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Updated March 25, 2025

Congressional Research Service
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R45757

CRS REPORT
Prepared for Members and
Committees of Congress

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SUMMARY

R45757

March 25, 2025

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Navy Large Unmanned Surface and Undersea Vehicles: Background and Issues for Congress

Among the Navy's programs for developing and acquiring unmanned surface vehicles (USVs) and unmanned underwater vehicles (UUVs) of various sizes are programs for developing two large USVs—the Large Unmanned Surface Vehicle (LUSV) and Medium Unmanned Surface Vehicle (MUSV)—and a program for a large UUV called the Extra-Large Unmanned Undersea Vehicle (XLUUV), also known as Orca. The Navy wants to develop and acquire LUSVs, MUSVs, and XLUUVs as part of an effort to shift the Navy to a more distributed fleet architecture, meaning a mix of ships that spreads the Navy's capabilities over an increased number of platforms and avoids concentrating a large portion of the fleet's overall capability into a relatively small number of high-value ships (i.e., a mix of ships that avoids "putting too many eggs into one basket"). The Navy's proposed FY2025 budget requests $54.0 million in research and development (R&D) funding for the LUSV program, $101.8 million in R&D funding for the MUSV program, $92.9 million in R&D funding for LUSV/MUSV enabling capabilities, $21.5 million in R&D funding for the XLUUV program, and $68.2 million in additional R&D funding for core technologies for UUVs including but not limited to XLUUV.

LUSV. The Navy envisions LUSVs as being 200 feet to 300 feet in length and having full load displacements of 1,000 tons to 2,000 tons, which would make them the size of a corvette (i.e., a ship larger than a patrol craft and smaller than a frigate). The Navy wants LUSVs to be low-cost, high-endurance, reconfigurable ships with ample capacity for carrying various modular payloads—particularly anti-surface warfare (ASuW) and strike payloads, meaning principally anti-ship and land-attack missiles. Each LUSV could be equipped with a vertical launch system (VLS) with 16 to 32 missile-launching tubes. Although referred to as unmanned vehicles, LUSVs might be more accurately described as optionally or lightly manned ships, because they might sometimes have a few onboard crew members, particularly in the nearer term as the Navy works out LUSV enabling technologies and operational concepts. The Navy has been using LUSV prototypes to develop LUSV operational concepts. The Navy's FY2025 budget submission programs the procurement of production LUSVs through the Navy's shipbuilding account, with the first LUSV to be procured in FY2027 at an estimated cost of $497.6 million, the next two in FY2028 at a combined estimated cost of $652.8 million (i.e., an average of about $326.4 million each), and the next three in FY2029 at a combined estimated cost of $994.3 million (i.e., an average of $331.4 million each). Under the Navy's FY2024 budget submission, procurement of LUSVs was to begin two years earlier, in FY2025. The Navy states: "This necessary [two-year] delay reduces risk associated with concurrency in requirements development, design specifications and machinery reliability testing."

MUSV. The Navy defines MUSVs as being less than 200 feet in length, with displacements of less than 500 tons, which would make them the size of a patrol craft. The Navy wants MUSVs, like LUSVs, to be low-cost, high-endurance, reconfigurable ships that can accommodate various payloads. Initial payloads for MUSVs are to be systems for supporting Intelligence, Surveillance, Reconnaissance, and Targeting (ISR-&T), Counter-ISR&T, and Information Operations (IO) missions. The Navy's FY2025 budget submission does not program the procurement of any operational MUSVs during the period FY2025-FY2029. The submission states: "The prototyping efforts with the FY 2019 MUSV hardware and software will inform decisions in preparation for the transition to an ACAT [acquisition category] program. Formalized requirements [for MUSV] will be defined through a Capability Development Document [CDD] and procurement funding will be developed as part of a decision in future budgets."

XLUUV (Orca). XLUUVs (aka Orcas) are roughly the size of a subway car. The Navy wants to use XLUUVs to, among other things, covertly deploy the Hammerhead mine, a planned mine that would be tethered to the seabed and armed with an antisubmarine torpedo, broadly similar to the Navy's Cold War-era CAPTOR (encapsulated torpedo) mine. Five "operationally relevant prototype" XLUUVs were procured in FY2019. An additional XLUUV test and training asset has also been procured. The Navy's FY2025 budget submission programs the procurement of additional XLUUVs through the Other Procurement, Navy (OPN) account, at a rate of one per year in FY2026-FY2029, with estimated procurement costs of $113.3 million, $115.6 million, $117.9 million, and $120.4 million, respectively. The Navy's FY2025 budget submission states: "Testing and delivery of the vehicles and support elements has been delayed to FY23-25 due to contractor challenges and supplier issues. The Navy is working with Boeing to mitigate schedule delays and execute risk reduction testing which initiated in FY23 through the addition of a designated test and training asset (Vehicle 0).… Fabrication awards of additional Orca XLUUV systems are planned for FY26 and out, gradually ramping up quantities in future fiscal years, depending on the progress from the first five systems."

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Introduction

This report provides background information and potential issues for Congress for three types of large unmanned vehicles (UVs) that the Navy wants to develop and procure in FY2025 and beyond:

- Large Unmanned Surface Vehicles (LUSVs);
- Medium Unmanned Surface Vehicles (MUSVs); and
- Extra-large Unmanned Undersea Vehicles (XLUUVs).

The Navy's proposed FY2025 budget requests $54.0 million in research and development (R&D) funding for the LUSV program, $101.8 million in R&D funding for the MUSV program, $92.9 million in R&D funding for LUSV/MUSV enabling capabilities, $21.5 million in R&D funding for the XLUUV program, and $68.2 million in additional R&D funding for core technologies for UUVs including but not limited to XLUUV.

The issue for Congress is whether to approve, reject, or modify the Navy's acquisition strategies and funding requests for these large UVs. The Navy's proposals for developing and procuring them pose a number of oversight issues for Congress. Congress's decisions on these issues could substantially affect Navy capabilities and funding requirements and the shipbuilding and UV industrial bases.

In addition to the large UVs covered in this report, the Navy also wants to develop and procure smaller USVs and UUVs, as well as unmanned aerial vehicles (UAVs) of various sizes. Other U.S. military services are developing, procuring, and operating their own types of UVs. Separate CRS reports address some of these efforts.[1]

Background

Navy USVs and UUVs in General

UVs in the Navy

UVs are one of several new capabilities that the Navy and other U.S. military services are pursuing to meet emerging military challenges, particularly from China. UVs can be equipped with sensors, weapons, or other payloads, and can be operated remotely, semi-autonomously, or (with technological advancements) autonomously. They can be individually less expensive to procure than manned ships and aircraft because their designs do not need to incorporate spaces and support equipment for onboard human operators. UVs can be particularly suitable for long-duration missions that might tax the physical endurance of onboard human operators, or missions that pose a high risk of injury, death, or capture of onboard human operators—so-called "three D" missions, meaning missions that are dull, dirty, or dangerous.[2]

[1] See, for example, CRS Report R45519, *The Army's Optionally Manned Fighting Vehicle (OMFV) Program: Background and Issues for Congress*, by Andrew Feickert, and CRS In Focus IF11150, *Defense Primer: U.S. Policy on Lethal Autonomous Weapon Systems*, by Kelley M. Sayler.

[2] See, for example, Ann Diab, "Drones Perform the Dull, Dirty, or Dangerous Work," Tech.co, November 12, 2014; Bonnie Robinson, "Dull, Dirty, Dangerous Mission? Send in the Robot Vehicle," U.S. Army, August 20, 2015; Bernard Marr, "The 4 Ds Of Robotization: Dull, Dirty, Dangerous And Dear," *Forbes*, October 16, 2017.

The Navy has been developing and experimenting with various types of UVs for many years, and has transitioned some of these efforts (particularly those for UAVs) into procurement programs. Even so, some observers have occasionally expressed dissatisfaction with what they view as the Navy's slow pace in transitioning UV development efforts into programs for procuring UVs in quantity and integrating them into the operational fleet.

March 2021 Campaign Framework Document for UVs

On March 16, 2021, the Department of the Navy released a "campaign framework" (i.e., overall strategy) document for developing and acquiring Navy and Marine UVs of various types and integrating them into U.S. naval operations.[3]

Smaller Navy USVs and UUVs

In addition to the large UVs covered in this report, the Navy also wants to develop and procure smaller USVs and UUVs that can be deployed from manned Navy ships and submarines to extend the operational reach of those ships and submarines. The large UVs covered in this CRS report, in contrast, are more likely to be deployed directly from pier to perform missions that might otherwise be assigned to manned ships and submarines.

Large UVs and Navy Ship Count

Because the large UVs covered in this report can be deployed directly from pier to perform missions that might otherwise be assigned to manned ships and submarines, the top-level count of the desired future number of ships in the Navy now increasingly includes two figures—one for manned ships (which remains the official "battle force ships" number for characterizing the desired future number of ships in the Navy), and an additional number for the desired future number of larger USVs and UUVs.[4]

Large UVs as Part of More Distributed Navy Fleet Architecture

The Navy wants to acquire these large UVs as part of an effort to shift the Navy to a more distributed fleet architecture, meaning a mix of ships that spreads the Navy's capabilities over an increased number of platforms and avoids concentrating a large portion of the fleet's overall capability into a relatively small number of high-value ships (i.e., a mix of ships that avoids "putting too many eggs into one basket").[5] This more distributed fleet architecture is intended to

[3] Department of the Navy, *Department of the Navy Unmanned Campaign Framework*, March 16, 2021, 37 pp. See also Megan Eckstein, "Navy, Marines Unveil How They Will Buy and Operate Future Pilotless Aircraft and Crewless Ships," *USNI News*, March 16, 2021; Gina Harkins, "Why You Should Trust Drone Ships and Unmanned Tech, According to the Navy," *Military.com*, March 16, 2021; Stew Magnuson, "Just In: Navy, Marine Corps Unmanned Framework Calls For 'Capabilities' Over Platforms," *National Defense*, March 16, 2021; Seapower Staff, "Navy, Marine Corps Release Unmanned Campaign Plan," *Seapower*, March 16, 2021; Jordan Wolman, "Looking to the Future of Combat and Competition, Navy Releases Much-Anticipated Campaign Plan on Unmanned Systems," *Inside Defense*, March 16, 2021.

