

Stenographic Transcript  
Before the  
Subcommittee on Seapower

COMMITTEE ON  
ARMED SERVICES

## **UNITED STATES SENATE**

HEARING TO RECEIVE TESTIMONY ON NAVY SHIPBUILDING  
PROGRAMS IN REVIEW OF THE DEFENSE AUTHORIZATION  
REQUEST FOR FISCAL YEAR 2017 AND THE FUTURE YEARS  
DEFENSE PROGRAM

Wednesday, April 6, 2015

Washington, D.C.

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1 HEARING TO RECEIVE TESTIMONY ON NAVY SHIPBUILDING PROGRAMS  
2 IN REVIEW OF THE DEFENSE AUTHORIZATION REQUEST FOR FISCAL  
3 YEAR 2017 AND THE FUTURE YEARS DEFENSE PROGRAM

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Wednesday, April 6, 2016

U.S. Senate  
Subcommittee on Seapower  
Committee on Armed Services  
Washington, D.C.

The subcommittee met, pursuant to notice, at 1:59 p.m. in Room SR-222, Russell Senate Office Building, Hon. Roger Wicker, chairman of the subcommittee, presiding.

Committee Members Present: Senators Wicker [presiding], Sessions, Ayotte, Rounds, Blumenthal, Hirono, Kaine, and King.

1           OPENING STATEMENT OF HON. ROGER WICKER, U.S. SENATOR  
2 FROM MISSISSIPPI

3           Senator Wicker: This hearing will come to order, and  
4 thank you all for being here.

5           This is the Senate Armed Services Subcommittee on  
6 Seapower, convenes this afternoon to examine Navy  
7 shipbuilding programs. We welcome three distinguished  
8 witnesses, the Honorable Sean Stackley, assistant secretary  
9 of the Navy for Research, Development, and Acquisition;  
10 Vice Admiral Joseph P. Mulloy, deputy chief of Naval  
11 Operations for Integration of Capabilities and Resources;  
12 and Lieutenant General Robert S. Walsh, deputy commandant  
13 for Combat Development and integration, as well as  
14 commanding general, Marine Corps Combat Development  
15 Command.

16           Our subcommittee is grateful for the decades of  
17 service to our nation from these three witnesses. We are  
18 grateful for the sacrifice also of our sailors and marines  
19 serving around the globe.

20           With nearly 100 ships deployed on any given day, our  
21 Navy and Marine Corps continue to provide a critical front  
22 line of defense for our country. Now, more than ever, a  
23 strong Navy and Marine Corps are central to our nation's  
24 ability to deter adversaries, assure allies, and defend our  
25 national interests. Our sailors and marines are at the

1     forefront of our rebalance to Asia, our ongoing operations  
2     against the Islamic State, our responses to a resurgent  
3     Russia, and efforts to deter rogue states such as Iran and  
4     North Korea.

5             However, our current fleet of 272 ships is  
6     insufficient to address these critical security challenges.  
7     Even with recent shipbuilding increases, many of which were  
8     initiated in this subcommittee, the Navy will not achieve  
9     its requirement of 308 ships until 2021. There is also no  
10    plan to meet the bipartisan National Defense Panel's  
11    recommendation for a fleet of 323 to 346 ships.

12            This afternoon, I would like to hear from our  
13    witnesses on what I consider five key issues our  
14    subcommittee will review this year: first, vitality of the  
15    industrial base. The vitality of the 30-year shipbuilding  
16    plan is essential to the strength of our shipbuilding  
17    industrial base. The U.S. Navy's dominant maritime  
18    position would not be possible without the unique skills,  
19    capabilities, and capacities inherent in new construction  
20    shipyards and weapons systems developers.

21            I would like our witnesses to describe how they  
22    carefully weighed the effects on the shipbuilding  
23    industrial base when they balanced resources and  
24    requirements in the shipbuilding plan.

25            Number two, best use of taxpayer resources: It is

1 critical that this subcommittee conduct rigorous oversight  
2 of shipbuilding programs to ensure the Navy is making the  
3 best use of limited taxpayer dollars. Congress expects  
4 Navy shipbuilding programs to deliver promised capability  
5 on time and on budget. Schedule delays and unsatisfactory  
6 test results too often result in cost growth and strains on  
7 the legacy platforms these ships will replace.

8 Specifically, I am interested in understanding why the  
9 delivery of the USS Gerald R. Ford, as well as its advanced  
10 arresting gear testing have slid day for day since last  
11 September. Delivery is now slated for September instead of  
12 last month.

13 I am also concerned about delays in littoral combat  
14 ship mission package testings. Since 2009, the surface  
15 package has been delayed 2 years, the antisubmarine package  
16 for 3, and the mine countermeasures package for at least 8  
17 years.

18 Additionally, after years of debating early retirement  
19 or inactivation of a number of cruisers and docked landing  
20 ships, last year, Congress authorized and appropriated the  
21 Navy's request to execute this so-called 2/4/6 plan. This  
22 means no more than two cruisers may be inactivated per  
23 year. A cruiser may not be inactivated for more than 4  
24 years, and no more than six cruisers may be in the program  
25 at any given time, 2, 4, and 6.

1           However, in this year's budget the Navy has changed  
2           course and now wants to inactivate seven cruisers instead  
3           of two and keep these ships out of service for up to 10  
4           years rather than 4 before reactivating and re-manning  
5           them. I hope the witnesses will explain the merits of this  
6           plan, and perhaps there are merits.

7           Thirdly, building the future force: This subcommittee  
8           also has a duty to shape the future of our Navy. Each of  
9           our classes of surface combatant ships, cruisers,  
10          destroyers, and littoral combat ships will begin retiring  
11          within the next 20 years. Now is the time to determine the  
12          requirements for our future service combatants, as well as  
13          the munitions they will carry.

14          I am concerned that the extraordinary cost of the  
15          Ohio-class submarine replacement program will place  
16          tremendous stress on our already strained shipbuilding  
17          budget unless funding from outside this account is  
18          provided.

19          I am also interested in better understanding the  
20          Department's decision to down-select to one variant of the  
21          littoral combat ship frigate. Specifically, what analysis  
22          supports reducing procurement from 52 to 40 of these ships?

23          Number four, amphibious ships: The Navy and Marine  
24          Corps will serve as the lynchpin of the American force  
25          projection around the globe. I am interested in ways we

1 can ensure the Navy shipbuilding plan addresses the demand  
2 from our combatant commanders for amphibious ships. This  
3 demand is greater than 50 amphibious ships on a day-to-day  
4 operational basis, but the current inventory is just 30  
5 amphibious ships. To this end, our subcommittee would like  
6 to know to what extent the next amphibious assault ship  
7 known as the LXR could be accelerated.

8 Finally, budget constraints: Although the Bipartisan  
9 Budget Act has provided some measure of short-term relief,  
10 sequestration remains the law of the land regrettably and  
11 will return in fiscal year 2018 unless Congress acts. Even  
12 with these additional funds, the Department of the Navy  
13 continues to face significant budget challenges that are  
14 forcing hard choices between readiness and modernization.

15 The Department's 2017 request is \$8 billion, or 5  
16 percent less than the 2017 value presented in last year's  
17 budget. As a member of both the Armed Services Committee  
18 and the Budget Committee, I know that tough decisions must  
19 be made across the Federal Government. However, I would  
20 remind everyone that national defense is solely a Federal  
21 responsibility. Defense spending is also known as a  
22 twofer, supporting both our national security and our high-  
23 tech manufacturing workforce.

24 As such, I hope our witnesses today will elaborate on  
25 the hard choices in this budget and how a return to

1 sequestration would impact the shipbuilding plan.

2           With that in mind, I look forward to the testimony of  
3 our witnesses, and I am delighted to recognize our ranking  
4 member, Senator Hirono, for any opening remarks she might  
5 have.

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1           STATEMENT OF HON. MAZIE HIRONO, U.S. SENATOR FROM  
2 HAWAII

3           Senator Hirono: Thank you very much, Mr. Chairman,  
4 and I certainly share the aspects of this program that you  
5 have articulated. And of course I, too, want to thank our  
6 witnesses for being here. And we are certainly grateful to  
7 each of you for your service to the Nation and for the  
8 truly professional service of the men and women under your  
9 command. And we also pay tribute to their families  
10 because, of course, the work that the people under your  
11 command do is very much involved with the support of their  
12 families.

13           Today, our witnesses face huge challenges as they  
14 strive to balance the need to support ongoing operations  
15 and sustained readiness with the need to modernize and keep  
16 the technological advantage that is so critical to military  
17 success. These challenges have been made particularly  
18 difficult, as the chairman has mentioned, by the spending  
19 caps imposed in the Budget Control Act, caps that were  
20 modestly relieved for fiscal year 2016 in the Bipartisan  
21 Budget Act, but they will resume in fiscal year 2018 and  
22 beyond unless we do something about it.

23           These caps already seriously challenge our ability to  
24 meet our national security needs, and have already forced  
25 all of the military departments to make painful tradeoffs.

1 Unless modified for the years after fiscal year 2018 and  
2 later, I believe that these caps will threaten our long-  
3 term national security interests.

4 With that in mind, a continuing focus of this  
5 subcommittee has been to see that we improve our  
6 acquisition stewardship and thereby ensure that we are  
7 getting good value for every shipbuilding dollar that we  
8 spend.

9 We are very pleased to see continued stability and  
10 performance in the Virginia-class attack submarine  
11 production at a level of two per year. We have seen that  
12 stability helps drive down costs and improves productivity.

13 We also support the Navy's continuing efforts to drive  
14 costs out of the Ohio replacement SSBN program. SSBNs will  
15 remain a vital leg of the nuclear triad for the foreseeable  
16 future. Establishing and achieve cost-reduction goals in  
17 these Virginia-class and Ohio Replacement Programs will  
18 yield significant stability to our nation's submarine  
19 industrial base, which will ensure the Navy has a modern,  
20 capable submarine fleet for many years to come.

21 And as Admiral Harris noted when I met with him a  
22 couple of days ago, it is our submarine force that really  
23 provides us with the asymmetric advantage over other  
24 countries.

25 Aircraft carrier programs are another important area

1 for discussion as well. We need to hear about the progress  
2 the Navy and the contractors are making to deliver CVN-78  
3 within the cost cap and what progress is being made on  
4 reducing the production cost for CVN-79 and the later  
5 carriers.

