

Stenographic Transcript
Before the
Subcommittee on Seapower

COMMITTEE ON
ARMED SERVICES

UNITED STATES SENATE

NAVY SHIPBUILDING PROGRAMS

Wednesday, June 21, 2017

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1 HEARING TO RECEIVE TESTIMONY ON
2 NAVY SHIPBUILDING PROGRAMS
3 IN REVIEW OF THE DEFENSE AUTHORIZATION REQUEST
4 FOR FISCAL YEAR 2018 AND
5 THE FUTURE YEARS DEFENSE PROGRAM

6
7 Wednesday, June 21, 2017

8
9 U.S. Senate
10 Subcommittee on Seapower
11 Committee on Armed Services
12 Washington, D.C.

13
14 The subcommittee met, pursuant to notice, at 9:03 a.m.
15 in Room SR-232A, Russell Senate Office Building, Hon.
16 Roger F. Wicker, chairman of the subcommittee, presiding.

17 Committee Members Present: Senators Wicker
18 [presiding], Cotton, Rounds, Tillis, Sullivan, Hirono,
19 Shaheen, Blumenthal, Kaine, and King.

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

3 Senator Wicker: The Senate Armed Services Subcommittee
4 on Seapower convenes this morning to examine Navy
5 shipbuilding programs.

6 We welcome our three distinguished witnesses: Ms.
7 Allison F. Stiller, performing the duties of Assistant
8 Secretary of the Navy for Research, Development, and
9 Acquisition; Vice Admiral William K. Lescher, Deputy Chief
10 of Naval Operations for Integration of Capabilities and
11 Resources -- and that is a mouthful -- and Lieutenant
12 General Robert S. Walsh, Deputy Commandant for Combat
13 Development and Integration.

14 Our subcommittee is grateful to all of you for your
15 decades of service.

16 We are at a critical juncture for shipbuilding. We
17 currently have 276 ships in the fleet. In 2016, after
18 deliberation and consideration, the Navy increased its
19 requirement to 355 ships for the battle fleet, a figure that
20 is supported by a number of congressionally mandated future
21 fleet architecture studies. Admiral Richardson, the Chief
22 of Naval Operations, believes we need to reach the 355-ship
23 objective in the 2020s. Given the timelines for new ship
24 construction, such as the 5 years it takes to build a new
25 submarine, the Nation must commit to building a bigger Navy

1 now.

2 While I support the budget request focused on improving
3 readiness, I agree with the CNO that we must build more
4 ships at the same time. The Navy's fiscal year 2018 budget
5 request includes funding for eight new construction ships,
6 which is one less than the number procured in 2017.
7 Following the budget submission, the administration
8 announced a request for a second littoral combat ship, but
9 Congress has not received the formal documentation.

10 While the budget request is a good start, the
11 shipbuilding industrial base can support higher levels of
12 shipbuilding today. In fact, the CNO's white paper, "The
13 Future Navy," states that the industrial base could build 29
14 additional ships over the next 7 years, over and above those
15 that are already projected. Given sufficient and stable
16 funding, industry leaders told the subcommittee that their
17 shipyards are up to the task.

18 In addition to new ship construction, some naval
19 analysts have proposed increasing the size of the fleet
20 through reactivating ships, extending service life, and
21 other alternatives. The subcommittee will explore all
22 options.

23 The Nation has supported a major fleet expansion
24 before. During the Reagan era buildup, the Navy added 91
25 ships to the fleet in 8 years. This subcommittee wants to

1 help the Navy build a firm foundation in this year's
2 authorization bill to support a substantial buildup in the
3 near future.

4 There is no time to waste. Our real and potential
5 adversaries are out-competing the United States in this
6 area. Our maritime edge is eroding. If we fail, I believe
7 General Dunford's assessment will come to pass that within 5
8 years, we will lose our ability to project power, the basis
9 for how we defend the homeland, advance U.S. interests, and
10 meet our alliance commitments. These are the words of the
11 Chairman of the Joint Chiefs of Staff.

12 I would like to hear our witnesses' views on this
13 critical juncture and four other key issues.

14 First, industrial base vitality. The Navy must comply
15 with the law and submit its 30-year shipbuilding plan to
16 Congress. The strength of our shipbuilding industrial base
17 will determine the viability of the plan. Reaching the
18 Navy's 355-ship objective is not possible without the unique
19 skills, capabilities, and capacities inherent found in the
20 new construction shipyards, repair facilities, and among our
21 dedicated suppliers. The witnesses should describe the
22 budget request's effects on the shipbuilding industrial
23 base. The subcommittee would also like to hear about ways
24 in which Congress can help support the industrial base.

25 Second, best use of taxpayers' resources. The

1 subcommittee will conduct rigorous oversight of shipbuilding
2 programs to ensure the Navy is making the best use of
3 taxpayer dollars. Congress expects the Navy shipbuilding
4 programs to deliver promised capability on time and on
5 budget. Schedule delays and cost growth put additional
6 strain on the legacy platforms which these new ships will
7 replace. Specifically, I am interested in understanding why
8 the cost of the USS Enterprise, CVN-80, is more than \$1
9 billion greater than the previous aircraft carrier, USS
10 John F. Kennedy.

11 I also remain concerned that the key warfighting
12 capabilities of the LCS, including mine countermeasures and
13 antisubmarine warfare, have fallen years behind schedule and
14 remain unproven. The witnesses should address the Navy's
15 plan to pursue full and open competition in selecting a new
16 frigate with greater lethality and survivability.

17 Third, building the future force. This subcommittee
18 also has the duty to shape the future of our Navy. Each of
19 our surface combatant ships, cruisers, destroyers, and
20 littoral combat ships will begin retiring within the next 20
21 years. Now is the time to determine the requirements for
22 our future surface combatants, as well as the munitions they
23 will carry. Our main concern is that the Columbia class
24 submarine program, the second largest DOD acquisition
25 program, may stress our already constrained shipbuilding

1 budget. This is an important program, but we do need to
2 look at the strains it places on the budget.

