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THE SENATE ARMED SERVICES COMMITTEE
SUBCOMMITTEE ON SEAPOWER

STATEMENT
OF

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FOR INTEGRATION OF CAPABILITIES AND RESOURCES

AND

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(SHIP PROGRAMS)

BEFORE THE

SUBCOMMITTEE ON SEAPOWER

OF THE

SENATE ARMED SERVICES COMMITTEE

ON

NAVY FORCE STRUCTURE AND SHIPBUILDING

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Mr. Chairman, distinguished members of the Subcommittee, thank you for the opportunity to appear before you today to address Navy shipbuilding. The Department is committed to the effort to build an affordable 313-ship fleet by 2020 tailored to support the National Defense Strategy, the Maritime Strategy and the 2006 Quadrennial Defense Review. This year a total of seven ships are included in the FY 2009 President's Budget, one VIRGINIA Class SSN, one DDG 1000, two LCS, two T-AKE and one Navy JHSV. In addition, although not part of the Navy's 313-ship force structure, the Navy will procure one JHSV for the Army in FY 2009.

The Department has updated the Long Range Strategic Shipbuilding Plan with an eye on further stabilizing workload and funding requirements. A stable plan will enable the shipbuilding industry to maintain critical skills and to make business decisions that increase efficiency and productivity in order to meet the Navy's projected shipbuilding requirements. In addition to a stable shipbuilding plan, the Department has been exploring alternatives with the shipbuilding industry to mitigate workload fluctuations among shipyards to maintain a stable and skilled workforce across the industry sectors. The Department requests consideration of a general cost cap exception to allow the Department to work with industry to better level load work across the industrial base.

We still face challenges. In response to cost increases in the lead ships of the Littoral Combat Ship Class, the Navy has slowed the initial rate of production to reduce risk; however, the Navy remains committed to the program to fill critical warfighting gaps that exist today. In an area of success, the innovative design and build practices being implemented by VIRGINIA Class are already showing promise and can serve as a model for other programs. Bringing the cost of the VIRGINIA Class fast attack submarine down to \$2B (FY 2005 \$) per hull by FY 2012 remains a challenge and is currently within \$50 million of target.

As you know the Gulf Coast shipyards have struggled since Hurricane Katrina. Over the last year the Navy and Northrop Grumman Ship Systems (NGSS) have worked at a ship portfolio level to reset the schedule baselines and have adjusted the associated contracts accordingly. Additionally, six Gulf Coast shipbuilders were awarded contracts in 2007 under Section 2203 of Public Law 109-234, Emergency Supplemental Appropriations for Defense, The Global War on Terror and Hurricane Recovery 2006. The purpose of these contracts is to expedite recovery of shipbuilding capability in areas affected by Hurricane Katrina by repairing and/or replacing shipbuilding facilities, to make lasting improvement in shipyard facilities that would result in measurable cost reductions in current and future Navy shipbuilding contracts, and to improve the ability of shipbuilding facilities on the Gulf Coast to withstand damage from potential hurricanes or other natural disasters.

Lastly, we are actively working with our Allies to exchange best practices and lessons learned on shipbuilding efforts. A Shipbuilding Quadrilateral forum has been established which includes the U.S., United Kingdom, Canada and Australia to discuss systematic trends that are emerging in shipbuilding programs. The forum serves to discuss, compare and contrast acquisition matters such as contracting practice and industry trends. In addition, the Navy is partnering with the United Kingdom to support the new missile compartment design for their VANGUARD Class replacement.

As noted earlier, the Department proposes procurement of seven new construction ships as part of the 2009 President's Budget request. Each of these ships as well as other significant Navy shipbuilding programs are discussed below.