6 Another topic that we should address is the discussion  
7 within DOD of changes to the LCS program. The Navy had  
8 planned, as the chairman mentioned, to procure 52 LCS  
9 vessels with 20 of these in a new frigate configuration,  
10 responding to direction from former Secretary Hagel. This  
11 year, Secretary Carter has directed that the Navy truncate  
12 the LCS program to 40 ships. And under this revised plan,  
13 only 11 of LCS vessels will be in the frigate  
14 configuration. We need to understand how all of these  
15 changes relate to Navy requirements.

16 Also, since last year, there have been significant  
17 problems in moving to operational testing of the mine  
18 countermeasures mission packages for the LCS. I know,  
19 based on poor results in developmental testing, the Navy  
20 has changed plans for development of mine countermeasure  
21 mission module. I look forward to hearing more about the  
22 new plan and when we can expect to field that capability.

23 This year, the Navy will be implementing an  
24 engineering change proposal for the DDG-51 destroyer  
25 program to include the Air and Missile Defense Radar, or

1 AMDR, on one of the ships in the fiscal year '16  
2 shipbuilding program. And we need to assess whether the  
3 Navy and contractors are making significant progress,  
4 sufficient progress on the AMDR program to support that  
5 production schedule.

6 I know that the Navy will be moving an engineering  
7 development model of the radar to Kauai PMRF for testing,  
8 and I hope we can hear from Secretary Stackley on this  
9 important program as well.

10 In our country's current fiscal environment, it is  
11 very unlikely that we will have much money to spend as the  
12 30-year shipbuilding plan assumes, and fundamentally, that  
13 is why these hearings are important. We need to focus on  
14 managing these important programs in ways that are  
15 efficient and effective in delivering the capability the  
16 country needs from the Navy. We need to improve quality  
17 and efficiency in all of our shipbuilding programs not only  
18 because of the direct savings but also because we need to  
19 demonstrate to the taxpayer that we are using every dollar  
20 wisely.

21 Thank you very much. I look forward to your  
22 testimony. Thank you, Mr. Chair.

23 Senator Wicker: Thank you, Senator Hirono.

24 Gentlemen, the three of you have submitted an  
25 extensive joint statement consisting of 28 pages. At this

1 point, that statement will be placed into the record.

2 Without objection, that is so ordered.

3 [The prepared statement of Mr. Stackley, Admiral  
4 Mulloy, and General Walsh follows:]

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1           Senator Wicker: And so we will recognize each of you  
2 for as much as 5 minutes each. And Secretary Stackley, we  
3 will begin with you and then followed by Vice Admiral  
4 Mulloy and Lieutenant General Walsh.

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1 STATEMENT OF SEAN J. STACKLEY, ASSISTANT SECRETARY OF  
2 THE NAVY, RESEARCH, DEVELOPMENT, AND ACQUISITION

3 Mr. Stackley: Yes, sir. Mr. Chairman, Ranking Member  
4 Hirono, distinguished members of the subcommittee, thank  
5 you for the opportunity to appear before you today to  
6 address Navy's shipbuilding.

7 And on behalf of the Navy and the Marine Corps, I  
8 would like to start by thanking the Seapower Subcommittee  
9 for your strong support in the 2016 defense bill not only  
10 as Congress fully supported our request, but you have  
11 increased funding for our ship programs, sending a strong  
12 signal regarding the priority you place on the role of the  
13 Navy and Marine Corps.

14 And we are committed to make good on that investment  
15 to uphold our end of our shared responsibility to protect  
16 the Nation, to take care of our men and women in uniform,  
17 and to do so in the most cost-conscious manner possible to  
18 protect the taxpayer. We have been faithful to our fiscal  
19 responsibilities leveraging every tool available to drive  
20 down cost.

21 However, fiscal challenges remain. Across the past 4  
22 fiscal years, the Navy's budget has been reduced by \$30  
23 billion compared to the funding that we determined was  
24 necessary to meet the defense strategic guidance. This  
25 fiscal environment continues to drive tough choices, and it

1 requires new thinking in order to improve the balance  
2 between capability, capacity, readiness, and the vital  
3 industrial base.

4 Independent of the fiscal environment, the demand for  
5 naval presence remains high. Today, greater than half of  
6 our fleet is at sea and near 80,000 sailors and marines are  
7 deployed. From the Sea of Japan to the eastern  
8 Mediterranean, they are our first defense against the  
9 threat of ballistic missiles. And from the Strait of  
10 Hormuz to the Strait of Malacca, they are the providers of  
11 maritime security.

12 They are engaged in expeditionary maneuver from the  
13 Western Pacific to West Africa, ready to move ashore should  
14 conditions on the ground call for it or provide  
15 humanitarian assistance, disaster relief wherever disaster  
16 may occur. They are training and operating with coalition  
17 partners in all corners of the globe, and below the surface  
18 of the sea, they are our nation's surest deterrent against  
19 the use of strategic weapons.

20 Consistent with these demands, we have placed a  
21 priority on forward presence, near-term readiness,  
22 investment in those future capabilities critical to our  
23 long-term technical superiority and stability in our  
24 shipbuilding program. And today, with greater than 60  
25 ships under contract and construction, we are on track to



1 meet our requirement for a 308-ship Navy by 2012.

2 We are preparing CVN-78, the Gerald Ford, our first  
3 new design aircraft carrier in 40 years for sea trials in  
4 June and continue construction of her sister ship CVN-79,  
5 the John F. Kennedy. And in doing so, we have been  
6 successful in our drive to control and improve cost on  
7 these capital ships, and we will continue to do so.

8 We are also proceeding with planning and material  
9 procurement to refuel CVN-73 George Washington scheduled to  
10 start next year. The Zumwalt destroyer, DDG-1000, our  
11 first new-design destroyer in 30 years, successfully  
12 completed her builder's sea trials in March and is  
13 preparing for acceptance trials later this month.

14 Meanwhile, DDG-51 construction is progressing well with a  
15 first restart ship DDG-113 on track to deliver this year  
16 and follow ships 114 and 115 in the water.

17 We recently awarded the two fiscal year 2016 ships of  
18 the DDG-51 multiyear contract, and we are intent on  
19 awarding the additional DDG incrementally funded by the  
20 2016 defense bill pending determination regarding the  
21 balance of funding for this ship.

22 We are also on track to award the Flight III destroyer  
23 upgrade with the Air and Missile Defense Radar later this  
24 year as modification to the latter of these FY '16 ships.

25 The Littoral Combat Ship construction program

1 continued its strong cost improvement with the delivery in  
2 2015 of USS Milwaukee and USS Jackson and with the award in  
3 2016 of the final three ships of the 2010 block buy  
4 contract.

5 As you are aware, we revised the program one year ago  
6 to upgrade the LCS with increased capabilities consistent  
7 with a frigate. The first of these frigates is on track to  
8 award by fiscal year 2019. As a result of the budget  
9 reductions since that decision, this year's request  
10 downsizes the program from 52 to 40 ships total. The two  
11 ships requested in 2017 are the minimum necessary to  
12 maintain a healthy industrial base until we can run the  
13 down-select competition for the frigate. We will keep you  
14 advised as we formulate the acquisition strategy for this  
15 revised program.

16 In submarines, the Virginia program continues to  
17 deliver below budget and ahead of schedule, and we are  
18 accelerating the pace of design on the Ohio Replacement  
19 Program to support her critical schedule, releasing the  
20 contract solicitation for detailed design and construction  
21 of the lead boat earlier this year.

22 In other major programs, the 10th LPD-17 class ship  
23 John P. Murtha is on track for acceptance trials this  
24 month. The big-deck amphibious assault ship Tripoli LHA-7  
25 is on track towards her 50 percent milestone, and we are

1 continuing excellent learning curve performance with  
2 construction of Hershel "Woody" Williams, our second  
3 expeditionary staging base.

4         Meanwhile, we are evaluating proposals for three major  
5 new programs to be awarded this year: the fleet oiler T-  
6 AO(X), the next big-deck amphib LHA-8, and the design for  
7 the LSD-41 class replacement LXR.

8         It is also worth noting that we are proceeding with  
9 execution of our cruiser and LSD modernization programs.  
10 The first four of 11 remaining cruisers have entered  
11 modernization, and this budget requests an additional \$521  
12 million across the Future Years Defense plan, in addition  
13 to the \$1.6 billion prior appropriated funding to support  
14 cruiser modernization.

15         This falls well short of the \$3.5 billion that would  
16 have been required in the 2017 through 2021 years to  
17 continue cruiser modernization per our congressional  
18 direction in 2016 and DAA. We are unable to fund this  
19 approach while our top line was decreasing. Nonetheless,  
20 we are committed to modernize these ships to perform their  
21 defense commander mission into the 2040 time frame, and the  
22 Navy submission provides an affordable path to do so.

23         In summary, the Department's 2017 budget request has  
24 balanced the resources provided by the Bipartisan Budget  
25 Act with our requirement to provide the capacity, the

1 capability, and the readiness necessary to uphold national  
2 policies, to protect our nation, and assure our allies. We  
3 look for your continued strong support for this budget  
4 request as you have shown in this year's 2016 budget.

5 Mr. Chairman, thank you for the opportunity to appear  
6 before you today, and we look forward to answering your  
7 questions.

8 Senator Wicker: Thank you very much.

9 Vice Admiral Mulloy, do you have a statement?

10 Admiral Mulloy: Yes, sir, I do.

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1           STATEMENT OF VICE ADMIRAL JOSEPH P. MULLOY, USN,  
2 DEPUTY CHIEF OF NAVAL OPERATIONS FOR INTEGRATION OF  
3 CAPABILITIES AND RESOURCES (N8)

4           Admiral Mulloy: Chairman Wicker, Ranking Member  
5 Hirono, and distinguished members of the subcommittee, I am  
6 honored to be here today to testify on the Navy's 2017  
7 budget request and our shipbuilding programs. I look  
8 forward to working with all of you during the year.

9           As detailed in the chief of naval operations' recently  
10 issued design for maintaining maritime superiority, the  
11 emerging security environment is rapidly becoming  
12 increasingly globalized with accelerating change and rapid  
13 advances and proliferation of technology. We must continue  
14 to invest in sustaining our ability to outpace our  
15 adversaries and fight with decisive capability across the  
16 full range of operations at sea, from the sea, and across  
17 all domains.