3 And fourthly, amphibious ships. The Navy and Marine
4 Corps continue to serve as the linchpin of American force
5 projection around the globe. I am interested in ways we can
6 address the demand from our combatant commanders for
7 amphibious ships. The combatant commanders need more than
8 50 amphibious ships on a day-to-day operational basis, but
9 the current inventory includes only 31 amphibious ships.
10 The witnesses should discuss the Navy's ability to
11 accelerate procurement of the next amphibious assault ship
12 known as the LX(R).

13 So thank you to our witnesses and thank you to
14 interested Americans who are attending.

15 And I now recognize my good friend and ranking member,
16 Senator Hirono.

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

3 Senator Hirono: Thank you, Mr. Chairman.

4 I join the chairman in welcoming our witnesses this
5 morning.

6 Over the weekend, we all learned about the tragedy on
7 the USS Fitzgerald. Our thoughts are with the USS
8 Fitzgerald crew and the families of the seven sailors who
9 lost their lives in service to our country. These seven
10 young men represented diverse backgrounds but were united in
11 their service to our country. As we honor their lives, we
12 must also move forward to support their fellow sailors and
13 marines.

14 Over the past weeks, we have held a number of hearings
15 on the future of a number of Navy and Marine Corps programs.
16 Today's witnesses will also tell us about the balancing act
17 our military faces. On one hand, they need to support
18 ongoing operations and sustain readiness. On the other,
19 they need to modernize and keep the technological advantage
20 that is critical to military success, all of this under the
21 cloud of limits imposed by the Budget Control Act.

22 While that law necessarily raised the debt ceiling, it
23 also imposed draconian caps on defense and non-defense
24 programs and included sequestration. Sequestration, or
25 automatic, across-the-board cuts, was included as a worst

1 case scenario to motivate Congress. And the mindless cuts
2 to defense and non-defense programs brought by sequestration
3 were meant to be so bad that Congress would move forward or
4 would be forced to find an alternative way forward. We all
5 learned a lesson in 2013 when sequester was allowed to take
6 effect. In fact, some in our industrial base are still
7 working through the aftermath of that fiasco.

8 Yet, here we are 6 years later living under the caps
9 and in fear of sequestration and what it would do. Funding
10 for critical programs, both defense and non-defense, is not
11 an either/or proposition. We cannot enact the priorities
12 and programs discussed today until we lift the caps and
13 eliminate the fear of sequester.

14 I look forward to working with the chairman and other
15 committee members to balance the needs of our military with
16 critical domestic programs. It has been long enough and the
17 time for leadership is certainly now.

18 With that in mind, a continuing focus of this
19 subcommittee has been to see that we improve our acquisition
20 stewardship and thereby ensure that we are getting good
21 value for every shipbuilding dollar that we spend.

22 The big news this year is the increase in force
23 structure that was recommended by the Chief of Naval
24 Operations' most recent force structure assessment. The
25 Navy has not submitted a plan -- and the chairman has

1 mentioned this also -- for ramping to meet this new 355-ship
2 goal, but we hope to gain some insight into what reasonable
3 steps we could take now to help the Navy achieve this
4 increase.

5 Eventually we will need to increase attack submarines
6 and major surface combatants to much higher force levels.
7 The Navy was supposed to implement an engineering change
8 proposal for the DDG-51 destroyer program to include the air
9 and missile defense radar, or AMDR, on one of the ships in
10 the fiscal year 2016 shipbuilding program. To date, the
11 Navy has not signed a contract for that upgrade. We need to
12 assess why this has been delayed and whether the Navy and
13 contractors are making sufficient progress on the AMDR
14 program to award a new multiyear procurement program in
15 fiscal year 2018. I know that the Navy conducted what by
16 all accounts was successful testing of the AMDR system at
17 the Pacific Missile Range Facility, or PMRF, located on the
18 Island of Kauai. I hope we can hear from Secretary Stiller
19 on this important program as well.

20 I look forward to hearing your testimony this morning.

21 Thank you, Mr. Chairman.

22 Senator Wicker: Thank you, Senator Hirono.

23 Who would like to go first on the testimony? Ms.

24 Stiller?

25 Ms. Stiller: Yes, sir. I am going to give an opening

1 statement for the three of us.

2 Senator Wicker: Excellent.

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1 STATEMENT OF ALLISON F. STILLER, PERFORMING THE DUTIES
2 OF ASSISTANT SECRETARY OF THE NAVY FOR RESEARCH,
3 DEVELOPMENT, AND ACQUISITION; ACCOMPANIED BY: VICE ADMIRAL
4 WILLIAM K. LESCHER, USN, DEPUTY CHIEF OF NAVAL OPERATIONS
5 FOR INTEGRATION OF CAPABILITIES AND RESOURCES, N8;
6 LIEUTENANT GENERAL ROBERT S. WALSH, USMC, DEPUTY COMMANDANT
7 FOR COMBAT DEVELOPMENT AND INTEGRATION; COMMANDING GENERAL,
8 MARINE CORPS COMBAT DEVELOPMENT COMMAND; AND COMMANDER,
9 UNITED STATES MARINE FORCES STRATEGIC COMMAND

10 Ms. Stiller: Chairman Wicker, Ranking Member Hirono,
11 distinguished members of the subcommittee, thank you for the
12 opportunity to appear before you today to address the
13 Department of Navy's shipbuilding programs.

14 Each day we are mindful of our men and women in uniform
15 serving this great Nation, and we especially hold the USS
16 Fitzgerald's sailors and their families and friends in our
17 thoughts and prayers.

18 I am joined this morning by Lieutenant General Bob
19 Walsh, Deputy Commandant for Combat Development and
20 Integration, and Vice Admiral Bill Lescher, Deputy Chief of
21 Naval Operations for Integration of Capabilities and
22 Resources. I request that our written statement be included
23 in the record.