VIRGINIA Class

Currently, four VIRGINIA Class submarines have been delivered to the Fleet and six more are under construction. In the past year, the Navy commissioned USS HAWAII (SSN 776), the third boat of the VIRGINIA Class, christened the fourth submarine of the class, NORTH CAROLINA (SSN 777), and laid the keel for the fifth submarine, NEW HAMPSHIRE (SSN 778). In 2008 we will deliver and commission two submarines. NORTH CAROLINA (SSN 777), the fourth submarine, just delivered last week and will commission in May. NEW HAMPSHIRE (SSN 778), the fifth submarine is scheduled to deliver in October, six months ahead of the April 2009 contract delivery date. In January 2008, the seventh, eighth and ninth hulls were named MISSOURI (SSN 780), CALIFORNIA (SSN 781) and MISSISSIPPI (SSN 782), respectively.

The VIRGINIA Class construction program is continuing to make progress toward realizing the Chief of Naval Operation's goal of buying two VIRGINIA SSNs for \$4 billion as measured in FY 2005 dollars, starting in FY 2012. General Dynamics Electric Boat and Northrop Grumman Newport News (NGNN), will continue to jointly produce these submarines and are working to reduce the construction time and cost of these ships in concert with the program office. In this budget, the production of two VIRGINIA Class Submarines per year has accelerated to start in FY 2011 vice FY 2012. The FY 2008 congressional plus-up for advanced procurement was instrumental to this effort. Negotiations for an eight-ship multi-year procurement contract will begin soon, and we anticipate signing that contract in late 2008. The Navy requests approval for the next multi-year contract.

DDG 1000 Destroyer

This multi-mission surface combatant, tailored for land attack and littoral dominance, will provide independent forward presence and deterrence and operate as an integral part of joint and combined expeditionary forces. DDG 1000 will capitalize on reduced signatures and enhanced survivability to maintain persistent presence in the littoral in future scenarios. The program provides the baseline for spiral development to support future surface ships. DDG 1000 with the Advanced Gun System (AGS) and associated Long Range Land Attack Projectile (LRLAP) will provide volume and precision fires in support of Joint forces ashore. The dual band radar represents a significant increase in air defense capability in the cluttered littoral environment. Investment in open architecture and reduced manning will provide the Navy life cycle cost savings and technology options that can be retrofit to legacy ships thus allowing adaptability for an uncertain future. The program continues to execute on cost and schedule.

This month, the Navy awarded contracts for construction of the dual lead ships to General Dynamics Bath Iron Works and to Northrop Grumman Shipbuilding. Ship detail design and the design of the mission system equipment are on track to support the start of production. The FY 2009 President's Budget request of \$2.55B provides full funding for the third ship of the class, and advanced procurement for the fourth ship. With recent approval from the Defense Acquisition Executive for the follow ship acquisition strategy, the Navy intends to utilize fixed-price incentive fee contracts for the follow ships awarded through a competition for quantity.

Littoral Combat Ship (LCS)

LCS will be a fast, agile and networked surface combatant with capabilities optimized to assure naval and Joint force access into contested littoral regions. LCS will operate with focused-mission packages that deploy manned and unmanned vehicles to execute a variety of missions, including anti-submarine warfare (ASW), anti-surface warfare (SUW) and mine countermeasures (MCM). LCS will also possess inherent capabilities to support homeland defense, Maritime Interception Operations (MIO) and Special Operation Forces.

The Navy remains committed to the LCS program, and LCS remains a critical warfighting requirement for our Navy to maintain dominance in the littorals and strategic choke points around the world. However, the Navy identified significant cost increases on the order of 100% for the lead ships in the LCS Class, due to unrealistic contractor proposals, development difficulties and changes from a commercial baseline. The Navy believes that active oversight and strict cost controls are needed to deliver these ships to the fleet over the long term. The Navy demonstrated strong oversight when it terminated the contracts for LCS 3 and LCS 4 in 2007.

It is vital that the Navy continue through first-of-class construction challenges to complete LCS 1 and LCS 2. When these ships are delivered, the Department will be able to better evaluate their costs and capabilities. LCS 1 and LCS 2 are currently scheduled to deliver to the Navy in 2008. The Navy will seek congressional support to complete the reprogramming of FY 2007 LCS shipbuilding funds to complete LCS 1 and 2.