[4] For additional discussion, see CRS Report RL32665, *Navy Force Structure and Shipbuilding Plans: Background and Issues for Congress*, by Ronald O'Rourke.

[5] For additional discussion, see CRS Report RL32665, *Navy Force Structure and Shipbuilding Plans: Background and Issues for Congress*, by Ronald O'Rourke.

support the implementation of the Navy's new operational concept, called Distributed Maritime Operations (DMO). DMO is discussed further in another CRS report.[6]

Restructured Acquisition Strategies

In marking up the Navy's proposed FY2020-FY2022 budgets, the congressional defense committees expressed concerns over whether the Navy's acquisition strategies provided enough time to adequately develop concepts of operations and key technologies for these large UVs, particularly the LUSV, and included legislative provisions intended to address these concerns. In response to these markups, the Navy restructured its acquisition strategy for the LUSV program so as to comply with these legislative provisions and provide more time for developing operational concepts and key technologies before entering into serial production of deployable units. Land-based testing of propulsion equipment intended for the LUSV and MUSV forms a key element of the restructured acquisition strategy.

Prototypes

The LUSV and MUSV programs are building on USV prototypes and other development work done by the DOD's Strategic Capabilities Office (SCO). SCO's effort to develop USVs was called Ghost Fleet, and its LUSV development effort within Ghost Fleet was called Overlord.[7] **Figure 1** shows USV prototypes that have supported or are scheduled to support the LUSV and MUSV programs. **Figure 2** shows one of those prototypes, the Sea Hunter medium displacement USV.

Surface Development Squadron

In May 2019, the Navy established a surface development squadron to help develop operational concepts for LUSVs and MUSVs. The squadron was initially to consist of a Zumwalt (DDG-1000) class destroyer and one Sea Hunter prototype. A second Sea Hunter prototype was

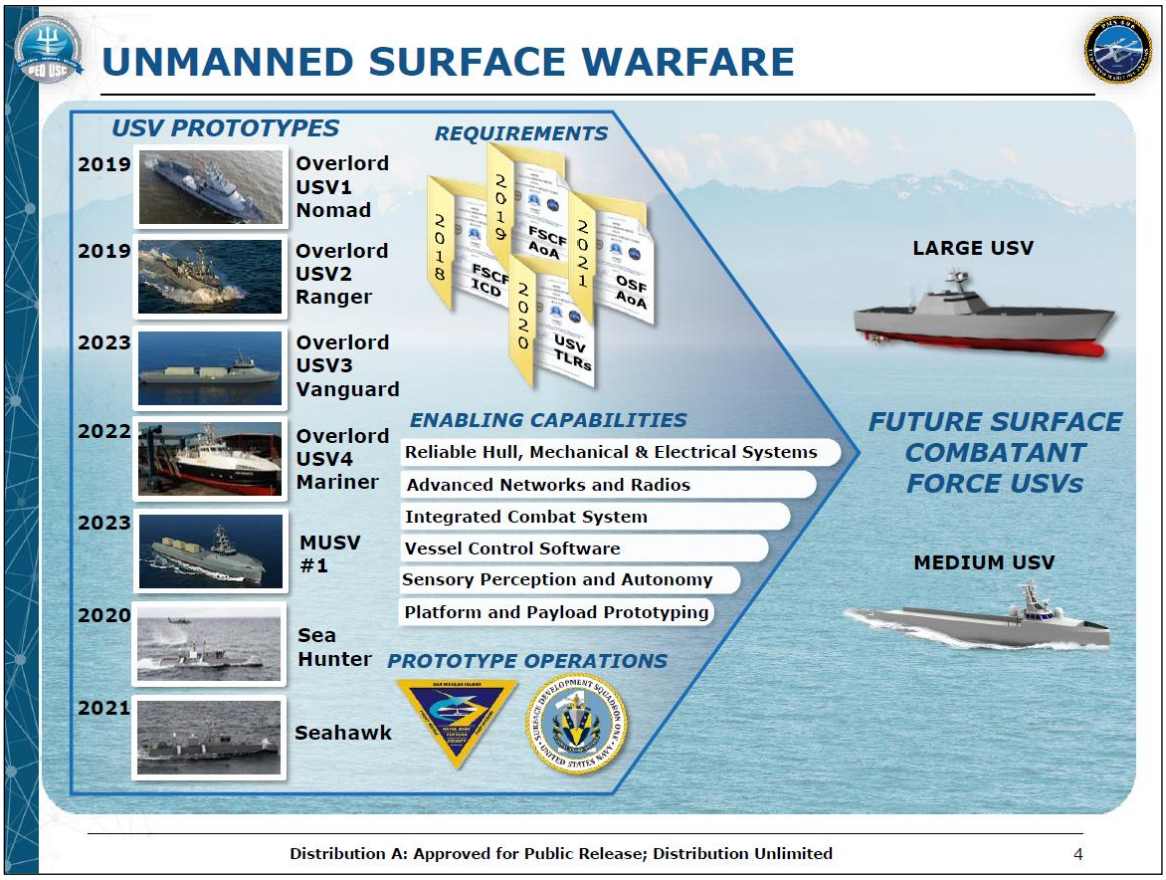
[6] See CRS In Focus IF12599, *Defense Primer: Navy Distributed Maritime Operations (DMO) Concept*, by Ronald O'Rourke.

[7] A January 12, 2022, press report stated

> Project Overlord, an experimental unmanned surface vehicle program, has completed its work and has been shut down by the Strategic Capabilities Office, a secretive research and development organization within the Pentagon, a Navy official revealed today.
>
> Its conclusion is a significant milestone, marking a period of transition between the Pentagon's research and development enterprise and a complete entry into the Navy's fleet.
>
> Overlord, which produced four vessels in total that will be transferred to the Navy's developmental squadrons, ended in December with a capstone demonstration, Capt. Pete Small, program manager for unmanned maritime systems, told attendees at the Surface Navy Association's national symposium.
>
> "What did we gain out of that?" Small said referring to Project Overlord. "The first thing we gained is the platforms. We're getting those free of charge… It's something on the order of $370 million" over three years invested by the SCO into unmanned vessels.
>
> That includes not just the platforms, but the technology and capabilities held within the ships, such as the control software. With the SCO's activities complete, the Overlord vessels will be transferred to the Surface Warfare Development Squadron this month.
>
> (Justin Katz, "SCO Ends Project Overlord, Shifts Unmanned Vessels to Navy," *Breaking Defense*, January 12, 2022. See also PEO Unmanned and Small Combatants (PEO USC) Public Affairs, "Strategic Capabilities Office Transfers Overlord Unmanned Surface Vessels to U.S. Navy," Naval Sea Systems Command, March 3, 2022.)

reportedly to be added around the end of FY2020, and LUSVs and MUSVs would then be added as they become available.[8]

Figure 1. Prototypes Supporting the LUSV and MUSV Programs



Source: Slide 4 of Navy briefing entitled "PMS 406 Maritime Unmanned Systems, CAPT Pete Small," briefing to Surface Navy Association (SNA) annual symposium, January 12, 2022.

LUSV, MUSV, and LXUUV Programs in Brief

LUSV Program

Overview

The Navy envisions LUSVs as being 200 feet to 300 feet in length and having full load displacements of 1,000 tons to 2,000 tons, which would make them the size of a corvette (i.e., a ship larger than a patrol craft and smaller than a frigate). The Navy wants LUSVs to be low-cost, high-endurance, reconfigurable ships with ample capacity for carrying various modular payloads—particularly anti-surface warfare (ASuW) and strike payloads, meaning principally anti-ship and land-attack missiles. Each LUSV could be equipped with a vertical launch system

[8] See, for example, Megan Eckstein, "Navy Stands Up Surface Development Squadron for DDG-1000, Unmanned Experimentation," *USNI News*, May 22, 2019; David B. Larter, "With Billions Planned in Funding, the US Navy Charts Its Unmanned Future," *Defense News*, May 6, 2019. See also Michael Fabey, "USN Seeks Path for Unmanned Systems Operational Concepts," *Jane's Navy International*, May 16, 2019.

(VLS) with 16 to 32 missile-launching tubes.[9] Although referred to as UVs, LUSVs might be more accurately described as optionally or lightly manned ships, because they might sometimes have a few onboard crew members, particularly in the nearer term as the Navy works out LUSV enabling technologies and operational concepts.[10]

Figure 2. Sea Hunter Prototype Medium Displacement USV

Source: Photograph credited to U.S. Navy accompanying John Grady, "Panel: Unmanned Surface Vessels Will be Significant Part of Future U.S. Fleet," *USNI News*, April 15, 2019.

The Navy states that "LUSV is a key enabler of the Navy's Distributed Maritime Operations (DMO) concept, which includes being able to forward deploy and team with individual manned combatants or augment battle groups. LUSV will complement the Navy's manned combatant force by delivering increased readiness, capability and needed capacity at lower procurement and sustainment costs and reduced risk to sailors."[11] As mentioned earlier, DMO is discussed further in another CRS report.[12]

The Navy's FY2025 budget submission programs the procurement of production LUSVs through the Navy's shipbuilding account, with the first LUSV to be procured in FY2027 at an estimated cost of $497.6 million, the next two in FY2028 at a combined estimated cost of $652.8 million (i.e., an average of about $326.4 million each), and the next three in FY2029 at a combined

[9] Source: Navy FY2022 program briefing on LUSV and MUSV programs for CRS and CBO, July 14, 2021.

[10] For further description of LUSV, see *Department of Defense, Fiscal Year (FY) 2025 Budget Estimates, Navy, Justification Book Volume 2 of 5, Research, Development, Test & Evaluation, Navy, Budget Activity 4*, March 2024, pp. 21-22, 23-24, and 27 (PDF pages 97-98, 99-100, and 103 of 1520).

