



THE SECRETARY OF THE NAVY
WASHINGTON DC 20350-1000

August 9, 2024

MEMORANDUM FOR DISTRIBUTION

SUBJECT: Department of the Navy Three-Year Review (Corrected Copy)

Today marks my third anniversary as your Secretary of the Navy. It is the honor of my life to serve alongside you.

We face incredible challenges in every corner of the world today—from Europe to the Red Sea to the Indo-Pacific. In Europe, Russia has entered the third year of its unprovoked and illegal war of aggression in Ukraine. For the first time since World War II, we face a comprehensive maritime power—our pacing challenge—in the Indo-Pacific. The People's Republic of China continues to exert its excessive maritime claims through their Navy, Coast Guard, and Maritime Militia. In the Red Sea and Gulf of Aden, where we are facing the most sustained period of combat the United States (U.S.) Navy has seen since World War II, we are working alongside our North Atlantic Treaty Organization allies and Middle East partners to ensure the safety of innocent, civilian mariners and to protect our commercial shipping against the Iranian-aligned Houthi attacks.

This past September, I introduced the concept of National Maritime Statecraft, an expanded and innovative approach to guide the creation and application of seapower. Maritime Statecraft encompasses not only naval diplomacy and maritime competition but also national, whole-of-government efforts to build comprehensive U.S. and allied maritime power, both commercial and naval. We are making significant progress toward renewing the foundations of seapower inside the lifelines of the Department of the Navy's (DON) own programs and authorities as well as by mobilizing support across the whole-of-government, industry and academia.

As we advance our enduring priorities of Strengthening Maritime Dominance, Building a Culture of Warfighting Excellence, and Enhancing Strategic Partnerships, our Navy and Marine Corps team continue to deliver for the American people: in the past three years we have delivered 28 battle force ships to the fleet, and the Marine Corps undertook and passed a full audit, the first for any branch of the military, setting the example across the Department of Defense (DoD). As a result, our nation continues to make robust investments in the DON which will allow us to continue to advance the principles of the National Defense Strategy and outpace our adversaries. Since Fiscal Year 2021 our topline budget has been raised by more than \$50 billion, an increase of 25%.

The following highlights many of the accomplishments our Sailors, Marines, and civilians have continued to make to advance Maritime Statecraft over the past year alone:

- **Taking Care of Our People.** Our people are our greatest source of maritime power. We will continue investing in their success through our Quality-of-Service efforts that delivered a 5.2% pay raise, increased basic allowance for housing an average of

5.4%, and are helping modernize our installations. Strengthening family support is crucial. This past year we made great strides in meeting active-duty requirements for childcare and increased support for military spouse careers to include expanding the spouse licensure reimbursement program. We are implementing the Director of Psychological Health program, which provides an installation-level leader to coordinate clinical and non-medical counseling services and resources for our Service Members and their families. Some of our greatest successes came from streamlining efforts, such as the Navy's success in reducing the time to process travel claims from an average of four months down to less than four days and the Marine Corps' Barracks 2030 focus on improving unaccompanied housing. I am proud of all the Naval Education Strategy accomplished as we implement a continuum of learning for the entire force, integrate education into talent management frameworks, and strengthen the Naval University System.

- **Reinvigorating Recruiting and Retention.** Ensuring we meet our recruitment and retention goals is an essential element of Quality-of-Service. Marine Corps and Navy recruiters at our recruiting commands have taken herculean efforts to address the propensity to serve. The Marine Corps has met or exceeded their recruiting requirements and their retention goals were met by funding enhanced retention bonuses and providing incentives for lateral moves into low density, mission critical fields. The Navy used its "Get Real Get Better" mindset to reduce barriers to recruiter productivity, adjust leadership's approach, and through extraordinary efforts, reestablish the path toward fully meeting its needs. Our National Call to Maritime Service initiative is aggressively reaching out to our nation's youth, educators, and leaders to demonstrate that service is not just a career but a life path of profound personal and national significance.
- **Transforming Naval Shipbuilding.** A bedrock to Maritime Statecraft is an advanced, robust, and efficient shipbuilding capability. Earlier this year I tasked a 45-day shipbuilding review to assess the longstanding causes of shipbuilding challenges and provide recommended actions for a healthier shipbuilding industrial base. The review found common issues driving delays and other challenges across the Navy's shipbuilding programs, including first of class design challenges and the wide-ranging challenges on workforce recruiting, retention, and proficiency for shipbuilders and suppliers. We are working alongside industry to tackle immediate challenges and implement improvements across the shipbuilding enterprise. This includes the establishment of a Direct Reporting Program Manager for the Maritime Industrial Base and providing a long-term, steady demand signal to improve the health and capacity across the industrial base and deliver critical capability at a lower cost to the taxpayer. Additionally, through initiatives like the Taxpayer Advocacy Project, our contract community and Office of General Counsel are ensuring that we will leverage all legal means at our disposal to hold companies and individuals accountable to ensure that the American people are getting what they paid for. The success of the Australia-United Kingdom-United States security agreement is just one example of how continued focus on strengthening our relationships with international

partners can reduce barriers for industrial cooperation and expand the shipbuilding enterprise, to include building our combined conventionally armed, nuclear-powered submarine capability.