The FY 2009 President's Budget request includes \$920 million for two additional LCS seaframes. The Navy also intends to execute the FY 2008 appropriation for one seaframe, utilizing the remaining funding and material from the terminated ships. The Navy will also seek congressional support for the reprogramming of these funds for the FY 2008 procurement. Under an acquisition strategy approved in January 2008 by the Defense Acquisition Executive, the FY 2008 and 2009 awards will be for fixed-price incentive fee contracts, based on a limited competition between the current LCS seaframe prime contractors. These ships will be designated as Flight 0+ and will include all existing approved engineering changes developed from lessons learned, along with any current improvements to construction or fabrication procedures. The Navy will incorporate further lessons learned from LCS 1 and 2 sea trials into these ships prior to production. Any such changes will be minimized to those essential for safety and/or operability. Acquisition strategies for FY 2010 and follow ships are under Navy review.

Lewis and Clark Class Dry Cargo / Ammunition Ship (T-AKE)

T-AKE was designed to replace the Navy's aging combat stores (T-AFS) and ammunition (T-AE) shuttle ships. Working in concert with an oiler (T-AO), the team can perform a "substitute" station ship mission which will provide necessary depth in combat logistics. The FY 2009 President's Budget request provides for procurement of two T-AKEs in the National Defense Sealift Fund. Fourteen T-AKE hulls are covered under a fixed-price incentive contract with General Dynamics National Steel and Shipbuilding Company (NASSCO). Three of the T-AKEs are to support MPF(F) program requirements. Major accomplishments for the year include the christening of T-AKE 4 (RICHARD E. BYRD) in May 2007 and the delivery of T-AKE 3 (USNS ALAN SHEPARD) in June 2007 and T-AKE 4 in November 2007. T-AKE 5 (ROBERT E. PEARY) launched in October 2007. Progress continues on the follow on ships including the keel laying for T-AKE 6 (AMELIA EARHART) in June 2007 and T-AKE 7 in November 2007. T-AKE 8 commenced construction in October 2007. The construction contract option for the T-AKE 10 and long lead time material for the T-AKE 11 were exercised in January 2008. The FY 2009 funding is to complete funding for two ships (T-AKE 11 and 12).

Joint High Speed Vessel (JHSV)

High speed connectors will facilitate the conduct of sustained sea-based operations by expediting force closure and allowing the persistence necessary for success in the littorals. Connectors are grouped into three categories: inter-theater, the Joint High Speed Sealift, which provides strategic force closure for CONUS-based forces; intra-theater, the Joint High Speed Vessel (JHSV) that enables rapid closure and sustainment of Marine forces; and the Joint Maritime Assault Connector, to move troops and resources from the sea base to shore. These platforms will link bases and stations around the world to the sea base and other advanced bases, as well as provide linkages between the sea base and forces operating ashore. JHSV is currently in the Technology Development Phase. The Capabilities Development Document was JROC-approved in January 2007. Milestone B is anticipated in FY 2008 with delivery of the first vessel in 2011. The FY 2009 President's Budget request including Research and Development is \$186.8 million for the construction of the first Navy funded JHSV and \$173.0 million for the second Army funded vessel.

The Navy also continues with important new construction and modernization programs. These programs are outlined below.

CVN 21

CVN 78, the lead ship of the CVN 21 program will replace USS ENTERPRISE (CVN 65). CVN 21 warfighting capability improvements include: 25% increase in sortie generation rate, ship's force reduction approaching 800 billets with an additional 400 billets reduction including airwing and embarked staff, nearly three-fold increase in electrical generating

capacity, restoration of Service Life Allowances, and enhanced Integrated Warfare System to pace future threats. These capability improvements will ensure that the CVN, the centerpiece of the Navy's Carrier Strike Group, continue to pace projected threats. The major critical technologies and capabilities planned for integration into the lead ship include: Electromagnetic Aircraft Launch System, Advanced Arresting Gear, Joint Precision Aircraft Landing System, Improved Survivability, Enhanced Flight Deck and Improved Weapon and Material Handling.