[11] *Department of Defense, Fiscal Year (FY) 2025 Budget Estimates, Navy, Justification Book Volume 2 of 5, Research, Development, Test & Evaluation, Navy*, March 2024, p. 21 (PDF page 97 of 1520).

[12] See CRS In Focus IF12599, *Defense Primer: Navy Distributed Maritime Operations (DMO) Concept*, by Ronald O'Rourke.

estimated cost of $994.3 million (i.e., an average of $331.4 million each).[13] Under the Navy's FY2024 budget submission, procurement of LUSVs was to begin two years earlier, in FY2025. The Navy states: "This necessary [two-year] delay reduces risk associated with concurrency in requirements development, design specifications and machinery reliability testing."[14]

LUSV Prototypes

Figure 3, **Figure 4**, and **Figure 5** show photographs of LUSV prototypes.

Figure 3. USV Prototypes

Source: Photograph from briefing slide entitled "UMS [unmanned maritime systems] at Sea," slide 4 of 5 (including cover slide) of Navy briefing entitled "PMS 406 Unmanned Maritime Systems, Program Overview, August 2021, prepared for Sea-Air-Space Exposition. The briefing slide states that the photograph shows "Overlord USVs Ranger & Nomad on the West Coast."

Analysis of Alternatives (AOA)

The Navy conducted an analysis of alternatives (AOA) to compare the cost-effectiveness of the LUSV to a range of alternative surface platforms, including modified naval vessel designs such as amphibious ships, expeditionary fast transport (EPF) ships, and expeditionary sea base (ESB) ships, modified commercial vessel designs such as container ships and bulk carriers, new naval vessel designs, and new commercial vessel designs.[15]

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[13] *Department of Defense, Fiscal Year (FY) 2025 Budget Estimates, Navy, Justification Book Volume 2 of 5, Research, Development, Test & Evaluation, Navy*, March 2024, p. 27 (PDF page 103 of 1520).

[14] U.S. Navy, *Report to Congress on the Annual Long-Range Plan for Construction of Naval Vessels for Fiscal Year 2025*, March 2024, pp. 11-12.

[15] See, for example, Megan Eckstein, "US Navy Considers Alternatives to Unmanned Boats with Missiles," *Defense News*, March 22, 2022. The Navy stated in 2021 that

> As directed in the FY 2021 National Defense Authorization Act [Section 227(e) of H.R. 6395/P.L. 116-283 of January 1, 2021], the Navy is conducting a Distributed Offensive Surface Fires AoA [analysis of alternatives] to compare the currently planned large unmanned surface vessel (LUSV) with an integrated missile launcher payload against a broad range of alternative surface platforms and capabilities to determine the most appropriate vessel to deliver additional missile capability and capacity to the surface force.

(continued...)

Figure 4. LUSV Prototype

Source: Cropped version of photograph accompanying Mallory Shelbourne, "6 Companies Awarded Contracts to Start Work on Large Unmanned Surface Vehicle," *USNI News*, September 4, 2020. The caption to the photograph states in part: "A Ghost Fleet Overlord test vessel takes part in a capstone demonstration during the conclusion of Phase I of the program in September." The photo is credited to the U.S. Navy.

Figure 5. LUSV Prototype

Source: Cropped version of photograph accompanying Mallory Shelbourne, "6 Companies Awarded Contracts to Start Work on Large Unmanned Surface Vehicle," *USNI News*, September 4, 2020. The caption to the photograph states in part: "A Ghost Fleet Overlord test vessel takes part in a capstone demonstration during the conclusion of Phase I of the program in September." The photo is credited to the U.S. Navy.

(Statement of Frederick J. Stefany, Acting Assistant Secretary of the Navy for Research, Development and Acquisition (ASN (RD&A)) and Vice Admiral James W. Kilby, Deputy Chief of Naval Operations, Warfighting Requirements and Capabilities (OPNAV N9) and Lieutenant General Eric M. Smith, Deputy Commandant, Combat Development and Integration, Commanding General, Marine Corps Combat Development Command, before the Subcommittee on Seapower of the Senate Armed Services Committee on Department of the Navy Fiscal Year 2022 Budget Request for Seapower, June 8, 2021, p. 14.)

See also Jason Sherman, "Navy Considering Alternatives to LUSV, Packing Amphibs, Commercial Designs More with Long-Range Missiles," *Inside Defense*, April 9, 2021.

September 4, 2020, Contract Awards

On September 4, 2020, DOD announced the following six contract awards for industry studies on the LUSV:

> Huntington Ingalls Inc., Pascagoula, Mississippi (N00024-20-C-6319); Lockheed Martin Corp., Baltimore, Maryland (N00024-20-C-6320); Bollinger Shipyards Lockport LLC, Lockport, Louisiana (N00024-20-C-6316); Marinette Marine Corp., Marinette, Wisconsin (N00024-20-C-6317); Gibbs & Cox Inc., Arlington, Virginia (N0002420C6318); and Austal USA LLC, Mobile, Alabama (N00024-20-C-6315), are each being awarded a firm-fixed price contract for studies of a Large Unmanned Surface Vessel with a combined value across all awards of $41,985,112.
>
> Each contract includes an option for engineering support, that if exercised, would bring the cumulative value for all awards to $59,476,146.
>
> —The contract awarded to Huntington Ingalls Inc. [HII] is $7,000,000;
>
> —the contract awarded to Lockheed Martin Corp. is $6,999,978;
>
> —the contract awarded to Bollinger Shipyards Lockport LLC, is $6,996,832;
>
> —the contract awarded to Marinette Marine Corp. is $6,999,783;
>
> —the contract awarded to Gibbs & Cox Inc. is $6,989,499; and
>
> —the contract awarded to Austal USA LLC is $6,999,020.
>
> Work will be performed in various locations in the contiguous U.S. in accordance with each contract and is expected to be complete by August 2021, and if option(s) are exercised, work is expected to be complete by May 2022.
>
> Fiscal 2020 research, development, test and evaluation (Navy) funds in the amount $41,985,112 will be obligated at time of award and will not expire at the end of the current fiscal year.
>
> These contracts were competitively procured via Federal Business Opportunities (now beta.SAM.gov) with eight offers received. The Naval Sea Systems Command, Washington, D.C., is the contracting activity.[16]

A September 4, 2020, press report about the contract awards stated

> "These contracts were established in order to refine specifications and requirements for a Large Unmanned Surface Vessel and conduct reliability studies informed by industry partners with potential solutions prior to release of a Detail Design and Construction contract," Navy spokesman Capt. Danny Hernandez told USNI News in a statement.
>
> "The studies effort is designed to provide robust collaboration with government and industry to assist in maturation of platform specifications, and ensure achievable technical requirements are in place for a separate LUSV DD&C competition."…
>
> "The LUSV studies will support efforts that facilitate requirements refinement, development of an affordable and effective platform; provide opportunities to continue maturing the performance specifications and conduct analysis of alternative design approaches; facilitate reliability improvements and plans for government-furnished

[16] Department of Defense, "Contracts For Sept. 4, 2020," accessed September 8, 2020. The announcement is posted as a single, unbroken paragraph. In reprinting the text of the announcement, CRS broke the announcement into the smaller paragraphs shown here to make the announcement easier to read.

equipment and mechanical and electrical systems; and support development of cost reduction and other affordability initiatives," Hernandez said.[17]

July 29, 2022, Contract Modifications

On July 29, 2022, the Navy awarded modifications to the six contracts discussed above, as follows:

> Huntington Ingalls Inc., Pascagoula, Mississippi, is awarded a $13,071,106 firm-fixed-price modification to previously awarded contract N00024-20-C-6319 for continued studies of a large unmanned surface vessel. This contract modification includes options which, if exercised, would bring the cumulative value of this contract modification to $ 15,071,106. Work will be performed in Pascagoula, Mississippi, and is expected to be completed by September 2024. If all options are exercised, work will continue through September 2024....
>
> Lockheed Martin Corp., Baltimore, Maryland, is awarded an $11,320,904 firm-fixed-price modification to previously awarded contract N00024-20-C-6320 for continued studies of a large unmanned surface vessel. This contract modification includes options which, if exercised, would bring the cumulative value of this contract modification to $15,070,904. Work will be performed in Moorestown New Jersey, and is expected to be completed by September 2024. If all options are exercised, work will continue through September 2024....
>
> Marinette Marine Corp., Marinette, Wisconsin, is awarded a $10,212,620 firm-fixed-price modification to previously awarded contract N00024-20-C-6317 for continued studies of a large unmanned surface vessel. Work will be performed in Marinette, Wisconsin, and is expected to be completed by September 2024....
>
> Bollinger Shipyards Lockport LLC, Lockport, Louisiana, is awarded a $9,428,770 firm-fixed-price modification to previously awarded contract N00024-20-C-6316 for continued studies of a large unmanned surface vessel. This contract modification includes options which, if exercised, would bring the cumulative value of this contract modification to $13,958,770. Work will be performed in Lockport, Louisiana, and is expected to be completed by September 2024. If all options are exercised, work will continue through September 2024....
>
> Austal USA LLC, Mobile, Alabama, is awarded a $9,115,310 firm-fixed-price modification to previously awarded contract N00024-20-C-6315 for continued studies of a large unmanned surface vessel. This contract modification includes options which, if exercised, would bring the cumulative value of this contract modification to $13,285,309. Work will be performed in Mobile, Alabama, and is expected to be completed by September 2024. If all options are exercised, work will continue through September, 2024....
>
> Gibbs & Cox Inc., Arlington, Virginia, is awarded an $8,981,231 firm-fixed-price modification to previously awarded contract N00024-20-C-6318 for continued studies of a large unmanned surface vessel. This contract modification includes options which, if exercised, would bring the cumulative value of this contract modification to $15,071,231. Work will be performed in Arlington, Virginia, and is expected to be completed by September 2024.[18]

[17] Mallory Shelbourne, "6 Companies Awarded Contracts to Start Work on Large Unmanned Surface Vehicle," *USNI News*, September 4, 2020. See also Paul McLeary, "Navy Awards Study Contracts On Large Unmanned Ship—As Congress Watches Closely," *Breaking Defense*, September 4, 2020.

