

in fiscal year 1967, and we are requesting another \$24 million in fiscal year 1968.

As I described a year ago, we are taking steps to improve the ASW capabilities of 13 remaining D-931 class destroyers, all of which are less than 12 years old. We are providing them with ASROC, improved communications, a new variable depth sonar (VDS), improved ECM capabilities, the improvement to the SQS-23 sonar, a modern ASW combat information center, etc.—at a cost of about \$14 million each. Since the VDS equipment will not be available this year, the ships are being rewired now to accept it later when it does become available. With these improvements, the 13 remaining DD's should offer comparable, and in some ways even better, ASW performance than the new DE's we are building.

Originally, having funded one in fiscal year 1964, we planned on five of these DD-931 conversions in fiscal year 1966 and five this year, with the last three scheduled for fiscal year 1968. However, because of equipment procurement problems, we have rescheduled the program. We have one in conversion now and plan to start three conversions this year, seven more in fiscal year 1968, and the last three in fiscal year 1969.

Patrol aircraft. While we still plan to maintain a total of 30 squadrons of ASW patrol aircraft, we now propose to phase out the three remaining squadrons of seaplanes (SP-5) and retain, instead, three squadrons of SP-2 land-based patrol aircraft. One squadron will be converted this year and the other two in fiscal year 1968. This change will permit us to decommission the three remaining seaplane support ships (AV's) and thereby save \$17 million per year in operating and indirect costs, with no reduction in our overall ASW or surveillance capability. Except for these three squadrons, all the SP-2's will be phased out of the active ASW patrol forces over the next few years and replaced with 27 squadrons of the new P-3's. (Ten squadrons of SF-2's will be retained in the Navy Reserve.)

Beginning in fiscal year 1968, all new P-3's will be procured with the A-NEW avionics system and when the force buildup is completed we will have nine squadrons so equipped.

Multipurpose SAM ships. The multipurpose surface-to-air missile (SAM) ships provide an important part of the fleet's antiair warfare (AAW) capability. As I described last year, our current program objective for the SAM force is 79 ships. By the end of fiscal year 1967 the SAM ship force will consist of 70 ships, three of them nuclear powered.

Last year Congress added funds to our original budget request for construction of a nuclear-powered frigate. As you know, we did not recommend the inclusion of such a ship in our fiscal year 1967 program. However, we have decided to proceed with construction this year.

I am also again recommending the construction of two guided-missile destroyers (DDG's).

The new DDG's and DLGN would have significantly improved AAW and ASW capabilities compared with present SAM ships, particularly in a hostile ECM environment. They will employ the new Standard missile and be equipped with the latest ASW equipment, the Navy tactical data system, and the improved SQS-26 sonar. Provisions would, of course, be made to incorporate new systems and