24 Senator Wicker: Without objection.

25 Ms. Stiller: Thank you.

1 On behalf of our Navy and Marine Corps, we want to
2 thank this subcommittee for your strong support in the
3 fiscal year 2017 defense authorization and appropriations
4 bills. Not only has Congress supported our request, but the
5 committee increased funding for many of our critical
6 programs. We are committed to making good on that
7 investment and to do so in the most fiscally responsible
8 manner possible to provide the ships, aircraft, vehicles,
9 and weapons that are needed for our men and women in uniform
10 to be successful.

11 We continue to leverage every tool available to drive
12 down costs. We have tightened requirements, maximized
13 competition, capitalized on multiyear and block buy
14 procurements, explored cross-program efficiencies, and
15 attacked our cost of doing business so that more of our
16 resources can be dedicated to the warfighting capability.

17 Global activities over the last year have made it clear
18 that security challenges are intensifying at an increasingly
19 rapid pace. To remain competitive, it is imperative that we
20 continuously adapt to the emerging security environment and
21 do so with a sense of urgency. This requires us to work
22 closely with Congress to return budget stability and
23 predictability to the Department, which necessitates
24 increasing defense caps under the Budget Control Act.

25 Our 2018 President's budget submission is governed by

1 SecDef's priorities to improve warfighting readiness by
2 addressing pressing programmatic shortfalls that have
3 accrued from 15 years of wartime operational tempo. The
4 budget maintains the operational effectiveness of our
5 current force while also building a bridge to growing the
6 future force starting in 2019.

7 Over the past year, 11 ships were delivered and an
8 additional 12 ships were christened. One of the ships
9 delivered this year was DDG-1000 USS Zumwalt, a truly
10 transformational platform. And just last month, CVN-78,
11 Gerald R. Ford, our newest aircraft carrier, was delivered
12 to our Navy. And this past Friday, we awarded the detail
13 design and construction contract for LHA-8 Bougainville.

14 Today there are 61 ships under contract and 44 are in
15 construction. These include aircraft carriers, submarines,
16 large surface combatants, small surface combatants,
17 amphibious ships, and auxiliary ships. The shipyards
18 constructing these vessels have a vast infrastructure of
19 suppliers supporting them, and we are mindful of this
20 industrial base as we build our budgets and recapitalize our
21 force.

22 I would like to briefly discuss a couple of items posed
23 by our budget request.

24 First, as mentioned, we have requested multiyear
25 procurement authority for the fiscal year 2018 to fiscal

1 year 2022 DDG-51 Flight III buy. We have a handshake
2 agreement with Huntington Ingalls Industries to introduce
3 the Flight III capability on their fiscal year 2017 ship,
4 the last of this current multiyear. And we are also
5 requesting multiyear procurement authority for the fiscal
6 year 2019 to fiscal year 2023 Virginia class, which will
7 introduce the Virginia payload module capability. In both
8 cases, the multiyear criteria laid out by Congress is met.

9 Second, we have made a couple of adjustments to our
10 5-year shipbuilding plan. We added a Virginia class
11 submarine in fiscal year 2021 and we deferred the start of
12 the frigate program from fiscal year 2019 to fiscal year
13 2020 while we revisit the ship's requirements. Our small
14 surface combatant requirement remains at 52 ships and we
15 desire to transition to the frigate as soon as possible.

16 The administration's supports funding a second LCS in
17 fiscal year 2018 and an amendment to the President's budget
18 is expected to be delivered to the Congress very soon.

19 We note that our shipbuilding plan beyond fiscal year
20 2018 may be adjusted in our PB-19 submission as a result of
21 the defense strategic review that we will complete later
22 this summer, consistent with SecDef's fiscal year 2019
23 priority to grow a larger and more lethal force.

24 In summary, the Navy's 2018 budget is focused on
25 improving the wholeness of our current forces. We greatly

1 appreciate this subcommittee's strong and consistent support
2 of your sailors and marines.

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

6 [The prepared statement of Ms. Stiller, General Walsh,
7 and Admiral Lescher follows:]

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1 Senator Wicker: Thank you, Ms. Stiller, and thank you
2 to our other witnesses.

3 Well, let me ask about the 355-ship requirement. I
4 jotted down some words that you used, which I think should
5 be instructive to the Congress and also to the public, Ms.
6 Stiller. You talked about the emerging security
7 environment, which is much more dangerous than it has been.
8 And you said that we must proceed with a sense of urgency.
9 As chairman of this subcommittee, I can tell you that I want
10 to help you proceed with that sense of urgency on a number
11 of these issues, including accelerating the 355-ship
12 buildup.

13 This has been asked a number of times in this
14 subcommittee, and so I want to make sure that we understand.
15 With regard to the requirement of 355 ships, that
16 requirement includes a requirement that those ships be fully
17 staffed with additional personnel. Is that correct?

18 Ms. Stiller: Yes, sir.

19 Senator Wicker: And that we have the capability of
20 having the aircraft that is required for that size fleet.

21 Ms. Stiller: Yes, sir.

22 Senator Wicker: And that you have the munitions that a
23 355-ship fleet with that particular mix -- with the
24 appropriate mix would need to get the job done.

25 Ms. Stiller: Yes, sir.

1 Senator Wicker: So it is not just building these
2 floating fortresses, but it is making them fully
3 operational. And the requirement is that we be able to have
4 all of that in a package that gets us up to 355. Is that
5 correct?

6 Ms. Stiller: Yes, sir.

7 Senator Wicker: What options is the Navy exploring --
8 and this is to any of you -- to grow the size of the fleet
9 more rapidly?

10 Admiral Lescher: Mr. Chairman, I will take a stab at
11 that.

12 So the Navy is looking at a very comprehensive approach
13 to accelerate the growth of the fleet that the CNO has
14 talked extensively about with a sense of urgency to bring a
15 broader capability, a more capable, more lethal Navy in the
16 2020s. One element of that is clearly new construction that
17 we have talked about and that is featured in the force
18 structure assessment, a very analytical look at the way we
19 have operated the force over a decade and a half of wartime
20 OPTEMPO, at the current security environment, and our
21 commitment to combatant commanders in terms of presence and
22 surgability.