[18] Department of Defense, "Contracts For July 29, 2022," accessed August 29, 2022. See also Rich Abott, "Navy Continues Six LUSV Study Contracts," *Defense Daily*, August 5, 2022.

MUSV Program

Overview

The Navy defines MUSVs as being less than 200 feet in length, with displacements of less than 500 tons, which would make them the size of a patrol craft. The Navy wants MUSVs, like LUSVs, to be low-cost, high-endurance, reconfigurable ships that can accommodate various payloads. Initial payloads for MUSVs are to be systems for supporting Intelligence, Surveillance, Reconnaissance, and Targeting (ISR-&T), Counter-ISR&T, and Information Operations (IO) missions.[19]

The Navy states that "MUSVs will support the Navy's ability to produce, deploy and disburse ISR&T/C-ISR&T/IO capabilities in sufficient quantities and provide/improve distributed situational awareness in maritime Areas of Responsibility (AORs)…. The MUSV will be a key enabler of the Navy's Distributed Maritime Operations (DMO) concept."[20] As mentioned earlier, DMO is discussed further in another CRS report.[21]

The Navy is pursuing the MUSV program as a rapid prototyping effort under what is known as Section 804 middle tier acquisition authority.[22] The Navy's FY2025 budget submission does not program the procurement of any operational MUSVs during the period FY2025-FY2029. The submission states: "The prototyping efforts with the FY 2019 MUSV hardware and software will inform decisions in preparation for the transition to an ACAT [acquisition category] program. Formalized requirements [for MUSV] will be defined through a Capability Development Document [CDD] and procurement funding will be developed as part of a decision in future budgets."[23]

July 2020 Contract Award

On July 13, 2020, the Navy announced that it had awarded "a $34,999,948 contract to L3[Harris] Technologies, Inc. for the development of a single Medium Unmanned Surface Vehicle (MUSV) prototype, with options to procure up to eight additional MUSVs. The award follows a full and open competitive procurement process. Funding is in place on this contract for the initial prototype. With all options exercised, the contract is valued at $281,435,446 if additional funding is provided in future budget years."[24] The Navy reportedly stated that there were five competitors

[19] For further description of MUSV, see *Department of Defense, Fiscal Year (FY) 2025 Budget Estimates, Navy, Justification Book Volume 2 of 5, Research, Development, Test & Evaluation, Navy, Budget Activity 4*, March 2024, pp. 1311, 1313-1314, and 1318 (PDF pages 1387, 1389-1390, and 1394 of 1520).

[20] *Department of Defense, Fiscal Year (FY) 2025 Budget Estimates, Navy, Justification Book Volume 2 of 5, Research, Development, Test & Evaluation, Navy, Budget Activity 4*, March 2024, p. 1313 (PDF page 1389 of 1520).

[21] See CRS In Focus IF12599, *Defense Primer: Navy Distributed Maritime Operations (DMO) Concept*, by Ronald O'Rourke.

[22] This is a reference to Section 804 of the FY2016 National Defense Authorization Act (S. 1356/P.L. 114-92 of November 25, 2015), which provided rapid prototyping authority. For more on this authority, see "Middle Tier Acquisition (Section 804)," MITRE, undated, accessed June 27, 2024, at https://aida.mitre.org/middle-tier/; and "Acquisition Process, Middle Tier Acquisition (Section 804)," AcqNotes, updated September 25, 2022, accessed June 27, 2024, at http://acqnotes.com/acqnote/acquisitions/middle-tier-acquisitions.

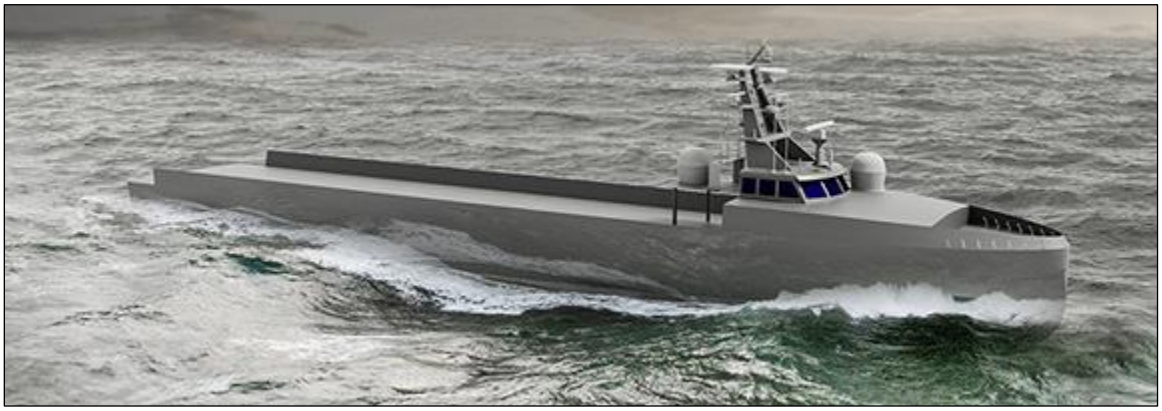
[23] *Department of Defense, Fiscal Year (FY) 2025 Budget Estimates, Navy, Justification Book Volume 2 of 5, Research, Development, Test & Evaluation, Navy, Budget Activity 4*, March 2024, p. 13184 (PDF page 1394 of 1520).

[24] PEO Unmanned and Small Combatants Public Affairs, "Navy Awards Contract for Medium Unmanned Surface Vehicle Prototype," Naval Sea Systems Command, July 13, 2020.

for the contract, but did not identify the other four.[25] **Figure 6** shows a rendering of L3Harris's design concept. L3Harris states that

> will integrate the company's ASView™ autonomy technology into a purpose-built 195-foot commercially derived vehicle from a facility along the Gulf Coast of Louisiana. The MUSV will provide intelligence, surveillance and reconnaissance to the fleet while maneuvering autonomously and complying with international Collision Regulations, even in operational environments.…
>
> L3Harris will be the systems integrator and provide the mission autonomy and perception technology as the prime contractor on the program. The program team includes Gibbs & Cox and Incat Crowther who will provide the ship design and Swiftships will complete the construction of the vehicle.[26]

Figure 6. Rendering of L3Harris Design Concept for MUSV



Source: L3Harris Technologies, "L3Harris Technologies Awarded Medium Unmanned Surface Vehicle Program from US Navy," August 18, 2020. See also Richard R. Burgess, "Navy's Medium USV to Be Based on Commercial Vehicle," *Seapower*, August 19, 2020.

June 2024 Sources Sought/Request for Information (RFI)

On June 17, 2024, the Navy issued a Sources Sought/Request for Information (RFI) for MUSVs that states

> The Navy is conducting market research in accordance with FAR [Federal Acquisition Regulation] Part 10 to determine if resources/sources exist that can satisfy the Navy's assessment of deploying a number Medium Unmanned Surface Vehicles (MUSVs) in a given timeframe. For the purposes of this RFI, PMS 406 is interested in vessels less than 200 feet in length and under 500 tons displacement that can meet the payload details specified in Government Furnished Information to be provided by separate correspondence. PMS 406[27] is contemplating an accelerated approach with industry to

[25] Rich Abott, "L3Harris Wins $35 Million MUSV Prototype Contract," *Defense Daily*, July 13, 2020. See also Sam LaGrone, "Navy Awards Contract for First Vessel In Its Family of Unmanned Surface Vehicles," *USNI News*, July 14 (updated July 15), 2020; Paul McLeary, "Navy Inks Deal For New Unmanned Fleet," *Breaking Defense*, July 13, 2020.

[26] L3Harris Technologies, "L3Harris Technologies Awarded Medium Unmanned Surface Vehicle Program from US Navy," August 18, 2020. See also Audrey Decker, "First MUSV Platform Will Feature Broad Payload Area," *Inside Defense*, January 20, 2022.

[27] PMS 406 is the Unmanned Maritime Systems office within the Naval Sea Systems Command (NAVSEA), the Navy office that oversees the acquisition of surface ships, submarines, and their combat systems.

leverage existing, manned or unmanned surface ship designs that can be modified to enable rapid delivery of an unmanned or optionally unmanned surface ship capability.

In accordance with 10 U.S.C. Section 7309, neither the vessel nor any major component of its hull or superstructure may be constructed in a foreign shipyard.

For this RFI, an accelerated schedule requires using an existing proven design with only minor modifications, or even converting existing U.S.-built vessels. For the purposes of this RFI, a clean-sheet design is not an option. Navy seeks delivery of the first vessel within 12 months after contract award to allow for Test and Evaluation, and delivery of all remaining vessels by 24 months after contract award. A maximum procurement of 7 MUSVs is contemplated for this RFI. A single vendor could provide between 1 and 7 vessels.

The objective of this RFI is to assess industry's ability to provide a materiel solution within an accelerated timeframe at an affordable cost. The Navy is seeking information to help determine the interest, technical and manufacturing capabilities, technical quality of solutions, knowledge, experience level, and qualifications of industry to meet the Government's needs to build or convert up to seven MUSVs. Additionally, the Navy is interested in technical, administrative, and business risks in pursuit of the desired solution. Respondents should identify their materiel solutions, as well as the time and cost drivers, for providing the desired solutions. Solutions that only cover a portion of the desired end product are welcome. Specific questions are included in the GFI package required to answer this RFI. You do not need to answer every question, but please indicate by number the questions to which your responses apply.[28]

XLUUV (Orca) Program

Overview

The XLUUV program, also known as the Orca program, was established to address a Joint Emergent Operational Need (JEON). The Navy defines XLUUVs as UUVs with a diameter of more than 84 inches, meaning that XLUUVs are to be too large to be launched from a manned Navy submarine.[29] Consequently, XLUUVs (**Figure 7**, **Figure 8**, and **Figure 9**) will instead transported to a forward operating port and then launched from a pier. The Department of the Navy's March 16, 2021, unmanned campaign framework document states that the XLUUV will be designed "to accommodate a variety of large payloads…."[30] The Navy testified on March 18, 2021, that mines will be the initial payload for XLUUVs.[31] More specifically, the Navy wants to use XLUUVs to, among other things, covertly deploy the Hammerhead mine, a planned mine that

[28] "Medium Unmanned Surface Vehicle (MUSV) Sources Sought/Request for Information," June 17, 2024, accessed June 27, 2024, at https://sam.gov/opp/06b02e2d221148338f7ddab6e4a5d756/view. See also Justin Katz, "Navy Eyeing Industry for Readily Available Medium USVs," *Breaking Defense*, June 20, 2024.