The FY 2007 National Defense Authorization Act authorized the Navy to enter into Construction Contracts for the first three ships of the CVN 78 Class and provided for four-year funding of the first three ships beginning with construction of the GERALD R. FORD (CVN 78) in FY 2008. Non-recurring investment in the class design is \$5.7B and the cost of the lead ship (excluding all non-recurring costs) is \$8.1B (\$TY), nearly \$300M less than the projected cost to buy a NIMITZ Class aircraft carrier in the same time-frame. The President's Budget request for FY 2009 included \$2.7B as the second of the four funding increments planned for CVN 78. The Navy released the Request for Proposal for Detail Design and Construction of the lead ship in July 2007 and NGNN responded with their contract proposal on October 31, 2007. Contract negotiations are on-going.

CVN 68 Class

GEORGE H.W. BUSH (CVN 77), is the 10th and final NIMITZ Class nuclear powered aircraft carrier. The construction of CVN 77 has proceeded rapidly following the launch in October 2006. The aircraft catapults began testing in January of this year by 'launching' dead-loads. Sea trials will commence this fall. The GEORGE H.W. BUSH is expected to deliver near the end of this calendar year. The commissioning date has been set for January 10, 2009. The President's Budget for Fiscal Year 2009 requests \$20.5 million for the completion of government responsible mission critical and safety system installations reflecting operational needs to deploy the GEORGE H.W. BUSH at a readiness condition appropriate for the defense of America's freedom. The program remains within the congressionally enacted \$6,057M cost limitation.

CVN 68 Class Refueling Complex Overhaul (RCOH)

The CVN 68 Class RCOH program spans 40+ years across the NIMITZ Class. During each RCOH, 35% of a carrier's total Service Life Maintenance plan is performed, as well as depot level mid-life recapitalization that extends the service life of NIMITZ-Class carriers out to approximately 50 years. Refueling of the ships' nuclear reactors, warfighting modernization, and repair of ship systems and infrastructure are also completed to meet future missions. These combined upgrades support a reduction in operating costs, achieve expected service life, and allow the NIMITZ Class to deter projected threats well into the 21st century. This program is critical for the class to achieve its service life and retain combat relevance. The President's Budget for Fiscal Year 2009 requests \$124.5M in FY 2009 to facilitate the acceleration of the execution start date for USS THEODORE ROOSEVELT (CVN71) to September 2009, and \$21.4M advanced procurement for USS ABRAHAM LINCOLN (CVN 72) RCOH. This

acceleration provides additional two months of operational availability to the carrier fleet during the critical 2012-2015 period before the commissioning of the GERALD R. FORD (CVN 78) and adds approximately one million man hours to NGNN's FY 2009 workload keeping 300 NGNN skilled workers employed.

WASP (LHD 1) Class Amphibious Assault Ship

The WASP (LHD 1) Class comprises multi-purpose amphibious assault ships whose primary mission is to provide embarked commanders with command and control capabilities for sea-based maneuver/assault operations as well as employing elements of a landing force through a combination of helicopters and amphibious vehicles. Seven LHDs have been delivered to the fleet. The last of the LHD 1 Class, USS MAKIN ISLAND (LHD 8), is scheduled to be delivered in November 2008. Although a modified repeat of the previous seven ships, this ship introduced gas turbine propulsion system with all electric auxiliary systems and eliminated the steam plant and steam systems.

LHA (R) General Purpose Amphibious Assault Ship (Replacement)

The LHA (R) Assault Echelon ships will provide the Nation with forcible entry capability and forward deployed contingency response forces. These ships will provide enhanced hangar and maintenance spaces to support aviation maintenance and increased jet fuel storage and aviation ordnance magazines. The LHA (R) Assault Echelon ship is the functional replacement for the aging LHA 1 Class ships that reach the end of their extended service life in 2011-2015. The Detail Design and Construction contract for the lead ship, LHA 6, was awarded on June 1, 2007 with a contract delivery date of August 31, 2012.