23 Beyond that, the Navy is also looking at service life
24 extensions on existing platforms. So Vice Admiral Tom Moore
25 at NAVSEA, Naval Sea Systems Command, is leading an effort

1 right now and it shows some potential to extend service
2 lives both hull, mechanical, and electrical, as well as
3 combat systems in cruisers, destroyers, amphibs, logistic
4 force ships. And then we are also looking at reactivation
5 of ships. This is something that is an ongoing analysis
6 right now. We have to look very carefully at that because
7 the ships that have been decommissioned are older and have
8 older combat systems. And so we have to have a strong look
9 at the return on investment from that approach. But between
10 all those elements, a very comprehensive approach at
11 accelerating the growth to the 355-ship Navy.

12 Senator Wicker: When do you think you might have
13 something to us about whether reactivation is pragmatic and
14 doable?

15 Admiral Lescher: I will take that for the record and
16 talk to Admiral Moore and the team he is leading. I know
17 they are looking at that aggressively. I do not have a
18 sense for specifically when they will develop that insight.
19 So we will get back to you.

20 [The information follows:]

21 [SUBCOMMITTEE INSERT]

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1 Senator Wicker: Okay.

2 Now, we are going to have a 30-year shipbuilding plan,
3 which is required of the Navy. When is that coming? When
4 do you think that is coming, Ms. Stiller?

5 Ms. Stiller: Sir, we are staffing that 30-year
6 shipbuilding plan now. As you know, that has to be signed
7 out by the Secretary of Defense's Office.

8 Another nuance, just to make sure you are aware, is
9 that part of the language that requires submittal of the
10 plan also requires us to certify that the plan that we
11 submit is adequately funded. And so as we are looking at
12 today's FYDP, we do not see growth in the out-years at any
13 kind of rate. So the 355-ship plan would be addressed in a
14 future 30-year shipbuilding plan because this current budget
15 environment does not give us that assurance to be able to
16 certify.

17 Senator Wicker: I wanted the committee to fully
18 understand this. I am probably at first blush going to be a
19 little disappointed when I see this shipbuilding plan, but
20 it is not because the leadership of the Navy represented at
21 this table and on up, to include the top leadership of DOD,
22 does not believe in the 355-ship idea. It is because you
23 are constrained by the statute to put only a certain level
24 of shipbuilding on paper until we get the funding
25 straightened out.

1 Admiral Lescher: Yes, sir. I was going to say the law
2 stipulates that we certify in the 30-year shipbuilding plan
3 that it is funded in the program.

4 Senator Wicker: We are going to try to help you on
5 that.

6 Unless any of you have any follow-up on that, I will be
7 happy now to turn the questioning over to my good friend,
8 Ms. Hirono.

9 Senator Hirono: Thank you, Mr. Chairman.

10 Admiral Lescher, I just want to get clarification then.
11 The ways to get to the 355-ship number -- and you cited
12 three ways: new construction, extend service life of our
13 ships, and then to reactivate ships. Are there numbers
14 attached to these three ways that you intend to or you see
15 getting us to 355 ships?

16 Admiral Lescher: Ma'am, there are definitely numbers
17 attached to the new construction element, which is the force
18 structure assessment.

19 Senator Hirono: Yes.

20 Admiral Lescher: The examination of service life
21 extensions and how it can accelerate the path to 355 beyond
22 just what is available in the industrial base and
23 reactivations -- that is analysis that is going on right now
24 at Naval Sea Systems Command. So I do not have numbers
25 right now for you.

1 Senator Hirono: You were just talking about
2 reactivation or are they extending the life of our --

3 Admiral Lescher: For both. That is both ongoing work
4 right now.

5 Senator Hirono: So there will be an assessment of how
6 many ships can actually be brought back and how many can be
7 extended.

8 Admiral Lescher: Yes.

9 Senator Hirono: And when is the time frame for that
10 assessment?

11 Admiral Lescher: I will take that for the record and
12 talk to Admiral Moore and see what the time frame to
13 complete that analysis on both those pieces is.

14 [The information follows:]

15 [SUBCOMMITTEE INSERT]

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1 Senator Hirono: I wanted to ask you again -- well, not
2 again, Admiral Lescher. I and others on the SASC committee,
3 as well as on the subcommittee, have been very focused on
4 what we need to do in the Asia-Pacific area. And I would
5 like to ask you how are you incorporating the shift to the
6 Asia-Pacific as you consider expanding the fleet to deploy
7 the number of ships you need? And where are you intending
8 to base this larger fleet?

9 Admiral Lescher: So this broader approach of the
10 approach to the Asia-Pacific encompasses a number of
11 elements that I think in some respects you are tracking. In
12 terms of the actual number of ships that we are deploying --
13 you are familiar with the Navy commitment to have 60 percent
14 of the fleet in the Asia-Pacific or in the Pacific fleet by
15 2020. So that is going to grow the physical number of ships
16 on the order from 160 in fiscal year 2016 I believe to 176
17 in fiscal year 2020. The number of deployments will
18 increase as well.

19 Beyond that, the Navy is preferentially deploying our
20 newest capability to the Asia-Pacific. So whether it is P-
21 8, E-2D, F-35B, F-35C, MQ4 Trident, those newer capabilities
22 are going first to the Asia-Pacific region. And the same
23 thing applies for our ships as well. So whether it is
24 Zumwalt, DDG Flight III, the newest, most capable ships will
25 go to the Asia-Pacific.

1 So it is a combination of numbers. It is a combination
2 of capability, and then as you indicated, the infrastructure
3 to support that as well.

4 General Walsh might talk about some of the particular
5 work that is going in Guam as a hub of activity. And of
6 course, we have submarines forward deployed there as well.
7 And then the infrastructure required for this balance in
8 Hawaii and broader areas is part of ongoing investment. So
9 across all those elements.

10 Senator Hirono: When you are talking about
11 infrastructure, you are talking about the movement of a
12 number of our troops from Futenma to Guam and recycling
13 through Australia and eventually to Hawaii.