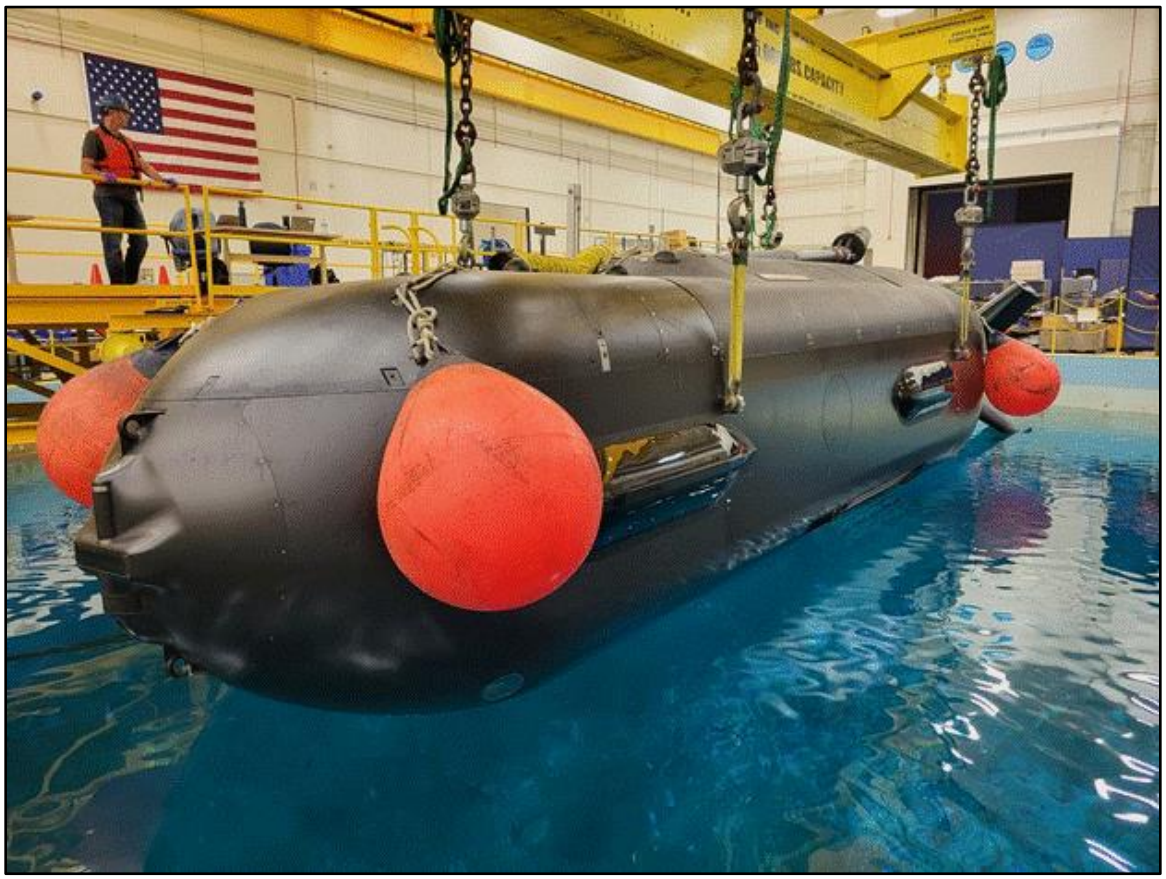
[29] Navy submarines equipped with large-diameter vertical launch tubes can launch missiles or other payloads with diameters of up to about 83 inches.

[30] Department of the Navy, *Department of the Navy Unmanned Campaign Framework*, March 16, 2021, p. 16. For further description of XLUUV, see *Department of Defense, Fiscal Year (FY) 2025 Budget Estimates, Navy, Justification Book Volume 2 of 5, Research, Development, Test & Evaluation, Navy, Budget Activity 4*, March 2024, pp. 1217, 1219, and 1222-1223 (PDF pages 1293, 1295, and 1298-1299 of 1520).

[31] Richard R. Burgess, "Navy's Orca XLUUV to Have Mine-Laying Mission, Adm. Kilby Says," *Seapower*, March 18, 2021.

would be tethered to the seabed and armed with an antisubmarine torpedo, broadly similar to the Navy's Cold War-era CAPTOR (encapsulated torpedo) mine.[32]

Figure 7. XLUUV (Orca)



Source: Photograph accompanying Aaron-Matthew Lariosa, "Navy Receives First of Six Prototype Extra Large Orca Underwater Drones," *USNI News*, December 21, 2023. The caption to the photograph credits the photograph to Boeing.

The first five XLUUVs were funded in FY2019 through the Navy's research and development appropriation account. The Navy conducted a competition for the design of the XLUUV, and announced on February 13, 2019, that it had selected Boeing to fabricate, test, and deliver the first four Orca XLUUVs and associated support elements.[33] (The other bidder was a team led by Lockheed Martin.) On March 27, 2019, the Navy announced that the award to Boeing had been expanded to include the fifth Orca.[34] An additional XLUUV test and training asset has also been procured. Boeing has partnered with the Technical Solutions division of Huntington Ingalls

[32] See also Geoff Ziezulewicz, "What The Navy's Massive Orca Submarine Drone Is Actually Capable Of," *The War Zone*, January 14, 2025; Kyle Mizokami, "The Navy's 'Ghost Fleet' of Robo-Subs Will Drop Deadly Surprises for Enemies," *Popular Mechanics*, June 2, 2022; Rich Abott, "Navy Orca XLUUV To Carry 34-Foot Payload Module, Buying 6th Test Vessel," *Defense Daily*, May 31, 2022; Dan Parsons, "Navy's 85-Foot Orca Unmanned Submarine Will Be A Minelayer First," *The Drive*, May 27, 21022; Audrey Decker, "Navy's XLUUV Will Fill 'Specific Mission' in INDOPACOM," *Inside Defense*, November 22, 2021. For a discussion of the Hammerhead mine, see, for example, David Hambling, "With Hammerhead Mine, U.S. Navy Plots New Style Of Warfare To Tip Balance In South China Sea," *Forbes*, October 22, 2020.

[33] Department of Defense, *Contracts for Feb. 13, 2019*.

[34] Department of Defense, *Contracts for March 27, 2019*.

Industries (HII) to build Orca XLUUVs.[35] (Another division of HII—Newport News Shipbuilding (NNS) of Newport News, VA—is one of the Navy's two submarine builders.)

Figure 8. XLUUV (Orca)

Source: Cropped version of photograph in Government Accountability Office, *Extra Large Unmanned Undersea Vehicle[:] Navy Needs to Employ Better Management Practices to Ensure Swift Delivery to the Fleet*, GAO-22-105974, September 2022, p. 7. The caption to the photograph credits the photograph to "Navy program office."

Figure 9. XLUUV (Orca)

Source: Photograph accompanying Rich Abott, "First Operational ORCA XLUUV To Be Delivered Early 2025," *Defense Daily*, December 10, 2024. The caption to the photograph states that the date of the photograph is December 6, 2024, and credits the photograph to the U.S. Navy.

[35] See, for example, Hugh Lessig, "Shipbuilder Lends a Hand with Rise of Robot Submarines," *Defense News*, May 26, 2019.

The Navy's FY2025 budget submission programs the procurement of additional XLUUVs through the Other Procurement, Navy (OPN) account, at a rate of one per year in FY2026-FY2029, with estimated procurement costs of $113.3 million, $115.6 million, $117.9 million, and $120.4 million, respectively. The Navy's FY2025 budget submission states: "Testing and delivery of the vehicles and support elements has been delayed to FY23-25 due to contractor challenges and supplier issues. The Navy is working with Boeing to mitigate schedule delays and execute risk reduction testing which initiated in FY23 through the addition of a designated test and training asset (Vehicle 0).… Fabrication awards of additional Orca XLUUV systems are planned for FY26 and out, gradually ramping up quantities in future fiscal years, depending on the progress from the first five systems."[36]

A March 29, 2024, press report states: "After delivering an initial prototype [i.e., the test and trianing asset] in December, Boeing plans to turn over the remaining five Extra Large Unmanned Undersea Vehicles to the Navy before the end of 2025, according to company executives and service budget documents," and that despite setbacks, "the program's production line has recovered from the logistical challenges imposed by the COVID-19 pandemic and Boeing is optimistic about the future of the program, according to Ann Stevens, the company's vice president of maritime and intelligence systems."[37]

A December 2024 press report states that the Navy expects the first XLUUV to be delivered to the Navy in early 2025, and that follow-on developmental and operational testing is scheduled to take place through the third quarter of FY2025.[38]

Boeing Echo Voyager

XLUUV's design was informed by (but differs in certain respects from) the design of Boeing's Echo Voyager UUV (**Figure 10**, **Figure 11**, and **Figure 12**).[39] Echo Voyager is roughly the size of a subway car—it is 51 feet long and has a rectangular cross section of 8.5 feet by 8.5 feet, a weight in the air of 50 tons, and a range of up to 6,500 nautical miles. It can accommodate a modular payload section up to 34 feet in length, increasing its length to as much as 85 feet. A 34-foot modular payload section provides about 2,000 cubic feet of internal payload volume; a shorter (14-foot) section provides about 900 cubic feet. Echo Voyager can also accommodate external payloads.[40] The Navy states that the XLUUV

> is based off Boeing's Echo Voyager, but incorporates significant changes to support military mission requirements. This has resulted in challenges in establishing the manufacturing process, building up the industrial base, and aligning material purchases to produce the first group of prototype vehicles. Orca represents the leading edge of autonomous maritime vehicle technology and will have extended range and a

[36] *Department of Defense, Fiscal Year (FY) 2025 Budget Estimates, Navy, Justification Book Volume 2 of 5, Research, Development, Test & Evaluation, Navy, Budget Activity 4*, March 2024, p. 1217 (PDF page 1293 of 1520).

