



THE SECRETARY OF THE NAVY
WASHINGTON DC 20350-1000

The Honorable Susan Collins
Vice Chair
Committee on Appropriations
United States Senate
Washington, DC 20510

September 12, 2024

Dear Vice Chair Collins:

I write today to express my concern about the six-month continuing resolution (CR) and its impact on the Navy and Marine Corps. This lengthy delay in new funding would force the Department of the Navy (DON) to operate at last year's funding levels with the negative consequences lasting far beyond the time frame of the CR, impeding our ability to field the force needed to defend our nation while imposing unnecessary stress on our Sailors, Marines, Civilians, and their families.

Our FY 2025 budget request included significant investments in recruiting, quality of life, and the ships, submarines, and aircraft the DON requires to enhance maritime dominance. Enclosed with this letter is a detailed list articulating the impacts of a six-month and year-long CR on the DON, but here are some of the most consequential:

- Delays in the Virginia Class submarine will impact submarine deliveries and future force structure availabilities, which are already running over cost and behind schedule. A CR risks setting back the program even further.
- Further delaying delivery of Columbia Class submarine due to postponed construction, and result in future cost increases.
- A six-month CR risks delaying critical investments in the submarine industrial base and the Australia, United Kingdom, and United States (AUKUS) partnership.
- Restriction of Cost-to-Complete funding for prior year shipbuilding programs including CVN-74 refueling resulting in maintenance delays and potential cost increases.
- Profound negative impacts on the Marine Corps Force Design efforts, slowing key acquisition programs.
- Uncertainty in recruiting budget would lead to challenges in attracting new talent to the force.
- Negative impacts to Quality of Service efforts including the Marine Corps Barracks 2030 initiative.
- Other limitations include delays to ongoing and planned Nuclear Command, Control and Communications engineering activities supporting STRATCOM, construction projects, continued development of conventional munitions, and delays in procurement of munitions.
- Delay key investments in making critical infrastructure like roadways, ranges, and utility systems resilient to extreme weather and climate change. It will also cause serious delays in developing and fielding the Hybrid Medium Tactical Truck program.

Additionally, a long-term CR would impact a multitude of programs within the Department, having a lasting impact on industry stabilization efforts for both shipbuilding and munitions. These include twenty construction projects, five research and development projects, up to fifty-eight ship maintenance availabilities, procurement of five ships, aircraft programs and munitions critical for our warfighters. Finally, due to the pay raises for both military and civilian not being funded under a year-long CR, additional programs would be negatively impacted to accommodate the increases in payroll along with other inflationary impacts.

The Department of the Navy stands ready to assist Congress in any way possible to ensure it has the information and resources to pass this essential legislation. This is the best thing to do to support our Nation's defense.

A copy of this letter is being sent to the other Chairs and Ranking Members of the House and Senate Committees on Appropriations.

Sincerely,

A handwritten signature in blue ink that reads "Carlos Del Toro". The signature is written in a cursive, flowing style.

Carlos Del Toro

Enclosure:
As stated

Summary

A yearlong CR creates a \$24.5B (\$21.2B Navy/\$3.3 USMC) funding misalignment from the PB25 request. CR limitations restrict \$2.4B (\$1.4B Navy/\$1.0B USMC) of new starts, \$12.3B (\$11.5B Navy/\$0.8 USMC) of production rate increases, and \$9.8B (\$8.3B Navy/\$1.5 USMC) of appropriation rates of operation increases. Operating under CR authority delays procurement schedules and development of new capabilities, disrupts operational readiness, and impedes facility construction.

Appropriation Group (\$M)	FY25 Annualized CR Estimate (FY24 Estimated Base)	PB25 Request	Difference (TOA Shortfall from PB25 Request to Revised FY25)	Total Yearlong Misalignment* (No New Starts or Rate Increases)
Military Personnel	58,973	61,882	(2,910)	(2,910)
Operation and Maintenance	83,902	87,609	(3,706)	(3,802)
Procurement	77,715	77,062	654	(15,592)
Research and Development	27,962	25,698	2,264	(59)
Military Construction	6,643	5,305	1,338	(2,147)
Revolving and Management Funds	-	30	(30)	(30)
TOTAL DON	\$ 255,195	\$ 257,586	\$ (2,391)	\$ (24,539)

* Adjusts for CR restrictions on new starts, production rate increases, and appropriation rate of operation increases.

