

## BUDGETING FOR NAVY MODERNIZATION

In the fiscal year 2022 budget request, the Navy proposed to break the multi-year procurement contract [MYP] for the DDG-51 Destroyer, while simultaneously requesting that Congress appropriate the necessary additional funds for that Destroyer in the amount of \$1,659,200,000 by listing it as its top unfunded priority. The Committee notes that this five-year MYP was authorized by the congressional defense committees in fiscal year 2018 at the request of the Navy, certified by the Under Secretary of Defense (Acquisition and Sustainment), and with cost estimates provided by the Director, Cost Assessment and Program Evaluation [CAPE]. Failure to fully budget for this MYP, therefore, implies a lack of understanding of the full five-year funding requirements, and creates an unnecessary risk to the predictable and stable funding required for this MYP.

The Committee is concerned that this continues a trend by the Navy to submit budgets to the Congress that deliberately underfund programs deemed by the Navy to be critical, with the expectation that the congressional appropriations committees will restore funds for these programs within the budget allocation for the Department of Defense. For instance, in fiscal year 2021, the Navy's budget request underfunded the MYP for the VIRGINIA Class submarine that had been authorized in fiscal year 2018, requiring the congressional appropriations committees to provide approximately \$2,600,000,000 in additional funds for this MYP.

As a result of these repeated budgetary maneuvers, the Committee questions whether the Navy's budget requests accurately reflect the service's most important priorities. This is particularly concerning given the Navy's plans to initiate and ramp up several major acquisition programs in the near-term, including the COLUMBIA Class submarine, the Next Generation Air Dominance Family of Systems, the DDG(X) Destroyer, FFG, and SSN(X). At the same time, the Navy is struggling to manage cost on several major acquisition programs, including the COLUMBIA Class submarine, certain subsea and seabed warfare programs, and the TAO fleet oiler, revealing significant cost increases for each of these programs in the fiscal year 2022 budget submission.

The Committee directs the Comptroller General to review the Department of the Navy's and the CAPE's processes for identifying and budgeting funds required to fully fund MYPs during the departments' programming, planning, and budgeting processes and to report back to the congressional defense committees no later than 90 days after enactment of this act. This report shall include an analysis on treatment of MYP funds for Navy programs in the fiscal year 2021 and fiscal year 2022 President's budget submissions.