[37] Nick Wilson, "Boeing Aims to Complete Delivery of Initial XLUUV Set Within 2025," *Inside Defense*, March 29, 2024. Regarding the delivery of the XLUUV test and training asset in December 2023, see Aaron-Matthew Lariosa, "Navy Receives First of Six Prototype Extra Large Orca Underwater Drones," *USNI News*, December 21, 2023; Cal Biesecker, "|Navy Takes Ownership Of First Orca XLUUV; Marks Key LUSV Milestone," *Defense Daily*, December 20, 2023; Marcus Weisgerber, "The Navy Has Its First Giant Robotic Submarine," *Defense One*, December 20, 2024.

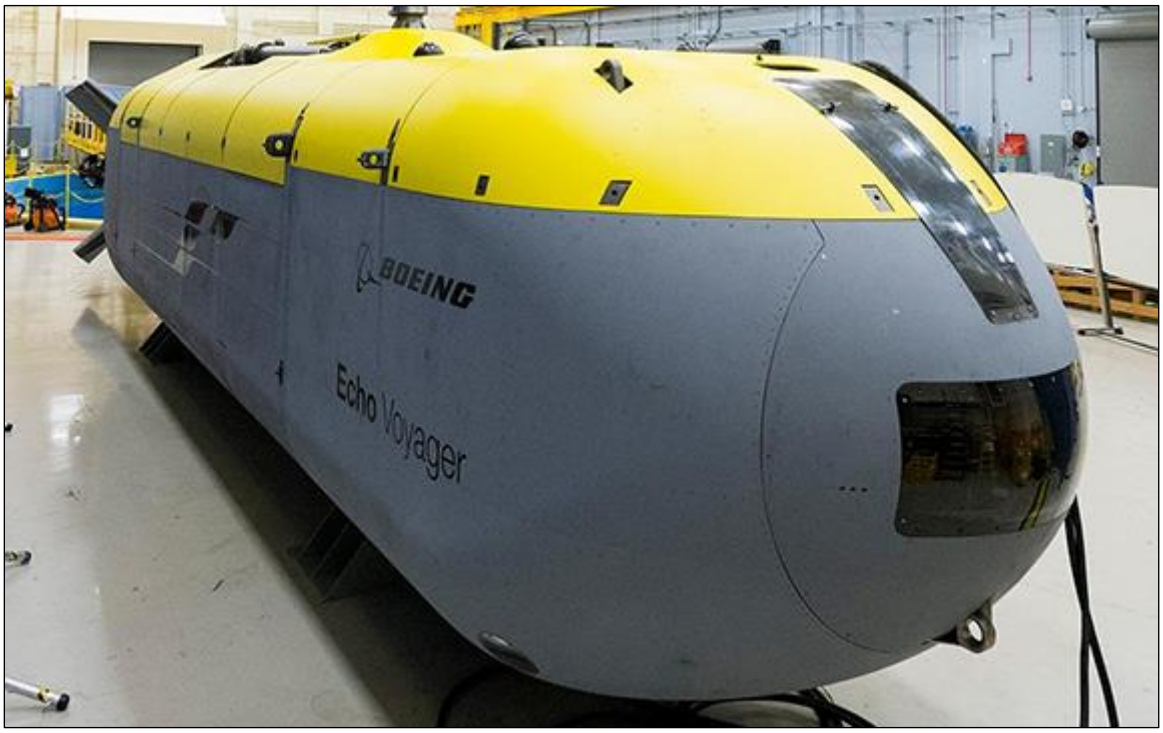
[38] Rich Abott, "First Operational ORCA XLUUV To Be Delivered Early 2025," *Defense Daily*, December 10, 2024. See also Defence Industry Europe, "U.S. Navy Chief Highlights Role of Boeing Orca XLUUV in Hybrid Fleet Development," *Defence Industry Europe*, December 7, 2024.

[39] See, for example, Hugh Lessig, "Shipbuilder Lends a Hand with Rise of Robot Submarines," *Defense News*, May 26, 2019.

[40] Source: Boeing product sheet on Echo Voyager, accessed May 31, 2019, at https://www.boeing.com/resources/boeingdotcom/defense/autonomous-systems/echo-voyager/echo_voyager_product_sheet.pdf.

reconfigurable, modular payload bay to support multiple payloads and a variety of missions.[41]

Figure 10. Boeing Echo Voyager UUV



Source: Boeing photograph posted at https://www.boeing.com/defense/autonomous-systems/echo-voyager/index.page#/gallery.

Issues for Congress

The Navy's proposals for developing and procuring the large UVs covered in this report pose a number of oversight issues for Congress, including those discussed below.

Analytical Basis for Fleet Architecture Including Large UVs

One potential oversight issue for Congress concerns the analytical basis for the Navy's desire to shift to a more distributed fleet architecture that includes large UVs. Potential oversight questions for Congress include the following:

- What analyses led to the Navy's decision to shift toward a more distributed architecture that includes large UVs?
- What did these analyses reveal about the comparative costs, capabilities, and risks of more distributed architectures that do not include large UVs?

[41] Statement of Fredrick J. Stefany, Acting Assistant Secretary of the Navy for Research, Development and Acquisition (ASN [RD&A]) and Vice Admiral James W. Kilby, Deputy Chief of Naval Operations for Warfare Systems and Lieutenant General Eric M. Smith, Deputy Commandant Combat Development and Integration & Commanding General, Marine Corps Combat Development Command, before the House Armed Services Committee Subcommittee on Seapower and Projection Forces, on Department of the Navy Unmanned Systems, March 18, 2021, p. 12.

- How well developed and tested are the operational concepts associated with the various options for more distributed architectures that have been analyzed?

Figure 11. Boeing Echo Voyager UUV

Source: Boeing photograph posted at https://www.boeing.com/defense/autonomous-systems/echo-voyager/index.page#/gallery.

Figure 12. Boeing Echo Voyager UUV

Source: Navy briefing entitled "Unmanned Maritime Systems," Howard Berkof, Deputy Program Manager, Unmanned Maritime Systems, PMS 406, Distribution A: Approved for public release; distribution unlimited, October 23, 2019, slide 5.

As discussed earlier, the Navy conducted an analysis of alternatives (AOA), to compare the cost-effectiveness of the LUSV to a range of alternative surface platforms, including modified naval vessel designs such as amphibious ships, expeditionary fast transport (EPF) ships, and expeditionary sea base (ESB) ships, modified commercial vessel designs such as container ships and bulk carriers, new naval vessel designs, and new commercial vessel designs.

Concept of Operations (CONOPS)

Another potential oversight issue for Congress concerns the Navy's concept of operations (CONOPS) for these large UVs, meaning the Navy's understanding at a detailed level of how it will operate and support these UVs in conjunction with manned Navy ships in both combat operations and at other times, and consequently how, exactly, these UVs will fit into the Navy's overall force structure and operations. As mentioned earlier, in May 2019, the Navy established a surface development squadron to help develop operational concepts for LUSVs and MUSVs.

Some observers have presented suggestions for LUSV or MUSV operational concepts.[42] Other observers have raised questions regarding the Navy's CONOPs for operating and supporting large UVs, particularly large USVs.[43]

Potential oversight questions for Congress include the following:

- How fully has the Navy developed its CONOPS for these large UVs? What activities is the Navy undertaking to develop its CONOPS for them?
- What is the Navy's CONOPS for operating and sustaining these large UVs, including both combat operations and day-to-day, noncombat operations?
- How sensitive are the performance requirements that the Navy has established for these large UVs to potential changes in their CONOPS that may occur as the Navy continues to develop the CONOPS? How likely is it, if at all, that the Navy will have to change the performance requirements for these large UVs as a consequence of more fully developing their CONOPS? How do the Navy's acquisition strategies for these large UVs address the possibility that the UVs' performance requirements might need to evolve as the CONOPs are developed?

Acquisition Strategies, Program Risks, Cost Growth, and Schedule Delays

Overview

Another potential oversight issue for Congress concerns

- the acquisition strategies that the Navy wants to use for these programs;
- technical, schedule, and cost risks in these programs, particularly given that these platforms potentially are to operate at sea unmanned and semi-autonomously or autonomously for extended periods of time; and
- cost growth and schedule delays that have occurred in the XLUUV program.

Potential oversight questions for Congress include the following:

- How much technical, schedule, and cost risk of this kind do these programs pose, particularly given the enabling technologies that need to be developed for them?

[42] See, for example, George Galdorisi, "A Concept of Operations for the U.S. Navy's Hybrid Fleet," Center for International maritime Security (CIMSEC), June 5, 2024.

[43] See, for example, Manal Cheema and Ariel Sarandinaki, "The Warship's Remote Operator: Who Is the Captain Now?" Lawfare, April 15, 2024; Jonathan Panter and Johnathan Falcone, "The Unplanned Costs of an Unmanned Fleet," *War on the Rocks*, December 28, 2021.\; Gregory V. Cox, "The U.S. Navy's Plans for Unmanned and Autonomous Systems Leave Too Much Unexplained," *War on the Rocks*, December 10, 2021.

- Are the Navy's risk-mitigation and risk-management efforts for these programs appropriate and sufficient? Are the Navy's proposed changes to the LUSV's acquisition strategy appropriate and sufficient in terms of complying with Congress's legislative provisions and providing enough time to develop operational concepts and key technologies before entering into serial production of deployable units?
- At what point would technical problems, schedule delays, or cost growth in these programs require a reassessment of the Navy's plan to shift from the current fleet architecture to a more distributed architecture?
- To what degree, if any, can these large UV programs contribute to new approaches for defense acquisition that are intended to respond to the new international security environment?