14 General Walsh, would you like to add something to this
15 discussion?

16 General Walsh: What I would add on just the amphibious
17 piece that Admiral Lescher talked about as part of this
18 growth as we increase the number of the size of the fleet
19 and we increase the size on the current growth path we are
20 on with the amphibious forces, the plan is to put a second
21 amphibious ready group in the Pacific. Currently the one
22 that we have right now is in Sasebo with the 31st MEU. So
23 that is part of that.

24 But any other further questions on the Guam relocation
25 -- we are continuing to execute that plan.

1 Senator Hirono: Thank you. Yes, we need to keep the
2 Futenma issue on track I would say.

3 I mentioned in my opening statement that the Navy had
4 been testing an engineering and development model of the air
5 and missile defense radar, AMDR, at PMRF. The Navy's
6 testing of AMDR was supposed to allow the Navy to award a
7 contract for an engineering change proposal last fall to
8 upgrade one of the fiscal year DDG-51 destroyers to a Flight
9 III configuration.

10 Secretary Stiller, could you give us an update on the
11 Navy's progress in signing a contract for the engineering
12 change? Why has there been a delay in signing this
13 engineering change proposal? And does this delay have any
14 implications for the Navy being ready to sign a multiyear
15 procurement contract in fiscal year 2018, and how many
16 DDG-51's could the industrial base handle in fiscal year
17 2018? So I hope you can remember all the series of
18 questions.

19 Ms. Stiller: If I do not, please remind me. But, yes,
20 ma'am, let me give you a status on Flight III.

21 From a ship design perspective, we are 86 percent
22 complete with the design to introduce Flight III to the
23 DDG-51. As I mentioned in my opening statement, we have a
24 handshake agreement with Ingalls to introduce that
25 engineering change proposal on their fiscal year 2017 ship.

1 We recently received a proposal from Bath Iron Works for
2 their ECP, and we are in negotiations with them. We have
3 also received a bid from them on their 16 ship as a Flight
4 IIA, and we are also asking them to also give us an ECP to
5 look at that as a Flight III.

6 But talking about the radar, the radar, as you
7 mentioned, is doing quite well. It is in testing. We have
8 been before the OSD Defense Acquisition Board and gotten
9 permission to proceed to buy the radars for those ships.
10 And we also are testing our Aegis combat system that will
11 marry up with that radar, and testing is going well.

12 All the way along, we have the radar folks, the
13 shipbuilding folks, the government folks, the combat systems
14 folks working together. So there is no mystery here.

15 But where we will be at start of construction with the
16 2018 multiyear, we are 100 percent complete with the design.
17 As I said, we are 86 percent complete today. We completed
18 our CDR back in November of 2016.

19 You asked me about number of ships in the multiyear.
20 Our request is 10. Certainly the industrial base can handle
21 more than two a year, but our request right now in our
22 budget constrained environment is for 10 in the multiyear.

23 I think that I got all your questions.

24 Senator Hirono: I think so. Thank you.

25 Senator Wicker: Thank you.

1 Senator Rounds?

2 Senator Rounds: Thank you, Mr. Chairman.

3 First, let me thank you all for your service to our
4 country.

5 Admiral Lescher, recently the proposed budget for 2018
6 requests the funding, if I am correct in my addition, of
7 eight additional ships based on the administration's
8 proposal for a 350-ship Navy and the current fleet at 275
9 ships. First of all, I am just curious and just a
10 confirmation that the 350-ship number is an appropriate
11 number in your opinion. And second of all, is the current
12 fiscal year 2018 ship construction plan in line with the
13 strategic goals of the United States Navy?

14 Admiral Lescher: Yes, sir. 355 ships delineated in
15 the force structure's estimate is the correct number. It is
16 the objective number. The fiscal year 2018 budget
17 submission with the addition of the second littoral combat
18 ship that the administration has indicated is forthcoming in
19 an amendment would bring it to nine ships in fiscal year
20 2018, eight right now as you cited.

21 And I am sorry.

22 Senator Rounds: I am just curious as to the -- is it
23 in line with the strategic goals of the United States Navy?

24 Admiral Lescher: So it is aligned in this manner. The
25 Secretary of Defense has talked very extensively about the

1 path to get to a larger, more capability, more lethal Navy
2 that we all believe is urgently required. And the path that
3 he laid out in his direction -- he calls it a three-phase
4 campaign plan to get there.

5 Fiscal year 2017, with the request for additional
6 appropriations, which we thank the committee and the broader
7 Congress for enacting, was all about getting up to the
8 readiness debt that all the services have accumulated over
9 the course of this decade and a half of wartime OPTEMPO.

10 Fiscal year 2018, this budget is to build on that
11 readiness recovery and address pressing shortfalls wholeness
12 issues. So you see, for example, in the Navy budget a
13 strong focus on ship depot maintenance, on aviation depot
14 maintenance, on the flying hour program, on the steaming
15 days program, and funding the enabling readiness accounts to
16 elevate the readiness of the force. That is across spares,
17 logistics, and depot support funding. So it sets the
18 condition now. That is the design of this budget, to set
19 the condition for the third phase of the campaign plan the
20 Secretary was talking about, which is an fiscal year 2019
21 budget, given the relief from the defense caps in the Budget
22 Control Act that will support and make actionable the growth
23 of capacity and modernization as well.

24 So that is really the strategic concept.

25 Senator Rounds: I am curious. The relationship

1 between the ability of the industry and the depot
2 capabilities -- is there a relationship or a limitation
3 there between the number of new ships or boats that can be
4 delivered and the number of existing submarines, as an
5 example, that can be appropriately depoted? Is there a
6 limiting relationship between the two? Are there suppliers?
7 Are there limiting processes here that we should be aware
8 of? And I am thinking in particular, just as an example,
9 the USS Boise is sitting at dock. It is not usable. It is
10 an asset which most certainly I believe the Navy had
11 anticipated would be usable.

12 Admiral Lescher: Yes, sir.

13 Senator Rounds: Is there a relationship between the
14 numbers that we are building versus the numbers that we are
15 trying to get through depot?

