



DEPARTMENT OF THE NAVY
CHIEF OF NAVAL OPERATIONS
2000 NAVY PENTAGON
WASHINGTON DC 20350-2000

MAR 25 2024

The Honorable Mike D. Rogers
Chairman
Committee on Armed Services
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

In accordance with 10 U.S. Code § 222(a), I am submitting the enclosed list of Navy unfunded priorities for fiscal year (FY) 2025 that would complement the critical investments requested in the FY 2025 President's Budget. I firmly support the FY 2025 President's Budget as the best balance of resources needed to strengthen the Navy's Warfighting, Warfighters, and Foundation, in compliance with the Fiscal Responsibility Act (FRA) spending caps. Should funding above the FRA caps become available, then this list informs Congress of my recommendation for additional investments to reduce risk in executing the National Defense Strategy and National Military Strategy. These unfunded items do not take priority over the FY 2025 President's Budget and I urge Congress not to reduce the FY 2025 budget submission to support these unfunded items.

My top unfunded priority at this time is the FY24 National Security Supplemental Request, which included important investments for the Submarine Industrial Base (SIB) that would accelerate new construction delivery throughput and in-service submarine sustainment. Our FY 2025 President's Budget is based on enacted appropriations for both the FY 2024 President's Budget and National Security Supplemental. The FY 2025 request for SIB investments are thus distinct from and build upon the National Security Supplemental Request. If not appropriated in FY 2024, then this is my top unfunded priority for FY 2025.

In addition, complying with the FRA caps resulted in tough choices in order to prioritize our ability to deploy and fight in this decade, invest in our warfighters, and build our industrial base. The remaining unfunded priorities are executable ways to enhance the FY 2025 President's Budget with additional investments, including military construction projects. My list primarily focuses on ways to accelerate capabilities to the Fleet if funded in FY 2025 and emergent needs since completion of the budget process. For example, my top military construction priority is the Water Treatment Plant in Honolulu, whose planning and design were too preliminary to fund during the budget process, but has subsequently been matured to enable award in FY 2025 if funded. Providing a reliable water source for our military members, their families, and the people of Hawaii remains a high priority for me.

I will deliver additional details on the risk reduced in executing the National Defense Strategy and National Military Strategy via classified addendum. A similar letter has also been sent to the other congressional defense committees.

I deeply appreciate your support of America's Warfighting Navy.

Sincerely,

A handwritten signature in blue ink, appearing to read "L. M. Franchetti", is written over a horizontal line.

L. M. FRANCHETTI

Enclosures:
As stated

cc:
The Honorable Adam Smith
Ranking Member

Navy FY 2025 Unfunded Priorities List

Priority	Navy FY25 Unfunded Priorities List (UPL)	APPNs	TY\$M
1	Fund Submarine Industrial Base – Delta: SIB Supplemental to PB-25	SCN	\$ 403
2	Fund Guam, Repair Glass Breakwater	OMN	\$ 600
3	Accelerate NC3 Recapitalization and New Transmission Pathways	APN, RD TEN, OMN	\$ 106
4	Accelerate GRANDSTAND	OMN, RD TEN	\$ 30
5	Accelerate COPPERFIELD	RD TEN	\$ 60
6	Accelerate Weapons Combat Expenditure Replacement for SM-2	OMN	\$ 93
7	Accelerate Subsea and Seabed Warfare (SSW) ROV	RD TEN, OPN, OMN	\$ 75
8	Accelerate Hunter Orca XLUUV	RD TEN	\$ 184
9	Accelerate Mk-48 Heavy Weight Torpedo (HWT) Procurement (+4)	WPN, OMN	\$ 50
10	Fund Aviation Critical Planeside Systems	APN	\$ 208
11	Fund Surface Warfare Priority Systems	OPN	\$ 200
12	Accelerate Long Endurance Electronic Decoy (LEED)	RD TEN, OMN, OPN	\$ 110
13	Fund KC-130J Procurement (+1)	APN	\$ 125
TOTAL			\$ 2,244

Additional detail and an assessment of the NDS/NMS risk reduced are provided in a classified addendum.