- **Seapower Through Commercial Shipbuilding.** A key tenet of Maritime Statecraft is the recognition that no great naval power has long endured without also being a commercial maritime power. Making naval shipbuilding more cost effective requires we restore the competitiveness of U.S. commercial shipping and shipbuilding. We continue to build awareness and advocate across this Administration that long-term solutions to many of the Navy's challenges require we renew the health of our nation's broader seapower ecosystem. This past year we drove the creation of the Government Shipbuilders Council. This Council brings us together with Maritime Administration, Coast Guard, National Oceanic and Atmospheric Administration, and Army to tackle common challenges in ship construction and maintenance. We've catalyzed multiple White House-led interagency processes on both naval and commercial shipbuilding, bringing together the National Security Council, National Economic Council, and Departments across the Executive Branch. In conjunction with our partners in Congress, our team is working to reinvigorate existing but unfunded authorities and craft new incentives to build and flag commercial ships in the U.S.—efforts that will offer significant returns to Navy shipbuilding and sealift.
- **Developing the Shipbuilding Workforce.** Maritime Statecraft builds upon a partnership with government and industry leaders to expand our shipbuilding workforce and provide compelling opportunities for a new generation of American shipbuilders. This includes supporting and expanding programs to build capacity in naval architecture and engineering as well as technical expertise in nuclear welding, robotics, software and electronics, and additive manufacturing. We are working at the federal and state level to improve shipyard communities and mobilizing the world-class industrial workforce of America's North Coast. We are engaging with organized labor as an essential stakeholder. This year, the Navy launched an innovative program to train union welders in construction trades for shipbuilding work, and deploy them as a rotational, expeditionary workforce to shipyards. Shipbuilding workforce initiatives like this will help us deliver ships to the fleet in a timely manner to advance our national interests and deter China and other adversaries.
- **Modernizing and Maintaining the Fleet.** Completing submarine and ship maintenance on time using cutting edge capabilities is foundational to the comprehensive and formable maritime deterrence pillar of Maritime Statecraft. Over the past three years, our public shipyards have improved on-time completion rates by 16% and reduced Days of Maintenance Delay for submarines and aircraft carriers by 25%. Our Shipyard Infrastructure Optimization Program is modernizing our four aging public shipyards. This year we awarded \$2.8 billion to construct the new dry dock at Pearl Harbor Shipyard and BAE installed a shiplift at their facility in Mayport. These investments will improve on-time delivery and increase efficiency in

maintenance, making the fleet we have today a more formidable deterrent. We are on track to deliver the Transportable Re-Arming Mechanism. This system will provide surface combatants a game-changing ability to reload their Vertical Launch Systems while underway in the open ocean, an achievable, near-term deterrent that will disrupt the strategic calculus of those who would do us harm. To address our critical tanker shortage, we are fielding a modular fueling system that enables commercial tankers to sustain our fleet forward. Both these advances will effectively increase our fleet's size and combat power.

- **Leveraging Technology, Innovation and Competition.** A critical component to Maritime Statecraft is leveraging our nation's advantage in technology through continuous innovation. The transformational successes of 5th Fleet's Task Force 59 have allowed us to put 10 unmanned surface vessels and enabling technologies into direct operational use in 4th Fleet. I've doubled down on non-traditional and dual-use technologies across multiple operational missions with over 50 new contracts that will deliver asymmetric unmanned technical advantage, to include a significant investment in DoD's Replicator initiative. Additionally, the newly established DON Science and Technology Board has proposed a series of recommendations that will fully integrate unmanned systems into the operational fleet. To continue the momentum, my comprehensive Science and Technology Strategy, the first of its kind since 2017, focuses naval science and technology priorities for basic research, experimentation, and rapid capabilities. As a central line of effort of Maritime Statecraft, I have engaged extensively with top executives of some of the world's most technologically advanced and prolific dual-use commercial and naval companies, to include shipyards. These world-class players' investments in U.S. subsidiaries will energize the U.S. shipbuilding marketplace with fresh competition, renowned innovation, and unrivaled industrial capacity.
- **Investing in Installation and Energy Resiliency.** Maritime Statecraft requires we develop energy resiliency so we can sustain the fight as close to the enemy as possible. The DON is on path to decrease energy-related strategic vulnerabilities and enhance military readiness through a systematic, full-cycle solution that links energy across wargaming, requirements, acquisition, operational, and workforce behaviors. We are progressing on the safe, timely, and permanent closure of Red Hill Bulk Fuel Storage Facility, where we completed defueling operations in March 2024 and have now transitioned to the closure phase. We are addressing historically underfunded infrastructure needs through initiatives such as building environmental resilience at locations from Naval Station Norfolk to Parris Island and the Naval Academy.
- **Entering a New Era of Strategic Thinking.** Maritime Statecraft embraces a cultural shift in strategic thinking that views our contributions to *promoting the national interests and prosperity of the nation* through a transformed prism of comprehensive maritime power. *Force Design* is an excellent example as it transforms the force structure of the Marine Corps and multiplies the competition and combat effectiveness of our afloat forces from the littorals. To that end, the newly established 12th Marine Littoral Regiment will integrate with the Joint Force and the capabilities

of our allies and partners, support deterrence efforts, and remain prepared to respond to potential crises. Additionally, we are increasing investments in our foundational educational institutions and renewing our commitment to intellectual leadership as we prepare naval strategists and leaders to compete and prevail in an ever more complex global environment.

As I close out my third year, I am proud of the DON's ability to unify around Maritime Statecraft's visionary approach to delivering comprehensive maritime power. With our new Service Chiefs at the helm, Chief of Naval Operations Admiral Lisa Franchetti and Commandant of the Marine Corps General Eric M. Smith, this past year the Navy and Marine Corps demonstrated daily from the Red Sea to the South China Sea their unique role as America's most timely, flexible, and forward-deployed forces and were fully prepared to meet every challenge. I thank you, and most of all, I am proud of each of you and your mission driven focus on being the best Sailors, Marines, and Civilians you can be.


Carlos Del Toro

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