Six-Month Continuing Resolution Impacts

- Erodes Technology Investment for the Future Force
 - Delay of new contract award for Medium Landing Ship.
 - Rate of production increase for Columbia class submarine advance procurement (AP) and full funding; LHA Replacement AP will cause construction delays and potential future cost increases.
 - AIM-9X Sidewinder and Rolling Airframe Missile (RAM) contract award delays reduce missiles for fleet load outs.
 - Contract delays to Space and Electric Warfare Engineering programs and planned Nuclear Command, Control and Communications engineering activities supporting STRATCOM.
 - Conventional Prompt Strike Test Facility MILCON project delay resulting in lack of testing facility which will slow schedule, increase cost, and reduce rounds available to the warfighter.
- Disrupts Ability to Sustain Readiness
 - Potential descoping or delaying some of the 48 ship depot maintenance availabilities scheduled for FY 2025.
- Diminishes Taking Care of Sailors and Marines
 - Potentially slows accessions and Permanent Change of Station (PCS) orders to cover increases to basic pay, Retired Pay Accrual (RPA), Basic Allowance for Housing (BAH) and Basic Allowance for Subsistence (BAS) increases.

Yearlong Continuing Resolution Impacts By Appropriation Group

SCN, \$10.8B Misalignment: Slippage of new contract award for CVN 75 refueling and complex overhaul (RCOH) resulting in maintenance delays and potential cost increases. Slippage of awarding LPD 33 will erode savings gained in the multi-ship procurement contract. Rate of production and misalignments in cost to complete will cause delivery delays, potential future cost increases, and may result in potential work stoppages. Unable to award the FY25-FY29 Virginia Class Multiyear Procurement (MYP) contract (no MYP during CR).

Procurement (Non-SCN), \$4.8B Misalignment: Delayed CH-53K award could jeopardize industrial base stability and invalidate negotiated pricing, potentially resulting in additional costs. Delays correction of deficiencies for MQ-25 program discovered during the execution of Engineering, Manufacturing, and Development test program.

O&M, \$3.8B Misalignment: Risk to air and port operations, fleet and family services, child development centers, facilities management and environmental compliance.

MILPERS, \$2.9B Misalignment: More gaps at sea, reduction to end strength, curtailment of PCS moves and elimination of most new bonus awards.

MILCON/FH, \$2.1B Misalignment: Delays to MILCON projects impacting Aircraft Carrier Electrical Upgrades for CVN 78. Launcher Equipment Processing Building project delay preventing use of site for future Missile Assembly Building (MAB). Delays to Family Housing on Guam due to reduction in Navy Family Housing Construction (FHCON).

RDTEN, \$0.1B Misalignment: Risk of on-time placement of Propulsion Plant Team Trainer (PPTT) integration design contract. This will introduce risk to supplier schedules, performance and overall cost due to delayed funding.

The tables below provide a detailed breakdown of FY25 yearlong CR impacts to rates of operation increases, new starts, and production rate increases.

TOTAL APPROPRIATION RATES OF OPERATION INCREASES ^{-1/}						
Appropriation	TOTAL DON		NAVY		MARINE CORPS	
	QTY	Amt (\$K)	QTY	Amt (\$K)	QTY	Amt (\$K)
MPN		2,077,548		2,077,548		
RPN		134,902		134,902		
MPMC		637,365				637,365
RPMC		59,820				59,820
OMN		3,322,416		3,357,079		(34,663)
OMMC		466,950				466,950
OMMCR		12,685				12,685
OPN		1,576,872		1,627,439		(50,567)
PANMC		588,940		380,859		208,081
PMC		212,523				212,523
WPN		656,285		667,342		(11,057)
FHOPS		3,363		8,024		(4,661)
NWCF		30,000		30,000		
Total Rates of Operation Increases	-	9,779,669	-	8,283,193	-	1,496,476

^{-1/} Rates of Operations increases by appropriation are calculated after accounting for new starts and production rate increases. With the exception of SCN and MILCON appropriations, CR restrictions for rates of operation are at the total appropriation level. However, it is prudent to consider proposed Congressional adjustments at a line item level when determining amounts that can be executed during the CR period, in order to preserve Congressional funding prerogatives in an appropriation act.