1. Fund Submarine Industrial Base – Delta: SIB Supplemental to PB-25 Submission - \$403.0M (Workforce & Supplier Development)

In October 2023, the Administration submitted a National Security Supplemental Request that included \$3.3B for the U.S. Submarine Industrial Base (SIB) to increase our ability to build and sustain attack submarines – one of our most effective deterrence capabilities. This request makes urgent and strategic investments – including workforce development, infrastructure, and supplier capacity building – that are necessary to meet U.S. military requirements. Our FY25 President’s Budget (PB-25) is based on enacted appropriations for both the FY24 President’s Budget and National Security Supplemental. PB-25 includes \$2.9B in new SIB investments that are distinct from and build upon the National Security Supplemental Request. If not appropriated in FY24, then Navy’s top unfunded priority is additional SIB funding to at least increase the new FY25 SIB investment to the same level as the National Security Supplemental Request (+\$0.4B). These funds would increase production rates and submarine availability through initiatives in supplier development, shipbuilder and supplier infrastructure, workforce development, technology advancements, and strategic sourcing. SIB investments directly support AUKUS partnerships that strengthen Indo-Pacific security. PB-24 included \$1.2B in SIB funding in FY24, with an additional \$3.3B requested in the National Security Supplemental Request. PB-25 includes a total of \$3.9B for SIB in FY25. The PB-25 budget builds on PB-24 and the National Security Supplemental Request, so funding this priority in FY25 or as Supplemental Appropriations in FY24 does not impact the PB-25 FYDP request.

2. Fund Guam, Glass Breakwater - \$600.0M

In October 2023, the Administration submitted a Critical Domestic Needs Supplemental Request that included \$900M in facilities sustainment, restoration, and modernization (FSRM) funding to repair various structures and facilities damaged by Super Typhoon Mawar in Guam. If the Critical Domestic Needs Supplemental is not appropriated in FY24, then the disaster relief funding for Guam recovery becomes an unfunded priority in FY25. The Glass Breakwater was significantly damaged by the typhoon and is at risk of failure, which would restrict the use of Apra Harbor. This funds repair of the Breakwater as a high priority to ensure the integrity of Apra Harbor and the Navy’s ability to sustain forces, and reduce risk to mobilize and transport Joint forces during short notice responses. PB-24 did not include funding for Glass Breakwater, but the Critical Domestic Needs Supplemental Request included \$900M in Guam FSRM. PB-25 is based on enacted appropriations for

Navy FY 2025 Unfunded Priorities List

both PB-24 and the Supplemental requests, so does not include funding for Glass Breakwater. Funding this priority in FY25 or as Supplemental Appropriations in FY24 would prevent the need to address this critical repair in a future budget request.

3. Accelerate NC3 Recapitalization and New Transmission Pathways - \$105.5M

Accelerates funding to address communications equipment and significant obsolescence in Navy NC3 programs currently at risk. Investment addresses 2025 Fleet and STRATCOM Integrated Priorities to restore and modernize infrastructure supporting Strategic Deterrence, and delivers in the FYDP. PB-24 included \$1B for NC3 recapitalization in FY24, and PB-25 includes \$990M in FY25. Funding this priority in FY25 would accelerate investment and reduce the PB-25 FYDP request.

4. Accelerate GRANDSTAND - \$30.0M

Accelerates funding for GRANDSTAND. Details available at a higher classification.

5. Accelerate COPPERFIELD - \$60.0M

Accelerates funding for COPPERFIELD. Details available at a higher classification.

6. Accelerate weapons combat expenditure replacement for SM-2 – \$92.9M

Navy continues to defend international sea lanes of commercial shipping in the Red Sea employing standard missiles against unmanned aerial systems, land-attack missiles, and anti-ship ballistic missiles. Funding procures additional SM-2 Blk III and IIIA/B recertification materials to maximize capacity in FY25 and replenish combat usage quicker. Navy currently has a backlog of SM-2s ready for recertification. These assets are in the inventory, but are non-combat usable (i.e. not available to fill VLS cells for combat) until they are recertified. PB-24 included \$157M for Standard Missile weapons maintenance in FY24, and PB-25 includes \$134M in FY25. The impact to the FYDP of funding this priority in FY25 is to be determined based on the duration and nature of conflict in the Red Sea and other areas of responsibility.