16 Admiral Lescher: Yes, sir. That is a great question.
17 I will ask Ms. Stiller to talk in a moment.

18 But to your point, I think your insight is right on,
19 which is a submarine we have that is not deployable because
20 we cannot execute the depot maintenance on it is every bit
21 as lost an opportunity as a submarine we did not build.

22 We are very focused on increasing the throughput on our
23 public nuclear-capable shipyards to get after the issue, the
24 prioritization being on the ballistic missile submarines,
25 the nuclear aircraft carriers, and then attack submarines

1 are third in priority right now. And that is what led to
2 the prioritization of Boise not being --

3 Senator Rounds: Share with me this. And I do not mean
4 to interrupt, but I am really curious. Clearly we have some
5 very, very smart people within the Navy. This is not a
6 surprise that you now have three of these submarines which
7 are sitting basically at dock, are not in depot. I do not
8 think that this was simply a case of malfeasance. This is
9 not a case of where there was not an understanding that it
10 needed to be done. Would you share with the committee what
11 causes this type of a backup at dock, please?

12 Admiral Lescher: Yes, sir. Part of it is us learning
13 about the dynamics of growing the capacity in our shipyards.
14 So as we saw, for example, the LA class submarines come into
15 mid-life as a surge in workload, along with refuelings in
16 the aircraft carriers. People certainly were looking at
17 that forthcoming bow wave of workload and trying to be
18 thoughtful about growing the capacity of our four public
19 shipyards to get after that.

20 So we are on a path, and this budget continues that
21 path, for example, to grow labor in the public shipyards
22 from 33,800 full-time equivalents in this budget to 36,100.

23 I think what was a little bit of a learning curve here
24 is understanding what happens to the demographics of the
25 labor force in a shipyard as you grow it that quickly. So

1 we are at a place right now where well over 50 percent of
2 the people in our public shipyards have less than 5 years of
3 experience. And so the training element of taking a new
4 hire, becoming an artisan is something that was learned and
5 understood in terms of how productive they are. I think in
6 aggregate what that showed -- what that led is to
7 insufficient capacity. Even as it was growing, it was an
8 insufficient rate of growth of capacity in the public yards
9 that led to us not being able to put through all these
10 submarines.

11 Senator Rounds: Well, if I could. My time has
12 expired. I am just going to ask one thing for the record,
13 please. When would this backlog of existing assets -- when
14 would this backlog of existing submarines be taken care of
15 in the current budget process? Could you share that with us
16 either --

17 Senator Wicker: Go ahead.

18 Admiral Lescher: So what the Navy is doing to get
19 after that backlog is a number of investments in this
20 budget. I talked about the growth in the labor elements.
21 There is growth in improving the infrastructure itself,
22 capital investment in the shipyards at rates well above what
23 is legislated to increase the throughput. Again, that is
24 the bottom line goal here. We need to buy and increase
25 throughput.

1 The other thing you see in this budget -- and planning
2 continue -- and it gets back to the foundation of your
3 question of the relationship between the nuclear-capable
4 shipbuilding industry and our public depots is we are
5 leveraging across both to get after this, both on a -- we
6 will bring touch labor out of --

7 Senator Rounds: Look, I am going to run out of time.
8 I would like if you could get back to us with a timeline for
9 the elimination of that backlog.

10 Admiral Lescher: Fair enough. Yes, sir.

11 [The information follows:]

12 [SUBCOMMITTEE INSERT]

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1 Senator Rounds: Thank you.

2 Thank you for your patience, Mr. Chairman.

3 Senator Wicker: Senator King?

4 Senator King: Thank you, Mr. Chairman.

5 Ms. Stiller, welcome. Delighted to have you here to
6 discuss these important issues.

7 I have probably been to a dozen hearings, maybe more,
8 about procurement and particularly about procurement
9 problems. It always seems to come back to trying to build
10 something while you are designing it and changes in
11 requirements, changes in design, unanticipated changes
12 whether it is the F-35 or any of the other big issues that
13 we have been dealing with.

14 I am very much in favor of multiyear contracts for all
15 the reasons you have stated: taxpayer savings, better for
16 the industrial base. I am worried, however, about the
17 Flight III being ready for multiyear. You have testified
18 and Mr. Stackley testified the other day, 86 percent design
19 complete. But generally, one of the criteria -- and the GAO
20 talks about this -- is not only a complete design but having
21 built one or two and having seen how it actually works and
22 whether the cost estimates are realistic. And you mentioned
23 that you have an agreement with Ingalls, a handshake, to
24 build one.

25 My only request is to consider slowing the multiyear

1 down maybe 6 months in order to start construction on the
2 first Flight III before we buy 10 ships and ask our
3 industrial base to make commitments based upon not an
4 unproven design, but a new design and a substantially
5 changed design. This is not minor changes. This is much
6 more than the Flight IIA changes. So it really is a
7 question of not whether there should be a multiyear but when
8 and when do we get to the point where we have full
9 confidence, enough confidence to buy 10 at a time.

10 So could you give me your thoughts?

11 Ms. Stiller: Yes, sir. And I look at the multiyears
12 that we have sent over both for Virginia and DDG-51 kind of
13 in the same boat. We are going to introduce the Virginia
14 payload module into the Virginia multiyear as well. Right
15 now, that is a year behind because we are asking for -- that
16 multiyear starts in 2019. But to give you some perspective,
17 that design is approximately 10 percent complete today.
18 Obviously, we will be in the 80 percent complete when we get
19 to that multiyear as well and close to 100 by the time we
20 start construction.

21 The way we are trying to mitigate the risk on the 51
22 program is by trying to introduce that Flight III ECP into
23 this last multiyear, the one that ends in 2017, on the last
24 ships of those multiyears. And as I pointed out, we have a
25 handshake with Ingalls. We are in negotiations with that.

1 We feel like that the design is mature and that we
2 understand it. We want to continue to work with the
3 companies.

4 Obviously, it will take us time. We will have a
5 competition for the multiyear. I cannot tell you exactly
6 when we will award. We usually never award on the first day
7 of the fiscal year anyway. We are never that prepared. But
8 I would tell you that I have high confidence that we have
9 the design well in hand. Both yards have been on schedule
10 on design.