18           However, the fiscal realities drove tough choices,  
19 particularly in 2017 where the Navy had to balance over a  
20 \$4 billion reduction on the Bipartisan Budget Act. After  
21 integrating strategic guidance, operational context, and  
22 fiscal constraints, I do believe that our 2017 budget  
23 provides the best balance between capability, capacity, and  
24 readiness within our fiscal guidance.

25           We made focused investments, hard prioritized choices,

1 and innovation reform efforts to deliver a global sea-based  
2 force that can fight and win against our five major  
3 challenges, and we invested in advanced capabilities that  
4 increase our lethality for both our current and our future  
5 force. We remain committed to the Asia-Pacific rebalance  
6 and we will achieve 308 ships by the end of 2021.

7 In prioritizing advance capabilities, our hard choices  
8 came with some increased risk, primarily in capacity,  
9 military construction, and some readiness. In  
10 shipbuilding, this risk is primarily seen in the reduction  
11 of the LCS and frigate's small service combatant force from  
12 52 to 40. We also had to reduce weapon inventories by  
13 almost 900 munitions over our 5-year plan.

14 This reduced capacity in readiness in our presence  
15 options slows our time to arrive in a combat zone, which  
16 could result in longer timelines to achieve victory should  
17 we have to engage in war. However, absent fiscal relief,  
18 our 2017 investments and critical capabilities strengthen  
19 our naval power at and from sea not only to address today's  
20 threats but also tomorrow's.

21 On behalf of all our sailors and civilians, I thank  
22 the subcommittee for the immense support you have shown the  
23 Navy over many years. We are very grateful. We again ask  
24 your support for our 2017 budget request and the balance  
25 provides under the Bipartisan Budget Act.

1 I look forward to answering your questions.

2 Senator Wicker: Thank you, sir. Lieutenant General

3 Walsh?

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1           STATEMENT OF LIEUTENANT GENERAL ROBERT S. WALSH,  
2           USMC, DEPUTY COMMANDANT FOR COMBAT DEVELOPMENT AND  
3           INTEGRATION; COMMANDING GENERAL, MARINE CORPS COMBAT  
4           DEVELOPMENT COMMAND

5           General Walsh: Thank you, Chair Wicker and Ranking  
6           Member Hirono. Just a few comments I would like to make.

7           I would like to first thank the committee for the  
8           strong support you have given to our Navy and our marines  
9           over the years, especially last year with LPD-28 and the  
10          acceleration of the LX(R) has gone a long way towards  
11          meeting our requirements, our global requirements that we  
12          have got across the world.

13          I think as you look at the shipbuilding plan, I think  
14          we are on a strong path right now on our amphib ship  
15          program. I think we have reversed the downward decline to  
16          30, and we have got a strong path with LXR coming online.  
17          The LPD-28 is that bridge ship as we are calling it, going  
18          from an LPD-17 to the LX(R). We are excited about the LHA-  
19          6 America that we have got out and our LHA-7, which Tripoli  
20          is right behind, and the contract negotiations that we are  
21          soon to have on LHA-8, which will follow with bringing oil  
22          deck back into our big-deck amphibs.

23          I think as you look across the connector force, I  
24          think there are a lot of good things going on there as we  
25          have got our amphibious warships, our marines on those



1 ships, which are a landing force, and then we have got to  
2 get those marines ashore. And we are replacing our aged  
3 LCACs with the ship-to-shore connector program, which is  
4 moving in the right direction and is going to bring us  
5 tremendous capability as it replaces those LCACs. Right  
6 behind that is replacing our old landing craft units with  
7 the new LCU 1700, which is going to bring us also good  
8 capability.

9 I think, Chairman, as you discussed balancing  
10 readiness and modernization, I think that is a challenge we  
11 all have. We have talked about the budget and the pressure  
12 that is on the budget. I kind of compare it to looking  
13 back at the cold war a little bit and where we are at  
14 today, two completely different times. What we have got  
15 today is our marines, even though we have reduced  
16 operations in Afghanistan and Iraq, we are still deployed  
17 at about a 1-to-2 deployment-to-dwell ratio.

18 You mentioned requiring to meet commander demands over  
19 50 amphibious ships. The demand is very high for our Navy  
20 and Marine Corps all across the globe, and we see that. No  
21 change really at all in how hard our sailors and marines  
22 are working across the globe, and like I said, it is really  
23 seen in that 1-to-2 deployment-to-dwell ratio.

24 The thing that I will say, though, that is changing in  
25 my mind is for the last 14 years we have been against a

1 fairly steady state threat in Iraq and Afghanistan, and we  
2 have had a clear focus on that. What we see is that threat  
3 continues to stay out there and is not diminishing, but at  
4 the same time we see a rise in China in East and South  
5 China Seas. We see a tremendous growth in their  
6 modernization and their military capability. At the same  
7 time we see Russia and Syria, in Georgia, Crimea, and  
8 Ukraine and some of the activities. They have gotten high-  
9 end capabilities that they are delivering out there.

10 All those would be a challenge to our force today with  
11 the capabilities that we have been focused on for the last  
12 14 years. I think that is going to take a change in the  
13 modernization strategy that we are on right now. We all  
14 see that to be able to operate on tomorrow's battlefield  
15 with those complex and hybrid threats that we are going to  
16 see in a very complex world that we are seeing out there  
17 today.

18 So that balance between that readiness and  
19 modernization, as I look back to the cold war, we stayed  
20 very focused on a high-end threat, and it was a gradual  
21 increase in our capabilities after really World War II that  
22 we just continued to ramp up those high-end capabilities.

23 This is more of a coming out of Iraq and Afghanistan  
24 and now seeing that threat right in front of us, we have  
25 not had that time to ramp up that capability while the

1 threats have continued to modernize and increase their  
2 capability.

3 I think that is the difference is looking at the  
4 threats we see today are a lot of the same type of threats  
5 that we saw back in the cold war that we in the Marine  
6 Corps certainly and I think also our Navy partners had not  
7 focused on the high end that had been in the  
8 electromagnetic spectrum, signals intelligence, some of  
9 those areas there to be able to defeat a higher-end threat.

10 So our focus is really changing. That balance between  
11 trying to maintain that high-end for deployed forces, along  
12 with modernizing a force is that balancing that risk that  
13 we are under right now.

14 And again, I thank the committee's support for all you  
15 are doing for our Navy and Marine Corps.

16 Senator Wicker: Well, thank you, all three of you,  
17 for your very impressive opening statements and your  
18 insights.

19 General Walsh, you began by talking about the LX(R)  
20 and our teamwork in accelerating that program. How  
21 important is this class of ship to the Marine Corps in  
22 meeting your requirement, and how important is it to our  
23 marines?

24 General Walsh: Sir, that is a great -- you know, we  
25 talked about the demand on the amphib force right now and

1 in the Navy in general about the ships. What we are seeing  
2 right now is -- I would say specifically an example would  
3 be we used to have an amphibious-ready group in the  
4 Mediterranean years ago when we had a larger-size force. I  
5 think over the last 14 years or so it has kind of been  
6 quiet in that area, but things have gotten a lot more  
7 complex off of African and the Mediterranean region. We  
8 would like to have a capability of the ships that are  
9 there.

10 As you are well aware, if we put a Special-Purpose  
11 MAGTF, Special Purpose Marine Air-Ground Task Force in  
12 Moron, Spain, that operates out of Moron, Spain; Sigonella,  
13 Italy; and also Souda Bay, Greece, we kind of work out of  
14 those three places because we do not have enough amphib  
15 ships in that area.

16 So I think as we look at the amphibious ships we have  
17 got right now, we went from a time and place where we had  
18 three amphibious ships tied together in an amphibious-ready  
19 group with our Marine Expeditionary Unit, always worked up  
20 together, trained together, deployed together. We are  
21 expected to stay together. Those commanders loaded those  
22 ships to be able to expect to operate and work together.

23 Recently, we have written a concept of operations for  
24 disaggregated ARG MEU concepts to be able to allow us to  
25 train in advance, to be able to split those ships up in

1 advance when they deploy and be able to operate that way.

2           The LSD ships that we have today are really cargo  
3 trucks that we have to be able to carry the gear that goes  
4 with those amphibious ready groups. The LPD-17 class ship  
5 is able to -- because it is a newer ship, brings tremendous  
6 aviation capability, medical capability, along with  
7 probably most important command-and-control capability to  
8 those ships. By allowing it to have that capability, we  
9 can split that ship off with an aviation debt with a pretty  
10 good significant punch to go with it to be able to deploy  
11 independently and sail whether it is on an independent  
12 deployment or away from the ARG MEU. The LSDs do not  
13 really have that capability.

14           By going to the LX(R) with a derivative of that or if  
15 we are using the same hull form, we are going to have  
16 pretty close to the same capability that is going to allow  
17 us to be in more than one place at the same time with the  
18 capabilities that that ship brings.

19           Senator Wicker: All right. And, Secretary Stackley,  
20 both you and General Walsh mentioned that we work together,  
21 we are able to get an extra \$279 billion above the  
22 President's request. To what extent did that help us  
23 accelerate based on last year's congressional action?

24           Mr. Stackley: Yes, sir. It helped in a couple of  
25 ways. First, the dollars that were provided in the 2016

1 bill and the authorizations that came with us allowed us to  
2 first go after the planning activities, which is the first  
3 thing you have to do with a new ship program, get the  
4 planning activities going. We are working in parallel with  
5 what we refer to as preliminary design for the ship, and  
6 then perhaps most importantly is to start ordering long-  
7 lead-time material that will support, one, the vendor base,  
8 and then two, will start an earlier start of construction  
9 for the ship.

10 Senator Wicker: From when to when?

11 Mr. Stackley: Right now, it is at 2020 procurement.  
12 The advanced procurement material that you have allowed us  
13 to go ahead and go forward with in 2016 we believe that we  
14 can pull construction to the left by a year, and this  
15 year's budget reflects --

16 Senator Wicker: So 2019?

17 Mr. Stackley: Effectively, we are on the same  
18 schedule for construction as though we were going to  
19 procure the ship in 2019. In other words, when you award  
20 the ship, typically, you do not start construction right  
21 away. But with the advanced procurement, we will have  
22 enough material ready and the planning ready and the design  
23 ready that the shipbuilder can in fact accelerate  
24 construction by a year. So it has the effect of  
25 accelerating the program by a year.