LPD 17 Class Amphibious Warfare Ship

The LPD 17 SAN ANTONIO Class of amphibious warfare ships represents the Department of the Navy's commitment to a modern expeditionary power projection fleet that will enable our naval force to operate across the spectrum of warfare. The Navy took delivery of the first LPD 17 in the summer of 2005, and operational evaluation began in the spring of 2007. LPD 18 (USS NEW ORLEANS) and LPD 19 (USS MESA VERDE) were commissioned in March 2007 and December 2007, respectively. LPD 19 will undergo shock trials this summer. There are five ships currently under construction. LPD 20 (GREEN BAY) is expected to deliver this year, and LPD 21 (NEW YORK) has been launched and will be christened in March 2008. LPDs 22-24 are in various stages of the construction phase, and the option for construction of LPD 25 was exercised on December 21, 2007. The FY 2009 President's Budget request includes funding for outfitting/post delivery efforts on LPDs 20-24 and program closeout efforts required following delivery of the final LPD 17 Class ship. The SAN ANTONIO Class ship replaces four classes of older ships — the LKA, LST, LSD 36, and the LPD 4 — and will have a forty-year expected service life. SAN ANTONIO Class ships will play a key role in supporting the

ongoing Global War on Terrorism by forward deploying Marines and their equipment to respond to crises abroad.

Maritime Prepositioning Force (Future) (MPF(F))

MPF(F) provides a scalable, joint, sea-based capability for the closure, arrival, assembly and employment of up to a MEB-sized force. It will also support the sustainment and reconstitution of forces when required. MPF(F) is envisioned for frequent utility in Humanitarian Assistance / Disaster Relief, Non-combatant Evacuation Operations, Theater Security Cooperation, and other Littoral Combat Operations as well as major combat operations. When coupled with an Expeditionary Strike Group or Carrier Strike Group, MPF(F) will provide the Nation with a highly flexible operational and logistics support capability that enables rapid reinforcement of the Assault Echelon of an Amphibious Force in anti-access or denial environments. In March 2006, the Defense Acquisition Board approved program entry into the Technology Development Phase. An R&D plan is currently being executed and the program is progressing on track. The FY 2009 President's Budget request includes \$41.8M R&D for ongoing risk reduction and technology development, and advance procurement for the FY 2010 MPF Aviation Ship.

DDG Modernization

The DDG 51 modernization program is a comprehensive 62 ship program designed to modernize the Hull, Mechanical, and Electrical (HM&E) and Combat Systems. These combined upgrades support a reduction in manpower and operating costs, achieve expected service life, and allow the class to pace the projected threat well into the 21st century. This program is critical for the class to achieve its service life and retain combat relevance.

The first DDG to be modernized will be DDG 51 with an HM&E availability in FY 2010. Congress provided additional funds to this program with \$50M SCN in FY 2005, \$50M in SCN in FY 2006, and \$30M in OPN in FY 2007. The HM&E alterations are being developed in SCN new construction in order to minimize development costs and mitigate technical and schedule risk. The President's Budget for FY 2008 included the addition of robust war fighting upgrades. The President's Budget request for FY 2009 includes \$316M which supports the Flight I and II ship modernizations starting in FY 2010.

Cruiser Modernization

Twenty-two Cruisers remain in service and are planned for modernization. A comprehensive Mission Life Extension is critical to achieving the ship's expected service life and includes the All Electric Modification, SMARTSHIP, Hull Mechanical & Electrical system upgrades and a series of alterations designed to restore displacement and stability margins, correct hull and deck house cracking and improve quality of life and service onboard. Cruiser

Modernization bridges the gap to future surface combatants and will facilitate a more rapid and affordable capability insertion process. The first full modernization is CG 52 commencing in February 2008. The President's Budget request for FY 2009 includes \$413M which will modernization two cruisers.