NEW STARTS BY APPROPRIATION AND LINE ITEM						
Appropriation/Line Item	TOTAL DON		NAVY		MARINE CORPS	
	QTY	Amt (\$K)	QTY	Amt (\$K)	QTY	Amt (\$K)
SCN	1	268,068	1	268,068	-	-
Medium Landing Ship	1	268,068	1	268,068		
OPN	-	3,817	-	3,817	-	-
Directed Energy Systems	-	3,817	-	3,817		
RDTEN (PE / PROJ)	-	58,970	-	53,970	-	5,000
0606295M (U) Marine Aviation Dev Mgmt. & Support		5,000				5,000
0204229N Tomahawk Mssn Planning Ctr 0545		35,800		35,800		
0302315N Non-Kinetic Countermeasure Support 3421		8,324		8,324		
0603609N Conventional Munitions 0364		3,200		3,200		
0604756N Ship Self Def 9081 Phalanx CIWS SEARAM		6,646		6,646		
FHCON Projects (BA01 & 03)	-	196,975	-	93,112	-	103,863
H434 Replace Andersen Housing PH10	-	93,112		93,112		
H308 Replace Andersen Housing PH9	-	103,863				103,863
MCN Projects (BA01)	-	1,920,255	-	997,826	-	922,429
P200 Aircraft Maintenance Hangar	-	213,520				213,520
P974 Aircraft Hangar & Parking Apron	-	203,520				203,520
P859 CVN 78 Aircraft Carrier Elect. Upgrades	-	182,200		182,200		
P993 F-35 Aircraft Sustainment Ctr	-	50,000		24,500		25,500
P995 Composite Repair Facility	-	114,020				114,020
P941 PDI: Maintenance Support Facs	-	62,320				62,320
P949 PDI: Aircraft Maintenance Hangar	-	117,380				117,380
P608 PDI: Earth Covered Magazines	-	107,439				107,439
P411 PDI: Youth Center	-	78,730				78,730
P1062 Dry Dock 3 Modernization	-	54,366		54,366		
P684 Trident Refit Facility Expansion	-	115,000		115,000		
P1419 Conventional Prompt Strike Test Facility	-	47,130		47,130		
P103 Engineering Test Facility	-	221,060		221,060		
P1418 CPS Weapons Maint, Ops & Storage Facility	-	52,110		52,110		
P939 Launcher Equipment Processing Building	-	200,550		200,550		
P445 Training Range Land Acquisition - Phase 2	-	48,300		48,300		
P1417 Containerized Long Wpns Storage Magazine	-	52,610		52,610		
MCNR Projects (BA01)	-	26,610	-	-	-	26,610
P202 Parachute Survival Training Facility	-	26,610				26,610
Total New Starts		2,474,695		1,416,793		1,057,902

PRODUCTION RATE INCREASES BY APPROPRIATION AND LINE ITEM						
Appropriation/ Line Item	TOTAL DON		NAVY		MARINE CORPS	
	QTY	Amt (\$K)	QTY	Amt (\$K)	QTY	Amt (\$K)
APN	8	857,012	4	508,000	4	349,012
CH-53K (Heavy Lift)	4	349,012			4	349,012
MQ-25	3	501,683	3	501,683		
Multi-Engine Training System (METS)	1	6,317	1	6,317		
PMC	423	383,075	-	-	423	383,075
Amphibious Combat Vehicle (ACV)	24	256,267			24	256,267
Joint Light Tactical Vehicle (JLTV)	276	118,885			276	118,885
Anti-Armor Missile-Javelin	123	7,923			123	7,923
SCN	4	10,542,436	4	10,542,436	-	-
Columbia Class Full Funding		897,637		897,637		
Columbia Class Advance Procurement		2,825,205		2,825,205		
Virginia Class Advance Procurement		561,521		561,521		
DDG-51 Full Funding		1,910,011		1,910,011		
Carrier Replacement Program		82,452		82,452		
LHA Advance Procurement		61,118		61,118		
LCAC SLEP	2	29,801	2	29,801		
Auxiliary Personnel Lighter		4,168		4,168		
Outfitting/Post Delivery		162,581		162,581		
Auxiliary Vessels (Used Sealift)		62,931		62,931		
LPD Flight II	1	1,561,963	1	1,561,963		
CVN RCOH	1	1,061,143	1	1,061,143		
Completion of PY SBP (LI 5300)		1,321,905		1,321,905		
WPN	397	502,536	345	444,584	52	57,952
Sidewinder	10	17,717	6	8,436	4	9,281
Standard Missile	28	-	28			
Small Diameter Bomb II (SDB II)	30	13,073	11	5,846	19	7,227
Rolling Airframe Missile (RAM)	28	26,125	28	26,125		
Evolving Sea Sparrow Missile (ESSM)	222	362,262	222	362,262		
AARGM-ER	74	46,559	45	5,115	29	41,444
MK-48 Torpedo	5	36,800	5	36,800		
Total Production Rate Increases		12,285,059		11,495,020		790,039