1           Senator Wicker:  What if anything could we do in the  
2 NDAA this year to further accelerate?

3           Mr. Stackley:  Additional advanced procurement  
4 dollars, buying additional material will not further  
5 accelerate the LX(R).  As I look at the issue --

6           Senator Wicker:  Is there any way to further  
7 accelerate?

8           Mr. Stackley:  So the critical path today is the  
9 design, leading to a competitive award.  The design would  
10 support an award in 2019.  We believe that we could support  
11 a 2019 contract award, and with the advanced procurement  
12 would allow us to then double-down on the acceleration.  So  
13 the AP in '16 would provide one year's acceleration.  
14 Design would support a second year's worth of acceleration.  
15 The challenge becomes the budget.

16           So as we have already discussed in our opening  
17 statements, the challenges that we have in the budget today  
18 stand as a hurdle between us and pulling that ship to the  
19 left another year.  So what I would propose is that we take  
20 a hard look at what the funding stream would be required to  
21 support that additional year's worth of acceleration, and  
22 without pulling the whole ship to the left, what additional  
23 funding, with incremental funding authority, would allow  
24 the acceleration without breaking our budget.

25           Senator Wicker:  So there is additional acceleration

1 that could be had if we work together and are smart?

2 Mr. Stackley: Yes, sir. Critical path is designed --  
3 the design right now, we are on a path to support and award  
4 as early as 2019. We have budget challenges associated  
5 with doing that. A way to mitigate the budget impact would  
6 be looking specifically at the funding requirements on a  
7 year-by-year basis and look to see if it would make sense  
8 to incrementally fund that ship to allow it come to the  
9 left a year.

10 Senator Wicker: Okay. Well, I am way past my time,  
11 but let me ask one other aspect of this program since we  
12 are on it, and that is are we going to have a production  
13 gap between the LPD and the LX(R) as we did when we paused  
14 the DDG destroyer program, and upon restarting production  
15 there, costs increase by perhaps 25 percent? Are we  
16 looking at the same thing possibly happening because of a  
17 gap between the LPD and the LX(R) and what efficiency and  
18 cost losses could we avoid in that regard looking forward?

19 Mr. Stackley: Yes, sir. The first place where a gap  
20 would occur is the vendor base. And so again, we are  
21 taking the advanced procurement dollars that you have  
22 provided and we are serving the vendor base to identify any  
23 potential breakage that would occur to make sure that we  
24 are first addressing those issues between now and when  
25 LX(R) starts.



1           Now, recognize that the acquisition strategy for LX(R)  
2   is to compete the program, and so today, Ingalls is  
3   building the LPD-17 class. If Ingalls were to win the  
4   competition and we were not able to further accelerate the  
5   LX(R), then there would not be the overlap that you want on  
6   a shipbuilding program to retain efficiencies and retain  
7   the skilled workforce. The impact would not be the same  
8   that we saw on DDG-51, but there would be an impact.

9           Senator Wicker: Thank you.

10          Senator Hirono?

11          Senator Hirono: Thank you very much.

12          As long as we are on the subject of the LX(R), I know  
13   that the Navy announced an intention to compete a package  
14   of ship contracts, including the T-AO(X) oiler, the LHAR,  
15   and the LX(R) ships. So there is a desire to accelerate  
16   the LX(R). So, you know, could Congress accelerate the  
17   LX(R) program in a responsible way and avoid undermining  
18   your acquisition strategy? And if so -- you have spoken  
19   you could accelerate by 1 year, by 2 years -- can we do  
20   this in a responsible way and maintain your strategy of  
21   competition?

22          Mr. Stackley: Yes, ma'am. You touched on two topics.  
23   One is the pending contract to award for the combined  
24   solicitation for the LHA-8 and the T-AO(X). In the  
25   chairman's opening remarks, he wanted us to address what we

1 are doing to help provide stability for the industrial  
2 base. That acquisition strategy goes exactly at stability  
3 for the industrial base while also preserving competition  
4 on the two programs.

5 So we have two shipbuilders that are competing for two  
6 separate shipbuilding programs, and in the end, we will  
7 receive the competitive pricing that we desire, but we are  
8 going to be providing stability to both those builders  
9 because they both recognize that they will get -- that that  
10 work will be split between them.

11 Now, after we complete that award in about the June  
12 time frame, we will have a clear picture of what the  
13 workload looks like at the same two shipbuilders that will  
14 be competing for the LX(R) contract. So we will understand  
15 what the workload picture looks like.

16 Your question regarding the ability to accelerate and  
17 preserve competition, we can accelerate a year without  
18 impacting the competition. So from 2020 to 2019, that work  
19 that needs to be done for design we could accelerate a year  
20 and we would not harm either competition or the maturity of  
21 the design that we want for the LX(R). And then the second  
22 year we effectively gain by simply having the material  
23 available so construction can start to an earlier schedule.  
24 That is the potential in terms of 2 years of acceleration  
25 to construction while also preserving competition.

1           Senator Hirono: I think that is a worthy goal to  
2 follow.

3           Regarding the 308 ships that is our goal, and we are  
4 told that by 2024 we will get there, and with the rising of  
5 China, I did want to ask Admiral Mulloy, how are you  
6 incorporating the shift to the Asia and the Pacific in  
7 reviewing requirements for the number of ships that you  
8 will need and where they will be based? Because you also  
9 mentioned that, yes, we have a continuing commitment to the  
10 rebalance to the Asia-Pacific.

11          Admiral Mulloy: Yes, ma'am. As we currently move the  
12 ships we currently have and as we build more, the focus is  
13 getting to 60 percent of the Navy by platforms in the  
14 Pacific. We are currently at about 57 going on 58 percent,  
15 so we still have some more ships to move. And we are also  
16 moving as they are new out there also. We just moved two  
17 more DDGs to Japan that have the ballistic missile defense  
18 capability. We put a fourth submarine in Guam. We moved a  
19 second submarine tender to Guam to be able to maintain the  
20 submarines and be able to actually assist all the Pacific  
21 ships. As one of the tenders leaves Guam, it can also go  
22 be repaired.

23          We are putting the most modern airplanes out there.  
24 We are putting -- the first Joint Strike Fighter squadron  
25 will be in Lemoore, California. We are putting -- right

1 now, we have one LCS in Singapore. We will have four LCS  
2 by 2019.

3 So as we focus on the newest platforms, the newest  
4 technologies, we position them in the Pacific and the  
5 numbers go up. So across the board in every aspect of the  
6 Navy, once again, new is there and also more numbers are  
7 there.

8 We have to balance slightly, though, as we look at the  
9 new world order only because what I could is the more rapid  
10 reemergence on the world scene of Russia and their ability  
11 to move their product and dangerous equipment around, in  
12 Syria they have now installed missile systems which are a  
13 tremendous threat.

14 So as we look at what do we have to have in the  
15 Pacific, in many cases we have to deal with the same  
16 electronic warfare high-speed weapons or similar on a  
17 Russian technology. It implies the four DDGs in Rota, we  
18 need those for ballistic missile defense. We also need to  
19 make sure they can survive cruise missile attacks, which  
20 are similar but different than China.

21 So it is a constant tension, as we talked to the CNO  
22 and the Secretary of the Navy where to put these ships.  
23 Generally, the Pacific will get more, but you still have to  
24 put a Baseline 9 AEGIS ship in the Atlantic such that it  
25 can go to the Mediterranean because if you are in the

1 eastern Med or the Black Sea or near Russia, you need to be  
2 also very aware of a dangerous missile system.

3 Senator Hirono: So with both Russia and China really  
4 increasing and modernizing and adding to their military  
5 assets, one wonders whether 308 ships is really, you know,  
6 what we should be talking about.

7 Admiral Mulloy: Yes, ma'am.

8 Senator Hirono: But it is all a function of money, I  
9 realize.

10 Admiral Mulloy: Yes, ma'am. It is a function of  
11 money and also looking at the world. The 308-ship Navy was  
12 based upon the 2014 force structure assessment. Chief of  
13 Naval Operations has commissioned me to do another one, and  
14 we are in process now, which will take into account changes  
15 in China but largely the changes in, as General Breedlove  
16 has talked about as he looks at the world and advises the  
17 chairman and the President on the status in Europe and  
18 Russia, we will also look at it.

19 I think the CNO in testimony before you hearing of the  
20 whole committee talked at very length that that number  
21 would probably go up over time. But we actually need to go  
22 through that and do our analysis, and we will come back in  
23 next year's budget, lay out what we think the Navy really  
24 is necessary for national defense.

25 Senator Hirono: I look forward to that.

1           Regarding the Littoral Combat Ship program --

2           Senator Wicker: Can I interject? Do you want to give  
3 Senator Hirono a sneak preview about what that number might  
4 be later on this year? Come on.

5           [Laughter.]

6           Admiral Mulloy: Sir, you know, I will not even have a  
7 number until September, so perhaps --

8           Senator Wicker: Okay.

9           Admiral Mulloy: I cannot really commit to any "sneak  
10 peeks," sir. I mean, we certainly will come over and talk  
11 to the committee as we go through this process. We can  
12 talk about it, but we really have to deliver that to the  
13 CNO first, and I am not expecting to have that discussion  
14 with him until the end of August.

15           The teams are actually in the process of arranging  
16 flights out to the numbered fleets as I speak, sir.

17           Senator Wicker: She is pretty correct. It is likely  
18 to go up?

19           Admiral Mulloy: Yes, sir. The CNO did kind of say at  
20 his hearing that as he looks across the world as more  
21 dangerous, the size of the Navy very likely will have to go  
22 up in that world, sir.

23           Senator Wicker: Senator Hirono?

24           Senator Hirono: Thank you very much. My time is up,  
25 Mr. Chairman.

1 Senator Wicker: Thank you, ma'am.

2 And Senator Sessions is next.

3 Senator Sessions: Thank you, Mr. Chairman. And I  
4 thank all of our witnesses.

5 And, Mr. Stackley, we are glad to have you with us. I  
6 think the country is blessed to have someone with your  
7 experience in this work and your integrity.