7. Accelerate Subsea and Seabed Warfare (SSW) ROV - \$75.3M

In November 2023, TETRA successfully completed Critical Design Review and finalized the TETRA remotely operated vehicle (ROV) design, which is the baseline for additional payload development and integration. This accelerates funding for TETRA SSW ROV and the effector payload development of MEDUSA submarine launched payload. PB-24 included less than \$2M in FY24 for TETRA and MEDUSA, and PB-25 includes \$15M in FY25. Funding this priority in FY25 would accelerate investment and reduce the PB-25 FYDP request.

8. Accelerate Hunter Orca XLUUV - \$184.0M

Accelerates funding for the transition of the Hunter payload into the Orca Extra Large Unmanned Undersea Vehicle (XLUUV) program of record, improved communications capabilities, one (1) XLUUV prototype with Hunter payload, and additional risk reduction activities in support of an accelerated XLUUV procurement profile. PB-24 did not include any FY24 funding for the Hunter payload transition, and PB-25 includes \$21M in FY25. Funding this priority in FY25 would accelerate investment and reduce the PB-25 FYDP request.

9. Accelerate Mk-48 Heavyweight Torpedo (HWT) procurement (+4) - \$50.0M

Accelerates funding to procure +4 Mk-48 HWT to increase warshot inventory, the Fleet's top priority in enhancing Long Range Maritime Fire capabilities. Increases spares for increasing hardware procurements, reconstitutes legacy hardware for warshot use, and procures additional warhead electronics section and fuel

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tanks to maximize warshot availability. Mk-48 supports the Fleet's undersea warfare capabilities. PB-24 included \$308M for Mk-48 procurement and \$106M for Mk-48 weapons maintenance in FY24, and PB-25 includes \$333M and \$105M respectively in FY25. Funding this priority in FY25 would accelerate investment and reduce the PB-25 FYDP request.

10. Fund Aviation Critical Planeside Systems - \$208.0M

Reduces risk in PB-25 with additional funding for the sustainment of aviation critical planeside systems required by the Fleet. This targeted investment for four (4) USN-specific F-35C engines alleviates logistical challenges in the engine inventory for deployed aircraft carriers and forward based units. Also funds critical F/A-18 E/F Block III systems modification to support the Carrier Air Wing's increased operational demand for deployments, and supports MQ-25 initial deployment to sustain its primary role of unmanned aerial refueling for the Carrier Air Wing's extended operational range flight operations. PB-24 included \$243M in FY24 for aviation critical planeside systems, and PB-25 includes \$117M in FY25. Funding this priority in FY25 reduces risk in FY25 and does not impact the PB-25 FYDP request.

11. Fund Surface Warfare Priority Systems - \$200.0M

Reduces risk in PB-25 with additional funding for Fleet-identified surface warfare critical systems necessary to achieve 75 Mission Capable ships. Critical systems include AEGIS, DDG modernization, SPQ-9, CIWS, High Pressure Air Systems, Next Generation Surface Search Radar, SLQ-32, and Tomahawk. These investments will also reduce cannibalization frequency and improve logistics response time in a contested environment. PB-24 included \$83M in FY24 for surface warfare priority systems, and PB-25 includes \$74M in FY25. Funding this priority in FY25 reduces risk in FY25 and does not impact the PB-25 FYDP request.

12. Accelerate Long Endurance Electronic Decoy (LEED) - \$109.9M

Accelerates funding for system development, initial procurement, and sustainment of Long Endurance Electronic Decoy (LEED) countermeasures and launchings systems to bring critical decoy capabilities to the Fleet. Investment addresses a Fleet Integrated Priority and provides a capability that does not exist in the Fleet now. PB-24 included \$249M in FY24 for LEED, and PB-25 includes \$83M in FY25. Funding this priority in FY25 would accelerate investment and reduce the PB-25 FYDP request.