Navy UVs in General

An April 2022 Government Accountability Office (GAO) report on uncrewed maritime systems (i.e., Navy UVs) stated

> While the Navy's shipbuilding plan outlines spending more than $4 billion on uncrewed systems over the next 5 years, its plan does not account for the full costs to develop and operate these systems.
>
> Once conceived, the Navy must build these vehicles with the information technology and the artificial intelligence capabilities needed to replace crews. While the Navy has established strategic objectives for these efforts, it has not established a management approach that orients its individual uncrewed maritime efforts toward achieving these objectives. As such, the Navy is not measuring its progress, such as building the robust information technology needed to operate the vehicles. GAO has previously found that portfolio management—a disciplined process that ensures new investments are aligned with an organization's strategic needs within available resources—enables agencies to implement strategic objectives and manage investments collectively. However, if it continues with its current approach, the Navy is less likely to achieve its objectives. In addition, the Navy has yet to:
>
> • establish criteria to evaluate prototypes and
>
> • develop improved schedules for prototype efforts.
>
> With detailed planning, prototyping has the potential to further technology development and reduce acquisition risk before the Navy makes significant investments. Since uncrewed systems are key to the Navy's future, optimizing the prototyping phase of this effort is necessary to efficiently gaining information to support future decisions.[44]

LUSV

A June 2024 GAO report assessing selected major DOD weapon acquisition programs stated the following of the LUSV program:

> **Current Status**
>
> LUSV continues to work toward a milestone review in 2025, when it plans to transition to the major capability acquisition pathway. The Navy plans to begin construction of the first of nine production LUSVs in 2027. The program acquired prototypes, but fleet officials

[44] Government Accountability Office, *Uncrewed Maritime Systems[:] Navy Should Improve Its Approach to Maximize Early Investments*, GAO-22-104567, April 2022, highlights page.

stated that they are still developing plans to assess prototype capabilities and technical maturity, as we previously recommended. In the interim, the Navy's fleet is experimenting with these prototypes to understand their capabilities, familiarize sailors with operating them, and identify critical technologies that require maturation. For example, some of the prototype vessels are participating in a developmental deployment and testing operational concepts with Pacific Fleet forces.

A primary differentiating factor between LUSV and crewed ships is autonomy software. Officials reported that the Navy plans to use vendor-created software with an option to install government software if needed. They previously noted that intellectual property rights and integration of autonomy on the vessels were key considerations. Specifically, Navy program office and fleet officials have experienced issues and identified inefficiencies with data collection and operations because of vendor-protected intellectual property and interfaces. We have ongoing work assessing the Navy's efforts to develop uncrewed systems, including the LUSV.

Navy officials stated that the draft LUSV requirements call for several sailors on board in some instances, such as entering or exiting port, due to limitations of current autonomy technology. While officials stated that they are using an iterative development approach, they do not plan to deliver initial capability to the fleet until 2032, at which time autonomy should be more advanced. We previously found that leading companies use iterative design and testing to identify a minimally viable product that can deliver essential capabilities to users with speed.

Program Office Comments

We provided a draft of this assessment to the program office for review and comment. The program office provided technical comments, which we incorporated where appropriate. In April 2024, officials stated that there is a new schedule to allow for more technology development prior to contract award. The program also reported changes to quantity and cost.[45]

A January 2025 press report states

A senior Navy officer overseeing the service's investments into unmanned surface vehicles says he's "skeptical" of fielding the Large Unmanned Surface Vessel.

"Instead of different large and medium designs, we need one craft that is affordable, non-exquisite, and can come off multiple production lines in an identical manner and go towards one of two payloads — either the envisioned magazine payload of the Large USV or the envisioned ISR-related Medium USV payloads," Rear Adm. William Daly, the Navy's surface warfare requirements director, told attendees this week at the Surface Navy Association's annual symposium.

"We can build this craft in numbers at many shipyards. Designs already exist. We must not over-spec this," he continued….

"The Large USV has a great purpose, but it has it has walked that path towards exquisite, expensive [and] unpalatable," Daly told reporters on the sidelines of SNA. "I'm skeptical about that landing in the fleet."

Daly said he would "pay attention" to a handful of USVs that originated from a Strategic Capabilities Office program dubbed Overlord. He emphasized those craft allow for multiple containerized payloads.

[45] Government Accountability Office, *Weapon Systems Annual Assessment[:] DOD Is Not Yet Well-Positioned to Field Systems with Speed*, GAO-24-106831, June 2024, p. 161.

> "So now I'm getting back to the threshold levels of what the previous Large USV was envisioned to carry. It's a very appropriate, inexpensive, feasible, producible, elegant solution to two problems that can come at speed," he said.[46]

Another January 2025 press report, reporting on the same admiral's remarks, states

> After spending years charting a way forward to a family of unmanned surface vessels in a specific array of sizes and configurations, the Navy is eyeing a major course alteration that would see it pursuing a simpler and more interchangeable design. According to Rear Adm. William Daly, head of the Navy's surface warfare division (N96), the wish list is now simple: he wants to amass a large number of these unmanned boats quickly and equip them with payloads that fit in common containers and are designed to confuse the enemy.
>
> "The optionally crewed future needs to arrive sooner," Daly told an audience Tuesday at the Surface Navy Association's annual symposium just outside Washington, D.C. "N96's focus now is to move faster and streamline the family of unmanned surface crafts. The change from what you've heard earlier is that we are not pursuing large, medium … more directly, a hybrid fleet need not include large and/or exquisite uncrewed platforms. We've got to get real here."
>
> Rather than the array of large and medium designs that had been previously planned, Daly said, the Navy needs a single solution that can meet the needs that both were intended to fill while remaining inexpensive and "non-exquisite."
>
> "It can come off multiple production lines in an identical manner and go towards one of two payloads," Daly said: a weapons payload for the originally charted large unmanned surface vessel (LUSV) mission, and an intelligence, surveillance, and reconnaissance (ISR) payload for the medium USV (MUSV) mission.[47]

XLUUV (Orca)

The June 2024 GAO report assessing selected major DOD weapon acquisition programs stated the following of the XLUUV program:

> **Current Status**
>
> The XLUUV effort has experienced cost growth and is at least $242 million, or 64 percent, over its original 2016 cost estimate. However, XLUUV reported that additional cost risk to the government is limited because the contractor reached the ceiling price for the fabrication work.
>
> The Navy expects to receive five prototype vehicles in fiscal years 2024 through 2025—3 years later than initially planned due to fabrication delays and ongoing challenges related to battery development. To mitigate the delays, the Navy bought a prototype XLUUV to improve software and battery design while it awaits delivery of the five prototype XLUUVs. The project received this asset in December 2023 and plans for it to have enduring value as a technology testbed and training vehicle.
>
> According to XLUUV officials, XLUUV construction was under contract before the Navy's current autonomy architecture standards were implemented. Therefore, the XLUUVs will be delivered with proprietary autonomy software. As such, the Navy reports it will have to pay the contractor for future software modifications it determines necessary after delivery. The Navy may also repurpose XLUUV for other missions and payloads beyond offensive mining. XLUUV officials stated that the effort did not use iterative

[46] Justin Katz, "Navy Admiral 'Skeptical' of Large USV's Future amid Congressional Scrutiny," *Breaking Defense*, January 16, 2025.

[47] Hope Hodge Seck, "Navy To Simplify Drone Ship Plans, Focus On Containerized Payloads That Look Alike," *The War Zone*, January 17, 2025.

practices for prototype design and validation. However, officials support adopting an iterative approach, especially with mission payloads and autonomy, for the intended XLUUV program of record. Adopting leading practices for product development could improve the Navy's readiness for future XLUUV production and help deliver essential capabilities to users with speed.

Program Office Comments

We provided a draft of this assessment to the program office for review and comment. The program office provided technical comments, which we incorporated where appropriate.

The program office stated that, in parallel with the Navy accepting delivery of these first-of-kind platforms, the program of record will begin the formal acquisition and approval review process in fiscal years 2024 and 2025. The program is prioritizing limited resources toward the testing and delivery of each prototype, while also working to establish staffing, processes, and expertise to sustain delivered prototype XLUUVs while simultaneously standing up the XLUUV program of record.[48]

Industrial Base Implications

Another oversight issue for Congress concerns the potential industrial base implications of these large UV programs as part of a shift to a more distributed fleet architecture, particularly since UVs like these can be built and maintained by facilities other than the shipyards that currently build the Navy's major combatant ships. Potential oversight questions for Congress include the following:

- What portion of these UVs might be built or maintained by facilities other than shipyards that currently build the Navy's major combatant ships?[49]
- To what degree, if any, might these large UV programs change the current distribution of Navy shipbuilding and maintenance work, and what implications might that have for workloads and employment levels at various production and maintenance facilities?

Potential Implications for Miscalculation or Escalation at Sea

Another oversight issue for Congress concerns the potential implications of large UVs, particularly large USVs, for the chance of miscalculation or escalation in when U.S. Navy forces are operating in waters near potential adversaries. Some observers have expressed concern about this issue.[50]

[48] Government Accountability Office, *Weapon Systems Annual Assessment[:] DOD Is Not Yet Well-Positioned to Field Systems with Speed*, GAO-24-106831, June 2024, p. 164.

[49] For an opinion piece addressing this issue, see Collin Fox, "Distributed Manufacturing for Distributed Lethality," Center for International Maritime Security (CIMSEC), February 26, 2021.