8 I want to focus on the LCS, littoral combat ship. The  
9 way I look at the numbers, our Navy procurement plan in  
10 2016 was for 48 ships, for 2017 it was 38 ships over 5  
11 years to be procured, and that is a fundamental reduction  
12 of the 10 ships from the LCS, a rather dramatic change, one  
13 of the most dramatic changes in shipbuilding I have seen in  
14 a number of years here in the Congress. So I think we need  
15 to talk about that.

16 Admiral Mulloy, the 52 LCS ships that were Navy  
17 requirements, a requirement is done through a formal  
18 process, is it not?

19 Admiral Mulloy: Yes, sir. It is done through that  
20 process, the force structure assessment, as we look at the  
21 needs of the commanders of the Navy around the world.

22 Senator Sessions: And as a result of -- and that  
23 requirement has never been altered by the Navy?

24 Admiral Mulloy: No, sir. That number is still 52.  
25 We will go and probably verify it, but I do not see that

1 number changing as we work through our next force structure  
2 assessment.

3 Senator Sessions: And, Secretary Stackley, Secretary  
4 Hagel wanted a more combat-oriented ship, and he made an  
5 evaluation and decided to use an up-armored -- as might  
6 call it -- LCS, and that would be 52 ships, but 20 of them  
7 would be classified as frigates, is that correct?

8 Mr. Stackley: That is correct. We were specifically  
9 tasked with coming up with an alternative that would be  
10 more lethal, more survivable, and that at least 20 of the  
11 52 small service combatants would be this frigate-type  
12 ship.

13 Senator Sessions: And that was the recommendation  
14 that was made to Secretary Carter from the Navy to maintain  
15 the 50 ships with 20 frigates when he made his decision to  
16 reduce the number from 52 to 40.

17 Mr. Stackley: The way I would describe it was we  
18 spent the prior year, the 2016 -- as we built the 2016  
19 budget, going through our requirements review, effectively  
20 an analysis of alternatives arriving at the frigate design,  
21 and we carried that exact plan into our 2017 budget. So  
22 the 2017 budget that the Navy built included 32 LCSs, 20  
23 frigates, and the frigate would start in 2019.

24 Senator Sessions: And you wrestled with that and you  
25 made your priorities on the amount of money you had, and



1 you still recommended that the LCS be a total of 50, but  
2 the Secretary decided otherwise?

3 Mr. Stackley: Well, I would say that our requirement  
4 for 52 small service combatants was unchanged. Our budget,  
5 as we built it for 2017, supported the 52 plan just as it  
6 was presented in 2016 to Congress. And then with the  
7 reductions to the budget, in the budget process the final  
8 decision was made that we would truncate the program to 40  
9 and effectively reduce the rate at which we procure the  
10 LCSs in the Future Years Defense plan.

11 Senator Sessions: Well, if you go to a -- so the plan  
12 calls for a down-select to one shipyard, in effect a  
13 closing of the other shipyard, is that correct?

14 Mr. Stackley: Yes, sir. The profile that has come  
15 across in the budget, it is insufficient to support two  
16 builders, and that would drive a down-select decision.

17 Senator Sessions: You know, Marinette, Wisconsin, and  
18 the shipyard in Alabama, I assume, are similar. There are  
19 4,000 people working at this shipyard in Alabama producing  
20 a fabulous new ship, I think.

21 With regard to the capabilities of the ship, is it not  
22 true that essentially the framework -- the ship itself is  
23 performing well?

24 Mr. Stackley: Yes, sir. The ship has been performing  
25 well.

1           Senator Sessions: And there have been -- we heard  
2 mentioned a little earlier some of the packages that had  
3 some difficulties, but it is really not as bad as some have  
4 suggested with the packages. But the difficulties you have  
5 had do not question the viability of the ship itself, do  
6 they?

7           Mr. Stackley: No, sir. I would characterize the  
8 packages -- we have three mission packages today. What is  
9 referred to the anti-surface warfare mission package, that  
10 is what is deployed today on USS Fort Worth over in the  
11 Western Pacific. There are future increments. We will  
12 continue to upgrade the mission package with missile  
13 systems as we complete those developments.

14           There is an antisubmarine warfare mission package that  
15 I will describe as the best ASW capability that we will  
16 have afloat. It is a combination of what is referred to as  
17 variable depth sonar plus a towed array sonar that its  
18 performance and developmental testing has been unlike  
19 anything else that we have afloat today. And we look  
20 forward to completing that and going through the  
21 operational testing per plan in 2018.

22           The mine countermeasure mission package is the one  
23 that has garnered the most attention. In 2015 we did  
24 technical evaluation of the mine countermeasure mission  
25 package. In fact, in four series of runs about 3 weeks

1 each, we demonstrated the system's ability to meet our  
2 overarching requirement for detecting, identifying, and  
3 clearing mines.

4 The one part of the system, however, referred to as  
5 remote multi-mission vehicle, the one part of the system  
6 that did not meet its reliability requirements, we canceled  
7 that in order to move forward with other alternatives that  
8 promise to be able to perform that function in a more  
9 affordable fashion.

10 Senator Sessions: Well, thank you. I think you do  
11 well. I think you manage toughly. You are not satisfied  
12 with that one aspect, and you are demanding it be fixed.  
13 But I do think it is fair to say, do you not, that the ship  
14 is performing well, all the bugs are out, and it is  
15 performing at the level that you would hope it to perform  
16 at?

17 Mr. Stackley: Both platforms have completed what they  
18 refer to as our initial operational capability meeting our  
19 requirements.

20 Senator Sessions: My time is up, Mr. Chairman.

21 Senator Wicker: Thank you, Senator Sessions.

22 Let me just ask Vice Admiral Mulloy. Did you earlier  
23 say that in going from 52 to 40 of these LCSs there would  
24 be a substantial delay in our ability to respond? Did you  
25 make that statement?

1           Admiral Mulloy: I was talking about the total size,  
2 but part of it revolved around this --

3           Senator Wicker: To what extent -- could you sort of  
4 give us an example there?

5           Admiral Mulloy: The actual specifics we can bring  
6 over in a classified discussion, but it was involved as the  
7 ships are deployed and then respond to an area -- let us  
8 say the central area commander has a need for suddenly a  
9 flow of Navy, some country in his area may be doing  
10 something, he would then use the ships he has and then have  
11 a flow of ships from the United States. The same would  
12 happen in the Pacific.

13           Well, when you have only 40, not 52, you have fewer  
14 ships than America to flow. You have to take more from  
15 areas where you are worried about another country now. So  
16 that is essentially the risk we are taking is tradeoffs  
17 between our combatant commanders because they have no  
18 longer the force back in the United States to flow forward  
19 that we have to then start making trades in areas -- what I  
20 would then call you have an emergent competitor or someone  
21 who is taking advantage of a situation, which happens in  
22 the world. That is when I talk about the flow of risk.

23           Also, in any major event, we would have to then -- if  
24 we do not keep our Navy at 308 and keep growing, we worry  
25 about the entire force. But LCS is part of that, sir.

1           Senator Wicker: Delays that affect security and the  
2 level of risk we are prepared to take?

3           Admiral Mulloy: Yes, sir. It would be days of delay  
4 of the ships arriving and then also the risk of the ships  
5 would not be in the other theater where they might be. So  
6 it is a combination of -- and the actual specifics we could  
7 come back over and see you and your staff with some  
8 classified analysis on the risk taken. That was part of  
9 this calculus, and the decision was some risk -- you know,  
10 as people have talked about, the combatant commanders would  
11 like to have a 450-ship Navy and they would like to have 50  
12 amphibs.

13           Everyone takes some risk. This is one area that was  
14 drilled down in the fall that was determined was this is a  
15 risk that we thought the Navy would be able to take to be  
16 able to spend the weapons on aircraft for other areas.

17           Senator Wicker: Thank you.

18           Senator King?

19           Senator King: Thank you, Mr. Chairman.

20           A couple of preliminary comments: First, I just heard  
21 on the way over that the Navy has made a decision to name  
22 the DDG-120 the Senator Carl Levin, which I compliment.  
23 That is a wonderful decision and certainly will look  
24 forward to participating in the commissioning of that ship.  
25 I just think that is great news.

1           Secondly, I think it is important in this discussion  
2 about budget to put it into some kind of context. We often  
3 hear about the size of our defense budget and it is very  
4 large relative to the discretionary budget. The reality is  
5 defense spending as a percentage of GDP is the lowest today  
6 that it has been in 70 years, the lowest today that it has  
7 been in 70 years.

8           And going back just -- I have some data going back to  
9 the '60s. Defense spending as a percentage of GDP was  
10 about 8.6 percent in the '60s. It fell to 5.2 percent in  
11 the early '90s. Today, it is 3.3 percent. And yet we are  
12 now being bound by numbers derived 5 years ago in the  
13 summer of 2011 before Syria, before ISIS, before Russia's  
14 incursion into the Ukraine, before Russia's militarization  
15 of the Arctic, before the rise of the danger of cyber  
16 attacks, before China's military modernization, before  
17 North Korea's nuclear capabilities.

18           All of those things have happened since we locked  
19 ourselves into a number that we are now trying to squeeze  
20 all of our response to these threats in the context of this  
21 lowest percentage of GDP for defense spending in 70 years.  
22 I just think we need some fundamental rethinking of what we  
23 are trying to do here and the threats we are trying to  
24 meet.

25           Jim Clapper said that it is the most complex and

1 dangerous world he has seen in 50 years, and yet we are  
2 still trying to budget and work within a constraint that  
3 was defined in the summer of 2011 before all those other  
4 things happened.

5 So, Mr. Chairman, I think we have got to really start  
6 to make the case here in the Congress and to the people of  
7 America that we are not fully meeting our fundamental  
8 responsibility in the preamble of the Constitution to  
9 provide for the common defense.

10 If you can find a question in there, you are welcome  
11 to.

12 [Laughter.]

13 Mr. Stackley: Well, can I make a comment?

14 Senator King: Yes, please. This is a shipbuilding  
15 hearing. The defense budget, 3.3 percent of the gross  
16 domestic product, shipbuilding is about 3.3 percent of the  
17 defense budget. And so we are talking about a small  
18 percentage of a small percentage.

19 Mr. Stackley: That is right. So that is one of the  
20 things that we try to keep before everybody is we are  
21 talking about force structure, the size of the Navy, the  
22 mission of the Navy, and the tax or the burden that places  
23 on the overall economy, it is a small, small portion of the  
24 overall economy, and yet it has a big impact in terms of  
25 national security.