13. Fund KC-130J Procurement (+1) - \$124.8M

The Navy Reserve is a critical force multiplier that enhances strategic depth and provides operational support. Recapitalizing the C-130T to the KC-130J remains the Navy Reserve's #1 equipment priority and is a critical logistics enabler of distributed maritime operations and contested logistics. KC-130J procurement was not programmed in PB-25 in order to prioritize taking care of our people and comply with the Fiscal Responsibility Act spending caps. If additional resources become available, then procurement of one (1) KC-130J aircraft for the Navy Reserve will deliver a survivable, agile, and responsive resupply connector from Joint Aerial Point of Debarcation to Forward Logistics Sites in a contested environment. Current global operations, particularly in the Red Sea, have highlighted the negative impact of the legacy C-130s' low operational availability rate on the fleet commander's ability to provide time-critical logistics support to deployed naval forces. The C-130 Hercules is the Navy's only organic intra-theater aerial logistics platform capable of providing oversized cargo capability, including all models of the F-35 engine and movement of CMV-22 detachments. PB-24 and PB-25 do not include funding to procure a KC-130J for the Navy Reserve in FY24 or FY25 due to higher priorities. Funding this priority in FY25 would reduce the procurement requirement in a future budget request.

Navy FY 2025 Unfunded Priorities List

Priority	Navy MILCON FY25 Unfunded Priorities List (UPL)	APPN	TY\$M
1	P716 Water Treatment Plant, Honolulu, HI	MCN	\$ 505
2	P2301 HSC-25 Hangar Replacement of Facility 2641	MCN	\$ 581
3	P209 Dry Dock 3 Replacement, Pearl Harbor, HI	MCN	\$ 214
4	P448 Range Training Complex Improvements, Fallon, NV	MCN	\$ 45
5	Planning & Design, Pearl Harbor Waterfront Facility	MCN	\$ 105
TOTAL			\$ 1,450

Additional detail and an assessment of the NDS/NMS risk reduced are provided in a classified addendum.

1. P716 Water Treatment Plant, Honolulu, HI - \$505.0M

Providing a reliable water source for our military members, their families, and the people of Hawaii remains a high priority for the Navy. At the time of PB-25 budget development, the planning and design for P716 was too preliminary to include in the budget. Planning and design for P716 have since matured to enable award in FY25 as executable if funded. This emergent need provides a Water Treatment Plant to deliver an effective and permanent drinking water treatment facility for removing potential contaminants at the Red Hill water supply shaft, and ensures that treated water continues to meet all Federal and State drinking water standards.

Currently, the Navy has a limited number of drinking water sources at Joint Base Pearl Harbor-Hickam and there is no infrastructure in place for treatment of the potential contaminants that may impact the Red Hill water supply. This project supports the restoration efforts and decommissioning of the Red Hill fuel complex. This is an emergent need since completion of the PB-25 budget process, so PB-24 and PB-25 do not include funding for P716 in FY24 or FY25. The FY24 Military Construction Appropriations did not include funding for P716. Funding this priority in FY25 would prevent the need to address this critical military construction project in a future budget request.

2. P2301 HSC-25 Hangar Replacement of Facility 2641, Guam - \$580.5M

In October 2023, the Administration submitted a Critical Domestic Needs Supplemental Request that included \$1.3B in military construction funding to support the construction, planning, and design of replacement infrastructure damaged by Super Typhoon Mawar in Guam. If the Critical Domestic Needs Supplemental is not appropriated in FY24, then the disaster relief funding for Guam recovery becomes an unfunded priority in FY25. The HSC-25 Hangar was destroyed by the typhoon and current mitigations in place are not sustainable to support the mission. This funds construction of a hangar replacement to accelerate Mawar recovery in Guam. PB-24 did not include funding for P2301, but the Critical Domestic Needs Supplemental Request included \$1.3B for Guam military construction. The FY24 Military Construction Appropriations did not include funding for P2301. PB-25 is based on enacted appropriations for both PB-24 and the Supplemental Requests, so does not include funding for P2301. Funding this priority in FY25 or as Supplemental Appropriations in FY24 would prevent the need to address this critical military construction project in a future budget request.