11 Senator King: And the design -- but again, generally
12 in the past when there is a multiyear, one or two have been
13 built, not only the design, but you have something afloat
14 that you can say did it work or were the prices realistic.
15 Did we understand the risks? And were there design changes
16 during construction? I am just suggesting again not
17 stepping away from the multiyear, but it is just a question
18 of timing to be sure that we get it right because you are
19 asking our yards to take a big risk on 10 ships, none of
20 which have -- none of that design have ever been built
21 before. That is my question.

22 Ms. Stiller: Yes, sir. And I understand your concern,
23 but we have been successful in doing this in the past. And
24 I will point out on the Virginia side, this current
25 multiyear that we are in, we introduced additional change

1 into that ship design, as we did block upgrades. We talk
2 about the blocks on Virginia. We have introduced at a
3 lesser extent on DDG-51 over the years change. We view that
4 the amount of change in this particular Flight III design,
5 it touched about 45 to 50 percent of the drawings.

6 Senator King: That is not inconsiderable.

7 Ms. Stiller: I know that is not but it is along the
8 same lines on the Virginia as well. And in fact, in the
9 Flight IIA, we touched more drawings on Flight IIA than we
10 are on Flight III. But that aside, we also were not nearly
11 as complete with design when we introduced Flight IIA. We
12 are making ourselves and making ourselves to be disciplined
13 about making sure we are at a certain percent design
14 complete before we start getting into construction. So I
15 think we have changed our processes and the way that we look
16 at percent design complete to make sure that we are not
17 putting undue risk.

18 Senator King: I appreciate that. And again, I am a
19 big supporter of multiyear. I am a big supporter of Flight
20 III. I think it is going to bring a major advantage to the
21 fleet, and we want to get it as soon as possible. But I
22 would rather get it right than get it fast. Thank you very
23 much.

24 Senator Wicker: So, Ms. Stiller, with regard to IIA,
25 those concerns, as Senator King mentioned, in your view

1 turned out to be unfounded.

2 Ms. Stiller: I would say IIA goes back quite a bit,
3 but certainly there were challenges on the lead ships when
4 we went to Flight IIA. But I would also tell you that we
5 went into Flight IIA with a much less percent complete of
6 the design products. That is one thing we have learned, and
7 the Congress has stressed and we have taken that to heart.
8 For example, Columbia. The lead Columbia we predict will be
9 83 percent complete design before we start construction.
10 That is far better than we saw Seawolf. Virginia even was
11 only about in the mid-40 percent complete when we started
12 that program.

13 So we understand the reasons we need to get percent
14 design complete way up there before we start construction.
15 And we are committed to it and we have learned our lessons.
16 And back to your comment about having on-time and on-
17 schedule, that resonates with us because it is important to
18 us to be able to make sure that are affordably procuring
19 these assets.

20 Senator Wicker: On the Flight III, how much do you
21 think we are going to save by doing it this way?

22 Ms. Stiller: Well, the Flight III capability will cost
23 more. The radar is a bit more expensive but not very much.

24 Senator Wicker: How much are we going to save through
25 using multiyear?

1 Ms. Stiller: Oh, on the DDG-51, we predict we are
2 nearly 10 percent, and on the Virginia, we are at 14
3 percent. We obviously have to go through the certification
4 process with the CAPE, and so those numbers will solidify
5 over time and certainly having industry bids will help us to
6 inform. But we always see on multiyears that we get at
7 least 10 percent savings.

8 Senator Wicker: Well, Senator King, has a concern and
9 so I hope you will work with us to see if we can achieve a
10 consensus.

11 Ms. Stiller: Yes, sir. And we will lay out the
12 schedule for Senator King to show you what our timeline is.
13 I do not have that off of the top of my head.

14 Senator Wicker: Senator Strange?

15 Senator Strange: Thank you, Mr. Chairman.

16 And I thank our witnesses for their appearance here
17 today. I appreciate your service as well.

18 I appreciated Senator Rounds' question to Admiral
19 Lescher about shipyard expertise. That is an issue of
20 particular concern to me. And I think we see how it affects
21 various aspects of the programs we are trying to achieve.
22 As I know you well know, Madam Secretary, there are 21,000
23 men and women at two shipyards, 1,200 suppliers in 45 States
24 who support the current LCS program. I am very pleased with
25 the administration's decision to add an additional ship in

1 the budget and look forward to seeing that. It is not
2 sufficient in my view, and I will certainly be weighing in
3 on that subject, but it is a step in the right direction.
4 And I greatly appreciate that.

5 Back to the issue of shipyard capability and
6 efficiency, should we agree to cut production back in those
7 shipyards, in my view it will have a significant affect on
8 efficiency, competition, and other factors, particularly
9 price. And in my view that is, in this current budget
10 environment, a very significant concern. So in my view, if
11 we truly want to grow our Navy fleet, which I strongly
12 support, to the 350 to 355, we have got to expand the LCS
13 frigate program rather than cut it back at this time.

14 So I guess my question is pretty basic. If we want to
15 achieve that goal, does cutting back on the frigate LCS
16 program help us achieve that goal? How does it impact in
17 your view how we get to that goal in the most efficient,
18 cost-effective way that actually delivers something that our
19 warfighters need in the theater? Whoever would like to take
20 a shot at that.

21 Ms. Stiller: Well, sir, as I mentioned in my opening
22 statement, we have a requirement for 52 small surface
23 combatants, and we want to get to the frigate as soon as we
24 possibly can. We had taken a pause to go and -- with the
25 emerging threat environment out there to take a look again

1 at the requirements to make sure we have it right. So as we
2 transition from LCS to the frigate, that is why we put in
3 quantities to bridge to getting to frigate and know they are
4 not at the optimal build rates for the yards but they are
5 where we feel that we are at minimum sustaining rate so that
6 we can transition to frigate because we want that 52 total
7 number to have a number that are frigates. 20 is where our
8 head has been for a while now.