1           Senator King: And yet when we are going to need it,  
2 we are going to really need it, and if it is not there, we  
3 are going to suffer the consequences.

4           You mentioned, Secretary Stackley, in your remarks the  
5 importance of the DDG program. I mentioned the Carl Levin.  
6 The additional DDG that was partially funded in the prior  
7 year, where do we stand on that? What needs to happen in  
8 order to award that ship and move that forward?

9           Mr. Stackley: Yes, sir. First, I appreciate the  
10 significant add in 2016. It was not just the \$1 billion  
11 towards the additional destroyer but also incremental  
12 funding authority. Now, that add came across the line  
13 after we were done our 2017 budget. So today, we have no  
14 funding in the 2017 budget to complete the ship.

15           We have included it on our unfunded priorities list  
16 the balance of funding that would be required, \$433  
17 million. And we are proceeding with planning, and we have  
18 modified our acquisition strategy to account for the  
19 additional destroyer.

20           But absent Congress addressing that unfunded priority,  
21 then we are tied to the 2018 budget process, and we will  
22 have to -- we are just at the front end of that budget  
23 process.

24           So we are moving forward with the intent of executing  
25 on the 2016 schedule, but we are doing that absent the



1 balance of funding required to complete the ship. So  
2 between your action in '17 and our deliberations in '18, we  
3 need to get it the rest of the way there.

4 Senator King: Thank you. Next year is the year that  
5 you would normally address the multiyear procurement.

6 Would there be any advantages to authorizing the multiyear  
7 to start in '18 to start in this budget, in the '17 budget  
8 rather than waiting until '18.

9 Mr. Stackley: There is always a benefit in terms of  
10 certainty because what we are in the process of doing is we  
11 are putting together all of the analysis in terms of the  
12 benefits, the substantial savings that are going to be  
13 required associated with the multiyear. And as we do that,  
14 it leaves a degree of uncertainty in terms of planning on  
15 the part of the shipbuilders in terms of the vendor base.  
16 And so if in fact we had authorization at this point in  
17 time, we can press on, focused on the execution and  
18 capturing the savings as opposed to the analysis preceding  
19 that effort.

20 Senator King: And of course a multiyear is always  
21 going to be better for the taxpayer than one at a time.

22 Mr. Stackley: The DDG-51 program has been inside of a  
23 multiyear since 1998, and this again goes back to the  
24 chairman's initial comments regarding stability for  
25 shipbuilding. The stability that the multiyear brings not

1 just for the shipbuilders but throughout the vendor base,  
2 we have been able to capture no less than that 10 percent  
3 target that we have for savings in shipbuilding. So we  
4 have done it on the DDG-51 program, we have done it with  
5 the Virginia program, and we have effectively done it on  
6 the LCS program with the block buy approach.

7 Senator King: Thank you. Thank you very much,  
8 gentlemen. Thank you, Mr. Chairman.

9 Senator Wicker: Secretary Stackley, get back to us on  
10 the record about where that percentage of the total defense  
11 budget shipbuilding has been, where it has been  
12 historically. That might be helpful to us. So if you will  
13 supply that to us on the record --

14 Mr. Stackley: Yes, sir.

15 Senator Wicker: -- I would appreciate that.

16 [The information referred to follows:]

17 [SUBCOMMITTEE INSERT]

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1           Senator Wicker:  Also, Senator King, thank you for  
2   that pleasant news item about the Carl Levin.  I think you  
3   saw heads nodding on both sides of the table.  Senator  
4   Levin is a distinguished and thoughtful American statesman  
5   and was as evenhanded a chairman as I have ever served with  
6   in my 21 years in the House and Senate, so that is  
7   excellent news.

8           Senator Ayotte?

9           Senator Ayotte:  Thank you, Chairman.

10          Let me just add my congratulations to Senator Levin,  
11   who, as a new member on this committee, I just enjoyed his  
12   leadership and well he treated all of us and how well he  
13   handled his position.  So I cannot think of a better person  
14   to name this ship after, so it is great.

15          I wanted to follow up, Admiral Mulloy, on -- you were  
16   talking about the requirements overall for the size of our  
17   fleet.  Well, one of the issues that I am concerned about  
18   as we look at all the threats that we are facing and all  
19   the challenges that were certainly outlined well by Senator  
20   King is the Navy's requirement for the attack submarine  
21   fleet was actually established, as I understanding it in --  
22   I think it was around 2006.

23          And given all the things that have changed since 2006  
24   and the challenges that we face and in particular obviously  
25   even in the Asia-Pacific region, is the Navy going to

1 undertake establishing a new requirement for the attack  
2 submarine fleet as well? We already know that 50 to 60  
3 percent of our combatant commanders' requests for the  
4 attack submarines is not being met.

5 Admiral Mulloy: Yes, ma'am. As part of that force  
6 structure assessment, there are actually nine analyses of  
7 carriers, large-surface combatants, and one of those is  
8 SSNs and SSBNs as well. And clearly, the number is 48. It  
9 has been since the 2006 study. Unfortunately -- and we are  
10 slightly above it right now. But based upon the  
11 decommissioning rate of the 688 class submarines, we built  
12 them at four or five a year with the tremendous support of  
13 Congress back in the '80s. We will go down to a number of  
14 41 in 2029, and we will stay below 48 for over 10 more  
15 years.

16 So it is important to execute that multiyear, and one  
17 item that we have been asked by the House Armed Services  
18 Committee and we are looking at now in next year's budget  
19 is in FY '21 we go to one Virginia because we start the  
20 first Ohio replacement.

21 Senator Ayotte: You are reading my mind.

22 Admiral Mulloy: Yes, ma'am.

23 Senator Ayotte: I love this.

24 Admiral Mulloy: That is clearly -- we are now looking  
25 at what are the advantages that would come from the

1 authorization of more of those ships and that multiyear.  
2 Could we get further savings out of the hulls? We will  
3 have to come back next year. But clearly, the first  
4 submarine that fills in that divot is buying the '21  
5 submarine.

6 Mr. Stackley had commissioned a group and he will  
7 probably be able to talk more about it, the Submarine  
8 Unified Build Strategy that looked at Virginia class,  
9 Virginia payload, and Ohio replacement, and we think we  
10 would be able to do that.

11 Senator Ayotte: Well, Secretary Stackley, I would  
12 certainly love your comment on that of what Admiral Mulloy  
13 just said because this is also something that has been  
14 raised by -- both the chief and the vice chief have  
15 expressed a real interest in not going down to one Virginia  
16 class submarine in 2021 and our ability to keep it at two.  
17 Even with two, you know, we have a gap, but with one, it is  
18 just -- it is not sensible.

19 Mr. Stackley: Yes, ma'am. We have been building two  
20 submarines a year since 2011, and this year is actually the  
21 first year we start delivering it two per year. So we have  
22 got stability in the line. Admiral Mulloy referred to the  
23 Submarine Unified Build Strategy. 'Twenty-one is a  
24 challenge year because of the high replacement.

25 We have spent a lot of time this past year working

1 with industry taking a look at how can we best build the  
2 Ohio Replacement Program so that we can leverage the best  
3 of our two submarine builders, Electric Boat and Newport  
4 News. And as we worked through that, what we are  
5 uncovering is opportunity and capacity across the two  
6 builders.

7 So one of the challenges was capacity and imposing  
8 potential risk on the Ohio replacement. We think we have  
9 the capacity to address that. A second challenge is design  
10 associated with the Ohio replacement. We have that on  
11 track today. A third challenge then becomes cost, and so  
12 as we look at building the Virginia multiyear and as we  
13 look at driving down costs, frankly, in the Ohio  
14 Replacement Program, we are finding more opportunities.

15 So we are working. This is a top priority in our 2018  
16 budget build to be able to come back and fill in that 2021  
17 submarine. Because of all the decisions going forward to  
18 mitigate the shortfall that Admiral Mulloy described, that  
19 boat is the first and best mitigation effort that we can  
20 have.

21 So it is a priority. We think we have tools available  
22 to address it as opposed to just bringing it back to large  
23 build and a lot of risk associated with it, and we look  
24 forward to continuing to work with you all in the course of  
25 this year and with next year's budget to do so.

1           Senator Ayotte: Well, I think that is excellent, and  
2 I look forward to working with you both on that issue.

3           I had one final question for Admiral Mulloy and  
4 General Walsh. Russia has provided advanced anti-craft and  
5 anti-ship systems to Syria that pose a challenge to our  
6 most sophisticated ships and aircraft, as well as partners  
7 in the region like Israel. How has the deployment of  
8 advanced Russian systems like the S400 anti-aircraft and  
9 the P800 Yakhont anti-ship cruise missiles changed how U.S.  
10 naval forces are operating in and around Syria? General?

11          General Walsh: Senator Ayotte, I do not know if I  
12 could specifically say. I will defer to Admiral Mulloy in  
13 how the ships, the fleet is operating right now around  
14 Syria. But I will tell you that one of the things the CNO  
15 and the commandant has us looking at -- one of the other  
16 things I do, I co-chair the Naval Board, and one of the  
17 things they asked us to do is look at how we would operate  
18 in a contested environment. So with Naval Development  
19 Warfare Center and Combat Development and Integration down  
20 in Quantico, we are working together on writing a concept  
21 for littoral operations in a contested environment, which  
22 takes into all -- across all the globe places we would look  
23 at. One of the areas is the scenario you just talked  
24 about.

25          And as we look at that, how those type of threats

1 would affect fleet operations, specifically how we would  
2 conduct, whether it is a noncombatant evacuation or it  
3 would be high-end conflict and how those threats, we have  
4 to deal with that.

5       What we are definitely seeing is those threats impact  
6 us, and we are going to have to work much closer and  
7 integrate with the rest of the battle force, that the  
8 amphibious ready group is certainly not going to have all  
9 the capabilities to be able to operate independently and is  
10 going to need the rest of the battle force to integrate and  
11 operate closely and work together with the high-end threats  
12 that the cruisers, destroyers bring, the carriers bring,  
13 along with the submarine force.

14       Admiral Mulloy: Yes, ma'am. A lot of the specifics  
15 would be very classified. We can come back in a separate  
16 session.

