX

The CVNX Class will use an evolutionary, multi-ship process for inserting new technologies that will enhance warfighting, enable critical features for future flexibility, and dramatically reduce total ownership cost. In September 1998, the Defense Acquisition Board concurred with Navy recommendations of an evolutionary strategy for large-capacity (75 aircraft) nuclear powered aircraft carrier. CVN 77, as the first step toward CVNX, will receive a new integrated combat system. CVNX 1 will receive a new nuclear propulsion plant, electrical system, and Electromagnetic Aircraft Launch System. These improvements on CVNX 1 provide immediate warfighting enhancements and substantially reduce total ownership costs. They are also the critical enablers for future carrier improvements. CVNX 2 will receive hull improvements that include survivability improvements to meet new threats, and improvements to distributive systems such as heating, ventilation, and air conditioning, as well as incorporating the latest technologies to improve storage and food service.

Reduction of Total Ownership Costs (TOC) including backfit of applicable initiatives to in-service carriers, will be a recurring and underlying focus throughout this evolutionary approach. The primary thrust for reducing TOC will be to reduce workload requirements so that carrier onboard manning can be significantly reduced. Achieving the CVNX vision and TOC reductions will require significant design changes and incorporating technology advances that have become available since the NIMITZ Class was designed over 30 years ago. The FY 2000 budget request includes RDT&E funding of $205M in FY 2000 for implementation of the CVNX plan including development of the new nuclear propulsion and electric plants.

SEAWOLF (SSN 21) CLASS ATTACK SUBMARINES

On December 11, 1998, USS CONNECTICUT (SSN 22) was commissioned into service at Naval Submarine Base in Groton, CT. The addition of a second SEAWOLF Class submarine provides the Navy with a weapon and sensor platform that can operate in any region and deny opposition forces from operating in key ocean and littoral areas. SEAWOLF Class

submarines are the fastest, quietest, and most heavily armed submarines in the world.

The first SEAWOLF Class submarine, USS SEAWOLF (SSN 21), is currently in Post Shakedown Availability undergoing final modifications to prepare for fleet operations. Pre-Commissioning Unit JIMMY CARTER (PCU 23) is 55% complete and the construction timeline has been updated to allow for the multi-mission modification. All three submarines will be delivered within the Congressionally mandated cost cap.

VIRGINIA (SSN 774) CLASS ATTACK SUBMARINES

The United States maintains a nuclear powered, capability-based, multi-mission submarine force to satisfy a spectrum of peacetime requirements as well as the prosecution of war in littoral and open-ocean regions. The attack submarine force will continue its QDR-directed drawdown, decreasing from 57 submarines in FY 1999 to 50 by the end of FY 2003. The VIRGINIA Class Submarine production is absolutely essential to maintain even this force level. The additional ship in FY 2003 helps mitigate force structure concerns and improves cost savings by creating a steady production rate. Eliminating the gap year in FY 2003 stabilizes the industrial base and helps shipbuilders achieve level manning loads and more economic material buys.

The FY 2000 budget request includes $748.5 million for advance procurement for the third and fourth ships, which are part of the unique single contract and construction-teaming plan approved by Congress in 1998. Teaming is expected to achieve cost reductions for the first four submarines when compared to a four-ship allocation plan.

The VIRGINIA Class submarine will equal or improve on the operational performance of SEAWOLF including stealth, special warfare, littoral warfare, surveillance, and mission flexibility—but for approximately 25 % less acquisition cost and 30% less total life cycle cost. In addition, it will incorporate flexibility for future technology insertion. It is the first major combatant designed in the post cold war era to meet post cold war mission requirements. It's also the first submarine design in which reducing TOC was a key design factor. The program continues to examine innovative ways to reduce acquisition and life cycle costs.

SUBMARINE TECHNOLOGY

The Navy is pursuing a strategy of increasing the capabilities of the VIRGINIA Class through the incremental insertion of advanced technology into follow-on submarines of the class. The FY 2000 budget request includes $116 million in RDT&E funding for advanced submarine technology development. Thirty design enhancements beyond the core design, in comparison to just 17 a year ago, have been approved thus far for final development or insertion in the VIRGINIA Class submarine. The technologies being developed with these funds were selected to provide the best balance of improved combat

capability and affordability for the VIRGINIA Class. Both submarine shipbuilders are playing important roles by assisting the Department of the Navy's efforts in identifying additional technologies for insertion opportunities and by identifying design changes that bring a life cycle cost avoidance benefit. Improved capabilities being funded for the first four ships include off-board mine reconnaissance, stealthy weapons launch, and greater littoral detection capabilities against advanced threats.

SAN ANTONIO (LPD 17) AMPHIBIOUS TRANSPORT DOCK SHIP

The FY 2000 budget request includes $1.5 billion for the third and fourth ships of the 12-ship SAN ANTONIO Class amphibious transport dock ship program. Design of the Class is underway and lead ship construction will commence this fall. This ship will represent the Navy and Marine Corps future in amphibious warfare, and is one of the cornerstones in the Department of the Navy's strategic plan known as "Forward...from the Sea". This plan will not only modernize our amphibious forces, but will also result in significant manpower and life-cycle cost savings by reducing the total fleet manning required for the older amphibious ships that are replaced.

TADC(X) AUXILIARY DRY CARGO VESSEL

Several of our supply ships have been in service for over 30 years—many of them are steam ships whose service lives will soon expire. The Navy plans to replace these aging vessels with the T-ADC(X) Auxiliary Dry Cargo Vessels. The FY 2000 budget request includes $440 million in SCN funding for the lead ship and a total of 12 ships in the FYDP. T-ADC(X) is a new class of ship that will replace the aging Ammunition and Dry Stores Ships (TAEs and TAFSs).

MARITIME PREPOSITIONING FORCE (ENHANCEMENT)

Two maritime prepositioning force (enhancement) conversion ships are under construction. The first conversion ship is due to deliver in July 1999.

LCAC Service Life Extension Program (SLEP)

The Navy is continuing the LCAC Service Life Extension Program in FY 2000. This program will combine major structural improvements with C4I upgrades and add 10 years to the service life, extending it to 30 years. In FY 2000, it is funded at $32 million and will extend the service life of two craft. The Navy plans to SLEP a total of 17 craft from FY 2000 through FY 2005, and currently intends to complete 56 more outside the PB 2000 FYDP.

SUMMARY

Madam Chairman, the Navy and Marine Corps Acquisition Team has worked very hard to establish a blend of shipbuilding and modernization programs which seeks to maximize our benefits from

current platforms while buying smart for the future. We are striving to institutionalize those new procurement mechanisms that we find successful and make acquisition success a common occurrence. We communicate fully and openly with Congress, industry, our warfighters, and our acquisition professionals, to do everything it takes to make sure our Sailors and Marines are provided with the safest, most dependable, and highest performance equipment available within fiscal constraints. We appreciate the support provided by Congress and look forward to working together with this Committee toward a secure future for our nation.