CG(X)

CG(X) is envisioned to be a highly capable surface combatant tailored for Joint Air and Missile Defense and Joint Air Control Operations. CG(X) will provide airspace dominance and Sea Shield protection to Joint forces. The Maritime Air and Missile Defense of Joint Forces (MAMDJF) Initial Capabilities Document (ICD) was validated by the Joint Requirements Oversight Council (JROC) in May 2006. Under the Navy's current program of record, the program procures its first ship in FY 2011 with follow-on construction in FY 2013.

The results of the Navy's Analysis of Alternatives (AoA) for the Maritime Air and Missile Defense of Joint Forces capability are currently within the Navy staffing process. Resulting requirements definition and acquisition plans, including schedule options and associated risks, are being evaluated in preparation for CG(X) Milestone A, planned to occur in FY 2008. This process includes recognition of the requirement of the FY 2008 National Defense Authorization Act, that all major combatant vessels of the United States Navy strike forces be constructed with an integrated nuclear power plant, unless the Secretary of Defense determines this not to be in the best interest of the United States.

Regardless of the Navy's selection of a particular preferred alternative, vital research and development efforts must continue in FY 2009. These engineering development and integration efforts include systems engineering, analysis, computer program development, interface design, Engineering Development Models (EDMs), technical documentation and system testing to ensure a fully functional CG(X) system design. The FY 2009 President's Budget request will continue maturation of the CG(X) design based on the preferred alternative selected.

OHIO Class SSGN Conversion

The OHIO Class SSGN Conversion Program continues to be a successful transformational program. All four ships, USS OHIO (SSGN 726), USS FLORIDA (SSGN 728), USS MICHIGAN (SSGN 727), and USS GEORGIA (SSGN 729), have been delivered to the Fleet. The SSGNs completed their Operational Evaluation and had its Initial Operational Capability declared on November 1, 2007. Additionally, USS MICHIGAN will complete testing with the Advanced SEAL Delivery System (ASDS) in March 2008. USS OHIO, the first SSGN to complete conversion, is now deployed in the Pacific Ocean and has already conducted its first crew exchange in Guam.

SSBN Engineered Refueling Overhauls (EROs)

The OHIO Class SSBN Engineered Refueling Overhaul Program (ERO) will continue with the FY 2009 authorization for the start of the industrial period for the fifth submarine, USS TENNESSEE (SSBN 734). In addition, FY 2009 includes advance procurement funding for USS PENNSYLVANIA (SSBN 735) and USS WEST VIRGINIA (SSBN 736) which will start in FY 2010 and FY 2011, respectively. These EROs are the one time depot maintenance period near the mid-point of the SSBN service life, where the nuclear reactor is refueled, major equipment is refurbished, class alterations are installed, and SUBSAFE unrestricted operations maintenance is accomplished.

Ship Inactivations

The Navy remains committed to reducing and eliminating any environmental risks posed by its inactive ships by reducing the size of the inactive ship inventory. This inventory has been reduced from a high of 195 ships in 1997 to 62 ships today. The Navy plans to decommission 29 ships between FY 2009 and FY 2013, of which 23 will be designated for disposal upon decommissioning and six will be retained for future mobilization purposes.

The Navy utilizes six disposal methods to reduce the inventory of non-nuclear inactive ships, including Foreign Military Sales transfers; interagency transfers to the Maritime Administration, US Coast Guard or other agencies; donations for memorial/museum use; domestic dismantling; experimental use/Fleet training sink exercises; and ship reefing. While fleet training sink exercises are not a disposal method, since the primary purpose is weapons effectiveness testing or Fleet training, it does contribute to inventory reduction.

Summary

The Navy is committed to ensure fiscal responsibility in shipbuilding acquisition and modernization programs.