17       Senator Ayotte: Sure.

18       Admiral Mulloy: What I can tell you is that items  
19 such as the decoys you have on board, we have done --  
20 above-threshold reprogramming is a great support from your  
21 committee to fund next-gen jammers. So the focus the fleet  
22 has to put on is ranges and distance to the coast, where we  
23 have to be for our operations, and then the level of the  
24 ships you bring. If you have an E-2D, the Advanced Hawkeye  
25 airplane, that has the ability to link up with our cruisers



1 to block 9, if that is the force you have, you can be  
2 closer or be able to survive. Other times, you have to be  
3 farther away.

4 So it is combination we call CONOPS, the ability to  
5 operate, and then the equipment you bring. But the more  
6 modern that we can bring in terms of the better airplanes,  
7 more advanced AEGIS, a ship can look up for missiles and  
8 look close at water for missiles -- I know there is a  
9 modern ability to search both areas -- one ship can defend  
10 itself and others around it better.

11 So it is a combination technology and operations, but  
12 it clearly, as I said, was at the very beginning operations  
13 in the eastern Med, the Black Sea near Russia are as much  
14 of a threat as they are being operated near the China  
15 coast. Both can bring tremendous change. We need to look  
16 at, once again, the modernization we talked about to get  
17 the advanced electronics, as well as the weapons to deal  
18 with it.

19 Senator Ayotte: Thank you.

20 Mr. Stackley: Can I exhaust the topic a little bit  
21 here?

22 Senator Ayotte: Chairman's permission.

23 Senator Wicker: Absolutely.

24 Mr. Stackley: We have gone forward with deploying  
25 four AEGIS destroyers to the Mediterranean in part dealing

1 with the phased adaptive approach for ballistic missile  
2 defense for Europe.

3 In doing that, we sent over our more advanced  
4 baselines to have basically the ability to deal with both  
5 the ballistic missile threat but also the AAW threat. As  
6 these other threats emerged, we basically prosecuted, you  
7 know, I will call it rapid deployment of capabilities. We  
8 went to a naval research lab and we brought their best and  
9 brightest, and within a cycle of a year were able to  
10 develop a thing called the Transportable Electronic Warfare  
11 Module to specifically deal with the threat that you  
12 described.

13 And then this past year, we followed up with  
14 installing and testing overseas what is referred to as  
15 C-RAM, which is a combination of a close-in weapon system  
16 and the rolling airframe missile.

17 So we have been able to put electronic warfare, as  
18 well as self-defense capabilities on these advanced  
19 destroyers, four deployed in the Mediterranean in response  
20 to these threats as they emerge. This type of turnaround  
21 as the threat emerges, frankly, what we need to be doing  
22 every day, every day.

23 Senator Ayotte: Absolutely. Thank you for the  
24 information on that. And, you know, Russia said it was  
25 being so helpful in Syria. I think we know the truth.

1 Thanks.

2 Senator Wicker: Thank you, Senator Ayotte.

3 Senator Blumenthal?

4 Senator Blumenthal: Thank you, Mr. Chairman. Thank  
5 you all for your service.

6 And I want to focus on the Ohio Replacement Program,  
7 which you have identified as the Navy's top priority with  
8 the lead delivery plan for 2028, I believe. Considering  
9 that around that time there will be a shortfall or a fall  
10 below the desired 48 minimum boat level for the Virginia  
11 class reaching the low point of 41 boats in 2029, I would  
12 expect that you were planning to produce essentially three  
13 boats a year for some period of time after 2020 because the  
14 Virginia class will have to continue with two boats a year  
15 and you will have to be building the Ohio Replacement  
16 Program. Is that expectation correct?

17 Mr. Stackley: Not yet. What you have described is  
18 the problem because we need both. First, our top priority  
19 is Ohio replacement, and that is scheduled for her delivery  
20 and her patrol in 2031 is chiseled in stone. So everything  
21 that we are doing on the program and things around the  
22 program are to support that schedule. And frankly, what we  
23 need to be doing now is we need to be moving left, building  
24 margin back in that schedule because it is as tight as it  
25 is.

1           Now, in doing that, what we have heard is a long-range  
2 shipbuilding plan, a 30-year plan. It proposes that we  
3 build two submarines per year for the next 30 years, but  
4 those two submarines are going to be -- in years where you  
5 have an Ohio replacement, it would just be one Virginia.  
6 And that is a fiscal issue, and it is a capacity issue.  
7 And I discussed earlier what we are doing to address the  
8 capacity issue. But it still remains a budget issue  
9 largely because of the significant cost associated with the  
10 Ohio Replacement Program. So the first boat is just  
11 entering this Future Years Defense plan in 2021.

12           What we have been describing and we are being very  
13 clear about this is if we have to build out the Ohio  
14 replacement on the back of our current shipbuilding total  
15 obligation authority, our shipbuilding budget, if we do not  
16 get relief, then we are going to be a very different Navy  
17 in the late 2020s and 2030s.

18           Senator Blumenthal: So essentially, what I hear you  
19 saying is that \$100 billion, which is the cost of the Ohio  
20 Replacement Program, somehow has to be addressed, that  
21 significant challenge. But at the same time, will the  
22 program for the Virginia class lead to replenishment of the  
23 shortfall that is anticipated when the number drops from 48  
24 to 41?

25           Mr. Stackley: Yes, sir. So today, we are first

1 focused on the year 2021. That is the first year when  
2 Virginia drops down from two to one boat. And we will  
3 spend this budget cycle coming to grips with what it will  
4 take to keep Virginia up to two per year. And we are  
5 making that -- as I described earlier, we are making that a  
6 priority in our budget build.

7 So in the near term we are going to address 2021. The  
8 next year that we drop down to one Virginia is 2014. Our  
9 success in being able to sustain two Virginias through the  
10 Ohio Replacement Program cycle is going to depend on our  
11 success in getting two in '21, that first year, and  
12 executing it, and then our success in getting some relief,  
13 some help in terms of financing the Ohio replacement during  
14 the 15-year period of that program.

15 Senator Blumenthal: And what you are describing is  
16 the financing challenge, not the capacity challenge?  
17 Because I am assuming that the capacity challenge can be  
18 addressed. That is a shipbuilding challenge that Electric  
19 Boat and Newport News are going to have to address, and I  
20 am of the view -- it may be overly optimistic -- that they  
21 are up to that task. They can address it. They can do it.  
22 So really what you are posing to us is the financing  
23 challenge.

24 Mr. Stackley: Yes, sir. The challenge on the  
25 shipbuilder side -- that is the Navy and that is industry

1 -- to ensure that that ramp, because it is a tough ramp,  
2 that we climb that ramp smartly. And it is also bouncing  
3 across the two boat builders because there is significant  
4 capacity available across the two. What we need to do is  
5 balance that capacity with the risk and separately address  
6 the funding requirements.

7 Senator Blumenthal: But you would agree with me,  
8 considering you acknowledge it in your testimony, that the  
9 shipbuilding program for submarines has operated on budget,  
10 on schedule, perhaps even under budget, ahead of schedule,  
11 that so far the capacity would seem to be available? But  
12 the important point, I think, that is raised here is that  
13 your plan is to continue building two Virginia classes  
14 through 2021, you need to do it through 2024, the lead  
15 delivery is going to be 2028, and you need to develop a  
16 financing plan very soon to meet, in effect, those two  
17 programs?

18 Mr. Stackley: Yes, sir. We have got to nail down  
19 what it is going to cost to add a second Virginia in 2012.  
20 In POM '18 we have got to come to grips with that funding  
21 requirement because it is going to come out of somewhere  
22 else. And in terms of the capacity issue, I agree with  
23 exactly the way you described it.

24 Senator Blumenthal: Thank you. Thank you,  
25 Mr. Chairman.

1           Senator Wicker:  So there is not a capacity problem;  
2  it is just a financing problem.  In that respect you are  
3  agreeing with Senator Blumenthal?

4           Mr. Stackley:  I am agreeing that we have to manage  
5  the growth that is going to be required because we are  
6  going to double the amount of submarine work.  That is  
7  significant growth.  And we are going to have to manage  
8  that.  But when we talk about maintaining two Virginias per  
9  year, once we get up on that plateau, we are there.  Then  
10 we have to sustain it.

11           So the near years is going to be growing our submarine  
12 workforce to go with the increased volume of work that will  
13 be required, and we are set about managing that across our  
14 two boat builders.  That is our responsibility.

15           And then there is a funding challenge associated with  
16 adding that second Virginia in 2021, and we are working  
17 that in POM '18.

18           Senator Wicker:  Okay.  And, Mr. Clerk, we are going  
19 to take a second round, so you can start my clock.

20           But following up on the Ohio class, and I am sorry  
21 Senator Blumenthal has to leave, but I think you told him  
22 if we do not find an innovative way to pay for the Ohio  
23 class, the Navy is going to look far different.  Did you  
24 say words to that effect?

25           Mr. Stackley:  Yes, sir.

1           Senator Wicker: Okay. And so could you elaborate on  
2 that? And instead of 308 ships, what does that do to that  
3 number? And what did you mean specifically?

4           Mr. Stackley: Yes, sir. In our long-range  
5 shipbuilding plan, we lay out the ships that we need to  
6 procure, the period that we need to procure them, and we  
7 also described the funding that will be required to do  
8 that. And in the period of the Ohio Replacement Program  
9 starting about 2021 until about 2035, that 15-year period,  
10 there is \$100 billion of additional procurement required  
11 for that program.

12           So today, when you look across the '17 FYDP, the  
13 average funding for new construction is about \$16.5 billion  
14 per year. That is about on average. That has to go up to  
15 north of \$20 billion per year to support the Ohio  
16 replacement over that period of time.

17           If the Navy is going to have fund that within our  
18 notional shipbuilding budget, then that is going to put  
19 pressure on all of our procurement accounts. And we will  
20 look --

21           Senator Wicker: Pressure is a euphemism.

22           Mr. Stackley: Yes, sir.

23           Senator Wicker: So what is your suggestion, sir?

24           Mr. Stackley: Well, in this FYDP, in the budget that  
25 we have submitted to Congress, we have been working with



1 OMB to get that type relief. And in 2021, first, we have  
2 proposed to incrementally fund the first boat over 3 years  
3 so we do not have a huge spike associated with the first  
4 boat of the class. And the dollars in '21 with the lead  
5 boat is about \$3.6 billion in 2021. OMB has provided  
6 relief for about two-thirds of that. So in the first year  
7 of a 15-year procurement plan, we did receive relief. We  
8 have to continue to work this OMB and POM '18 and each year  
9 going forward.