3. P209 Dry Dock 3 Replacement, Pearl Harbor, HI- \$214.0M

The Shipyard Infrastructure Optimization Program (SIOP) recapitalizes century-old infrastructure to support current and planned classes of nuclear-powered warships. P209 builds the Dry Dock 3 replacement in Pearl Harbor, HI. The project is incrementally funded (started in FY23 and continues through FY27) and the additional funding would enable the project to remain on schedule. Building the new dry dock in Hawaii is imperative to continue to maintain submarines. PB-24 included \$1.3B for P209 in FY24, and the FY24 Military Construction Appropriations funded \$1.4B. PB-25 includes \$1.2B in FY25. This additional UPL funding prevents schedule delays, so funding the priority in FY25 does not impact the PB-25 FYDP request.

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4. P448 Range Training Complex Improvements, Fallon, NV - \$45.0M

PB-25 includes funding for four military construction projects over the FYDP in support of the Fallon Range Training Complex (FRTC) modernization. P448 was not programmed in order to comply with the Fiscal Responsibility Act spending caps. If additional resources become available, P448 would accelerate the road improvements required to deliver increased range capability and capacity at FRTC. PB-24 and PB-25 do not include funding for P448 in FY24 or FY25 due to higher priorities. The FY24 Military Construction Appropriations did not include funding for P448. Funding this priority in FY25 would reduce the military construction requirement in a future budget request.

5. Planning & Design, Pearl Harbor Waterfront Facility - \$105.0M

Reduces risk in PB-25 with additional funding for Planning and Design (P&D) efforts for the Waterfront Production Facility at Pearl Harbor, Hawaii. PB-24 and PB-25 do not include funding for Pearl Harbor Waterfront Facility planning and design in FY24 or FY25 due to higher priorities. The FY24 Military Construction Appropriations funded \$49M for this P&D. Funding this priority in FY25 would reduce the military construction P&D requirement in a future budget request.

Navy FY24 UPL Program Execution Status
(as directed in Defense Appropriations Joint Explanatory Statement)

The following items from the Navy FY24 Unfunded Priorities List (UPL) were executed or recently received FY24 Military Construction Appropriations enacted on 9 March 2024. Navy continues to assess if other military construction UPL projects also received appropriations. Programmatic and execution plans for all other Navy FY24 UPL items are to be determined, pending Defense Appropriations in FY24. New starts and production rate increases are restricted under the FY24 continuing resolution.

Navy FY24 Unfunded Priorities List (UPL)	Account/ APPN	FY24 UPL TY\$M	Enacted FY24 Appropriations	FY24 Programmatic/Execution Status
Dry Dock Repairs at PSNS Investment Restoration and Modernization (RM)	OMN	\$ 300.0	\$ -	The PSNS dry docks were decertified in FY23 due to risk of dry dock instability during a seismic event. Recertifying the dry docks was imperative to continue to maintain submarines. The PSNS dry dock repairs were executed and completed in FY23. The FY24 UPL included \$300M for FSRM projects that were deferred in order to fund these emergent and critical dry docks repairs at PSNS. FY24 execution of the FSRM projects is pending enacted Defense Appropriations for FY24.
P286 AHTS Hangar, Whiting Field, FL	MCN	\$ 141.5	\$ 50.0	P286 recently received incremental funding of +\$50M in FY24 Military Construction Appropriations enacted on 9 March 2024. Navy is currently assessing the programmatic and execution plans to incrementally fund this project over multiple years.
P209 Dry Dock 3 Replacement, Pearl Harbor, HI	MCN	\$ 0.0*	\$ 90.0	P209 began incremental funding in FY23 and continues to FY27. Recently enacted FY24 Military Construction Appropriations funded the PB-24 request of \$1.3B and added +\$90M. P209 is currently facing challenges with cost growth and schedule delays. Execution continues on this project and PB-25 requests a FY25 increment of \$1.2B. The FY25 UPL includes \$214M to enable the project to remain on schedule.