[50] See, for example, Jonathan Panter, "Naval Escalation in an Unmanned Context," Center for International maritime Security (CIMSEC), April 26, 2023; David Axe, "Autonomous Navies Could Make War More Likely," *National Interest*, August 17, 2020; David B. Larter, "The US Navy Says It's Doing Its Best to Avoid a 'Terminator' Scenario in Quest for Autonomous Weapons," *Defense News*, September 12, 2019; Evan Karlik, "US-China Tensions—Unmanned Military Craft Raise Risk of War," *Nikkei Asian Review*, June 28, 2019. See also Thomas Shugart, "Uncrewed But Confident: Forging New Rules of the Road to Avoid Accidental Escalation," *War on the Rocks*, May 1, 2024; Thomas Shugart, *Autonomy and International Stability: Confidence-Building Measures for Uncrewed Systems in the Indo-Pacific*, Center for a New American Security (CNAS), March 2024, 27 pp.; *Impact of Unmanned Systems to Escalation Dynamics*, Center for Naval Analyses (CNA), undated, 2 pp (summary of a longer CNA report; includes a reference to (continued...)

Legislative Activity for FY2025

Summary of Congressional Action on FY2025 Funding Request

Table 1 summarizes congressional action on the Navy's FY2025 funding request for the LUSV, MUSV, and XLUUV programs and their enabling technologies. Funding for UUV core technologies (line 77) develops technologies for various Navy UUVs, including but not limited to XLUUV.

Table 1. Congressional Action on FY2025 Large UV Funding Request

Millions of dollars, rounded to the nearest tenth

Research and development funding		Authorization			Appropriation		
	Request	HASC	SASC	Enacted	HAC	SAC	Enacted
PE 0603178N, Large Unmanned Surface Vessels (LUSVs) (line 28)	54.0	54.0	54.0	54.0	59.0	47.0	n/a
PE 0605512N Medium Unmanned Surface Vehicles (MUSVs) (line 94)	101.8	101.8	101.8	101.8	87.3	101.8	n/a
PE 0605513N, Unmanned Surface Vehicle (LUSV/MUSV) Enabling Capabilities (line 95)	92.9	92.9	92.9	92.9	89.4	92.9	n/a
PE 0604536N, Advanced Undersea Prototyping (line 89) [XLUUV]	21.5	21.5	21.5	21.5	21.5	21.5	n/a
PE 0604029N, UUV Core Technologies (line 77)	68.2	68.2	68.2	68.2	113.2	70.7	n/a

Sources: Table prepared by CRS based on FY2025 Navy budget submission and committee and conference reports and explanatory statements on the FY2025 National Defense Authorization Act and the FY2025 DOD Appropriations Act.

Notes: PE is program element (i.e., a line item in a DOD research and development account). **HASC** is House Armed Services Committee; **SASC** is Senate Armed Services Committee; **HAC** is House Appropriations Committee; **SAC** is Senate Appropriations Committee. Funding for UUV core technologies (line 77) develops technologies for various Navy UUVs, including but not limited to XLUUV.
n/a is not available—the Full-Year Continuing Appropriations and Extensions Act, 2025 (H.R. 1968/P.L. 119-4 of March 15, 2025), a full-year continuing resolution (CR), does not specify funding levels for individual Navy research and development line items.

FY2025 National Defense Authorization Act (H.R. 8070/S. 4638/H.R. 5009/P/L. 118-159)

House

The House Armed Services Committee, in its report (H.Rept. 118-529 of May 31, 2024) on H.R. 8070, recommended the funding levels shown in the HASC column of **Table 1**.

"near-term unmanned systems (2017-2025)").

Senate

The Senate Armed Services Committee, in its report (S.Rept. 118-188 of July 8, 2024) on S. 4638, recommended the funding levels shown in the SASC column of **Table 1**.

Section 1022 of S. 4638 would direct the Navy to take certain actions regarding the unmanned maritime autonomy architecture.

Regarding Section 1022, S.Rept. 118-188 states

> **Requirements for the unmanned maritime autonomy architecture (sec. 1022)**
>
> The committee recommends a provision that would require the Secretary of the Navy, not later than 180 days after the date of the enactment of this Act, to provide a forum on unmanned maritime autonomy architecture (UMAA) that would facilitate industry participation in the creation and management of modular open systems architecture and associated standards for maritime unmanned systems. The committee recognizes that industry participants find it difficult to access and provide constructive feedback to UMAA documentation and support a more collaborative governance structure that aligns with practices used by other open standards organizations. (Page 224)

Section 1023 would direct the Navy, in consultation with the Commander of the United States Indo-Pacific Command, to develop, conduct, and evaluate a competitive demonstration of the capabilities of extra large unmanned underwater vehicles, including nondevelopmental items from commercial or foreign partner sources.

Regarding Section 1023, S.Rept. 118-188 states

> **Competitive demonstration of extra large unmanned underwater vehicles (sec. 1023)**
>
> The committee recommends a provision that would require the Secretary of the Navy, in coordination with the Commander, U.S. Indo-Pacific Command, to conduct a competitive demonstration of extra large unmanned underwater vehicles, including non-developmental items from commercial or foreign partner sources. The provision would also require that the Secretary of the Navy submit an assessment of the competitive demonstration to the congressional defense committees.
>
> The committee recognizes the progress made by the Orca extra-large unmanned underwater vehicle (XLUUV) program since the requirements for the system were submitted in 2015 as a Joint Emergent Operational Need. Although the U.S. Navy claims that the program's cost and schedule challenges are being resolved, it has come to the committee's attention that commercially developed alternatives have become available, affording the opportunity for a competitive demonstration of capabilities. It is the committee's intention that the competitive demonstration should inform updates to the U.S. Navy's program requirements, funding, and acquisition strategy for the planned fiscal year 2026 procurement of a mature and effective XLUUV. (Page 224)

S.Rept. 118-188 also states

> **Defining terminology for unmanned maritime vessels**
>
> The committee is concerned that unmanned maritime vessels and systems do not have uniform definitions, which can lead to ambiguity over the assignment of liability, identification of negligence, and other legal matters that may impact the development and deployment of these systems to the fleet.
>
> Therefore, the committee directs the Secretary of the Navy to provide a briefing to the congressional defense committees, not later than February 1, 2025, that includes: (1) A description of overarching terminology used by the U.S. Navy in reference to unmanned vessels and systems, including the terms unmanned, robotic, remotely operated, and

autonomous; and (2) A description of how the U.S. Navy will ensure unmanned vessels and systems meet statutory requirements and international law applicable in the maritime domain. (Page 242)

S.Rept. 118-188 also states

Navy organization for unmanned systems

The committee appreciates the U.S. Navy's efforts to implement a hybrid fleet architecture that will consist of unmanned systems (UxS) from the air, sea, and underwater domains and develop naval personnel with a new robotics warfare specialist rating. However, the committee is concerned that novel UxS systems and skill sets may not be receiving the coordination required to transition emerging technologies into supported operations.

Therefore, the committee directs the Secretary of the Navy to provide to the congressional defense committees a briefing, not later than March 1, 2025, on the advisability of: (1) The establishment of one or more Type Commanders for UxS systems; (2) The establishment or reorganization of resource sponsors in the Office of the Chief of Naval Operations with respect to UxS requirement and funding; and (3) The establishment of a career member of the Senior Executive Service serving on the staff of the Assistant Secretary of the Navy for Research, Development and Acquisition to oversee and direct UxS systems acquisition. (Page 247)

Enacted

The joint explanatory statement for H.R. 5009/P.L. 118-159 of December 23, 2024, recommends the funding levels shown in the authorization final column of **Table 1**.

Section 125 of H.R. 5009 would direct the Navy to

- designate, not later than 180 days after the enactment of H.R. 5009, "an appropriate official within the Department of the Navy to have primary responsibility for the development and acquisition of surface and underwater dual-modality, advanced autonomous vehicles, consistent with warfighter requirements;" and
- "ensure, within budget program elements for the Navy, that there is a dedicated program element for the development and acquisition of surface and underwater dual-modality, advanced autonomous vehicles."

Section 1032 would

- direct the Navy, in coordination with the Commander of the U.S. Indo-Pacific Command and in consultation with the Director of the Defense Innovation Unit, to "carry out a competitive demonstration of large and extra large unmanned underwater vehicle capabilities, including non-developmental items from commercial or foreign partner sources that leverage commercial solutions openings";
- establish criteria for developing and evaluating the demonstration, and authorize the use of FY2025 Navy funding to carry it out;
- direct the Secretary of the Navy to submit "the unaltered assessment of the Secretary of the demonstration, including any recommendations the Secretary might wish to make for updating the funding and acquisition plans for the large and extra large unmanned underwater vehicle program"; and
- direct the Commander of the U.S. Indo-Pacific Command to submit "the unaltered assessment of the Commander of the continued validity of the large and

extra large unmanned underwater vehicle requirements and any proposed new requirements."

FY2025 DOD Appropriations Act (H.R. 8774/S. 4921/H.R. 1968 /P.L. 119-4)

House

The House Appropriations Committee, in its report (H.Rept. 118-557 of June 17, 2024) on H.R. 8774, recommended the funding levels shown in the HAC column of **Table 1**.

The recommended increase of $5.0 million for line 28 is for "Program increase—gas turbine power and propulsion system." (Page 185)

The recommended reduction of $14.5 million for line 94 is for "Carryover." (Page 188)

The recommended reduction of $3.496 million for line 95 is for "Overestimation of support." (Page 188)

The recommended increase of $45.0 million for line 77 is for "Program increase—commercially available large diameter unmanned underwater vehicle [LDUUV] technology." (Page 187) The LDUUV is a large UUV other than the XLUUV.

Senate

The Senate Appropriations Committee, in its report (S.Rept. 118-204 of August 1, 2024) on S. 4921, recommended the funding levels shown in the SAC column of **Table 1**.

The recommended net reduction of $7.0 million for line 28 includes a recommended reduction of $10.0 million for "OUSV [Overlord USV] operating costs excess to need" and a recommended increase of $3.0 million for "Program increase: LUSV gas turbine power and propulsion." (Page 213)

The recommended increase of $2.5 million for line 77 is for "Program increase: Mobile testbed for UUVs." (Page 214)

Enacted

The Full-Year Continuing Appropriations and Extensions Act, 2025 (H.R. 1968/P.L. 119-4 of March 15, 2025), a full-year continuing resolution (CR), does not specify funding levels for individual Navy research and development line items.

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