10 Senator Wicker: All right. Okay. Well, are you  
11 finding that OMB acknowledges that this is something they  
12 are going to have to help you solve? Are you getting all  
13 the help you need at OMB?

14 Mr. Stackley: The first year was the easy year, and  
15 we have got two-thirds of our need.

16 Senator Wicker: Okay. Well, keep us posted.

17 I think I need to follow up on a couple things I  
18 mentioned in my statement that you still have not touched  
19 on. Which one of you wants to discuss the deviation from  
20 the 2/4/6 plan?

21 Admiral Mulloy: I can certainly talk about that, sir.

22 As Mr. Stackley pointed out in his opening remarks, to  
23 fund the Navy back to 2/4/6 would be about between 3.2 and  
24 \$3.4 billion I did not have in this FYDP. So as I looked  
25 at the money to then -- because those ships would then

1 require more crewing, more operations, and more maintenance  
2 faster.

3 I also then -- but my bigger issue as I laid out with  
4 the CNO and the Secretary of the Navy last summer is this  
5 idea of force structure size. We have 22 cruisers. If we  
6 operate all those cruisers to their end and in fact we  
7 execute 2/4/6, we actually cause block retirement. All the  
8 cruisers will retire in '35 and '36 and one more in '37.  
9 So effectively, a cruiser decommissioning rate of five per  
10 year, the same as the Burkes, rapidly, and the large-  
11 surface combatant numbers that we talk about in our FSA  
12 were over right now, we would be under and we would have a  
13 shortfall of large-surface combatants as deep and longer  
14 than the submarine shortfall we have right now.

15 So our cruiser plan allows us to continue to build the  
16 Flight III Burkes and start looking at where during this  
17 period of time when we are building the Ohio replacement  
18 not to be building three or four DDGs a year. Once again,  
19 the DDGs decommission at three to five a year, just like  
20 the SSNs did. They were all built in the '80s and early  
21 '90s. And so that is the conundrum in front of us.

22 As we looked at this force structure issue, that is as  
23 much -- it is a bigger problem but it is further away. I  
24 also look at the money problem nearby. The best way to  
25 keep effectively of these cruisers -- we have 11 battle

1 groups and I need one cruiser per battle group now. I put  
2 11 I operate now, the other 11 is I put then in phase  
3 modernization, I de-man down to a level, and then I bring  
4 them back. You know, as other ships retire, I am able to  
5 put that out there.

6 If an emergency happened in the world in 9 to 12  
7 months, I could bring those ships back, but if I burn them  
8 out and I get to '35, nothing will bring them back. I will  
9 have a permanent shortfall of ships. That is --

10 Senator Wicker: Did you voice these concerns last  
11 year?

12 Admiral Mulloy: Yes, sir, we did, and we got the  
13 2/4/6. I voiced the same concerns, but it is even more  
14 emphatic as I stated the force structure issues and came  
15 back again because we talked about the Virginia class.  
16 When we stop building 688s and we delayed starting Virginia  
17 and we delayed going to two a year, we made that bathtub.  
18 This is going to be the same thing again.

19 Senator Wicker: Senator Hirono?

20 Senator Hirono: Thank you.

21 There was some discussion about the mine  
22 countermeasure testing that we are doing. Secretary  
23 Stackley, can you describe the modified mine  
24 countermeasures program for the subcommittee a bit more and  
25 give us an estimate of what impact this restructuring has

1 on being able to provide LCS space mine countermeasures  
2 capability to the fleet? And when can we expect to get the  
3 initial operating capability of this module?

4 Mr. Stackley: Yes, ma'am. First, to briefly describe  
5 the module itself, the first thing you need to do is find  
6 the mines. And the workhorse for finding the mines is an  
7 unmanned vehicle, a remote multi-mission vehicle that tows  
8 a sensor. And the sensor is basically detecting the mines.

9 The technical evaluation that we performed last year  
10 demonstrated that we successfully found the mines and then  
11 followed up to classify the mines and destroy the mines at  
12 the rate that is required of the mission package. But in  
13 doing that, that remote multi-mission vehicle did not prove  
14 reliable enough for our purposes. The failure rate was not  
15 where it needs to be.

16 So we had a couple of choices. One is to proceed with  
17 building the new design that would improve the reliability.  
18 That would be about a 3-year program, and then to go back  
19 into testing. That had cost and uncertainty associated  
20 with it.

21 Second is to utilize a different unmanned vehicle  
22 called an unmanned surface vehicle that is currently being  
23 built and will be delivered this summer as a part of the  
24 mission package for the LCS.

25 What we are planning to do is rather than build the

1 upgraded design for the RMMV and 3 years later go back into  
2 testing, to utilize the unmanned surface vehicle that we  
3 get this year that has other functions and make it dual-  
4 purpose. And one of the purposes would be to tow the  
5 sensor.

6 So this summer we will get the unmanned surface  
7 vehicle, and we will proceed with demonstrating the ability  
8 of the surface vehicle to tow the sensor where the sensor  
9 has already proved its performance. Assuming success, that  
10 mission package would be ready for IOC in about the 2020  
11 time frame.

12 Now, in the meantime, we have 10 other remote multi-  
13 mission vehicles that are already built. What we plan to  
14 do is we plan to upgrade those with fixes for reliability  
15 to improve their reliability. It will not get up to the  
16 full level that we require, better than what was  
17 demonstrated in technical evaluation, and better than  
18 anything we have out there today, and have them deployable  
19 because the rest of the mission package around it is ready  
20 to go.

21 So it is not the long-term solution, but it is an  
22 interim solution using the RMMV. We expect the midterm  
23 solution to be the unmanned surface vehicle, which is  
24 already a part of the mission package. We believe the  
25 long-term vehicle is simply an unmanned underwater vehicle

1 that does not require a separate tow but in fact carries  
2 the sensor on the front end called the Knifefish. The  
3 Knifefish today is deploying. However, it does not have  
4 the endurance that we need.

5 So we have a short-term fix associated with the RMMV  
6 upgraded; midterm, unmanned surface vehicle; and what we  
7 are exploring for the longer term is simply a vehicle like  
8 the Knifefish, which works today, but getting the endurance  
9 that we need for the mission itself.

10 Senator Hirono: So all this is going to be taking  
11 place within a year or so?

12 Mr. Stackley: These are three --

13 Senator Hirono: All these different components that  
14 you are putting together?

15 Mr. Stackley: Yes, ma'am. These are three parallel  
16 efforts we expect that the mission package with the  
17 upgraded RMMVs would be ready for deployment in 2018. We  
18 expect that the mission package with the unmanned surface  
19 vehicle will be going through the formal IOT&E testing to  
20 support this operational capability in 2020. And during  
21 this time, we are already working with the Knifefish. This  
22 is not -- the endurance requirements that we are going to  
23 try to impose on the Knifefish are not as mature, and this  
24 is a longer-term vision that we are going to try to get to.

25 Senator Hirono: We will stay in touch with you on all

1 of that.

2 I did have one question regarding the Air and Missile  
3 Defense Radar that will be tested at PMRF on Kauai. Are  
4 you confident that the radar will be ready to install in  
5 one of the fiscal year '16 DDG-51 destroyers without  
6 causing any delays in that shipbuilding program?

7 Mr. Stackley: Yes, ma'am. The radar that we are  
8 sending out to PMRF that you referred to as an engineering  
9 development model radar, that is a production-  
10 representative radar. You will not see differences in  
11 terms of production of the radar that is going to PMRF and  
12 the radar that is ultimately going to the ship.

13 The radar has completed its critical design review  
14 last year. It is on track. The efforts today are the  
15 ship-integration portions of the design that we are  
16 working, and the ship critical design review is scheduled  
17 for November. So the radar, we have got a lot of testing  
18 to complete, but we have very high confidence in the  
19 radar's performance and its design.

20 The ship design, we do not see that as risk. We see  
21 that as a lot of work to complete leading up to its  
22 critical design review in November, which well supports the  
23 2016 construction schedule.

24 Senator Hirono: Thank you very much.

25 Senator Wicker: Senator King?

1           Senator King: Just some comments and questions about  
2 the Ohio bow wave. I call it the Ohio bulge. It is a  
3 bulge in the budget, and just some quick notes. It looks  
4 like it is about a 40 percent increase in the basic levels  
5 of \$16 billion a year, \$6 billion a year for 15 years. It  
6 seems to me that we and the Congress have to really be  
7 talking about this because -- and you are already thinking  
8 obviously very deeply about it talking to OMB, but if we do  
9 not deal with this and there is not a significant bump up  
10 in the shipbuilding budget, it is going to really decimate  
11 the remainder of the shipbuilding program during that  
12 period. There has to be a recognition that this is a sort  
13 of class-by-itself expenditure, is that correct?

14           Mr. Stackley: Yes, sir. And I think there is  
15 recognition that it is a class by itself, but that does not  
16 take away the challenge associated with funding it. But  
17 historically, going back to our first ballistic missile  
18 submarine referred to as 41 for Freedom, if you look at the  
19 Navy's budget and shipbuilding budget, in fact, they were  
20 increased during that period.

21           And the next instantiation was the Ohio itself. And  
22 if you look at our shipbuilding budget during that period  
23 of time, it also was increased --

24           Senator King: It was increased to accommodate that  
25 cost?



1           Mr. Stackley: Let us just say that cost was inside of  
2 the increases. That was the Reagan buildup as well, so  
3 there was a lot of increase during that period of time.  
4 But you would see significant increase in terms of our  
5 shipbuilding budget. And so when we look ahead at the Ohio  
6 replacement, if we do not likewise see that type of  
7 increase to our shipbuilding budget, then we will not be  
8 able to execute the long-range plan that we have laid  
9 before Congress that builds and sustains our 308-ship Navy.

10           Senator King: Yes. Good. Thank you.

11           Thank you, Mr. Chairman.

12           Senator Wicker: Thank you all. And without  
13 objection, we will leave the record open for questions for  
14 the record for 4 days. And thank you, gentlemen. I thank  
15 the members of the committee. I think it has been very  
16 helpful to us.

17           And the hearing will be closed.

18           [Whereupon, at 3:39 p.m., the hearing was adjourned.]

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