9 And so we realize that we cannot just turn off LCS and
10 immediately get to frigate. And so that is why you see
11 ships added because we are mindful that we have an
12 industrial base out there that we do not want to walk away
13 from because they are a critical part of our ability to
14 build the ships.

15 Admiral, if you wanted to comment on the requirements.

16 Admiral Lescher: Absolutely. So this is very much an
17 intersection of sustaining the industrial base and getting
18 the design and the requirements right and preferably working
19 with the industry to get them right.

20 So, Senator, I know you are very familiar with the
21 evolution requirements and the concept of the littoral
22 combat ships we have put on contract. We absolutely need to
23 buy the fleet. Admiral Rhode and the surface force
24 commanders said I need them now. I need more of them.

25 At the same time, as we broaden our operational concept

1 to distributed maritime operations, distributed lethality,
2 looking for these ships to operate not only in the littorals
3 but perhaps more independently, that is what is driving them
4 from being a single-mission focus to a multi-mission focus.
5 And so as we mature those requirements and work with
6 industry to understand where the knee in the curve is for
7 most capability, for price, that also drives very much into
8 this timeline that you talked about.

9 Senator Strange: Thank you very much, Admiral. I look
10 forward to following up on that issue.

11 And, Mr. Chairman, I will yield back my time. Thank
12 you.

13 Senator Wicker: Thank you, Senator Strange.

14 Senator Kaine?

15 Senator Kaine: Thank you, Mr. Chair. Thanks for
16 yielding me a few seconds. I will not take it.

17 But thank you all, witnesses, for your good testimony.

18 A couple of things. The high costs associated with
19 shipbuilding are often attributed to the time elapsed
20 between building. And you have had some success in both the
21 Arleigh Burke and the Virginia class sub when you have done
22 multiyear procurements. Is there any reason to think that
23 that would not potentially yield similar cost saving results
24 if applied to other programs like carriers, for example?

25 Ms. Stiller: Senator, we have found that once you have

1 a stable design -- we have just come through the lead
2 carrier. And so as you look forward to and you say, yes, I
3 am not going to be introducing great change to the carrier,
4 there are opportunities. We have done a 2-year block buy on
5 carriers in the -- two carrier block buys in the past. And
6 so it is certainly something that if we can make the
7 commitment to the supplier base, it is effective, and we can
8 get savings.

9 We do try to look, after we get through a lead ship, to
10 get into multiyears as soon as we possibly can and be able
11 to introduce capability incrementally.

12 So, yes, sir, we find that giving the industry that
13 predictability -- and it is not just at the shipyard level,
14 but the supplier level too -- is critical.

15 Senator Kaine: The second question is there was a
16 Bloomberg article in the last day or so that talked about
17 something that we might be seeing. You talked about an
18 additional presidential budget coming over I think with
19 respect to the second LCS. I am a strong LCS fan, but my
20 understanding from the article is part of the funding for
21 that. Second is going to be reducing aircraft overhaul by
22 \$300 million.

23 Is that accurate? And if that is so, give me some kind
24 of context as to why that is a good idea and what it would
25 mean.

1 Admiral Lescher: Yes, sir. I will not speculate on
2 what will be in the OMB submission to you, but I will tell
3 you what you cited is inaccurate. It would not be a source
4 coming out of overhaul funds.

5 Senator Kaine: Are you familiar with the Bloomberg
6 piece that I just referenced? And so far as you know right
7 now, that is not an accurate article.

8 Admiral Lescher: Correct.

9 Senator Kaine: Thank you.

10 Thanks, Mr. Chair.

11 Senator Wicker: Senator Sullivan?

12 Senator Sullivan: Thank you, Mr. Chairman.

13 And I appreciate the service of our witnesses today.
14 So thank you, all three, very much.

15 I wanted to focus, not surprisingly for some of my
16 colleagues on the panel, on our Arctic strategy. We are an
17 Arctic nation because my great State, the State of Alaska.
18 Secretary Mattis during his confirmation hearing said the
19 Arctic is key strategic terrain in part because of the new
20 opportunities there, new challenges. The Russians are
21 building up their icebreaking fleet, their navy. They are
22 putting new brigade combat teams in the Arctic, very
23 aggressively, probing countries by their bomber runs. Just
24 in the Alaska air space in the last month and a half, we
25 have had to go intercept them with our F-22's up in Alaska.

1 So this committee mandated that the Secretary of
2 Defense put out a new Arctic strategy which the end of the
3 Obama administration/beginning of the Trump administration
4 did, which was a much better improvement on the old one
5 which was not really a strategy but more of a document with
6 a lot of nice pictures in it.

7 One of the elements of the new Arctic strategy is that
8 we, to protect our interests and sovereignty in the region,
9 need to be able to conduct FONOPS in the Arctic. And yet,
10 Admiral Richardson just testified before this committee. He
11 said it is absolutely true we do not have the capacity or
12 the capability to conduct Arctic FONOPS. Our strategy right
13 now has an end state that we cannot meet. It is very
14 obvious.

15 So, Admiral, I wanted to talk a little about -- you
16 know, as we look to pursue a fleet of 355 ships, what are
17 the current plans in the Navy to include ice hardening of
18 any ships that we are obviously going to need to be able to
19 conduct FONOPS and protect our interests in the region? And
20 if so, what ships would we be looking at to ice harden?

21 Admiral Lescher: Right. So I will take this for the
22 record as well to give you a more detailed, fulsome answer.
23 Right now, I am unaware of any current plans announced -- if
24 you chose to correct me, please do so -- for ice hardening.

25 [The information follows:]

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[SUBCOMMITTEE INSERT]

1 Senator Sullivan: So why is that? We have been
2 focused on it. The Secretary has focused on it. We have a
3 new strategy. It says we need to conduct FONOPS. I am
4 going to get to the icebreakers here in a minute.

5 Admiral Lescher: So the short answer is the Navy has a
6 very active presence in the Arctic but it is undersea and in
7 the air right now, and it is not on the surface right now.

8 Senator Sullivan: So can you conduct a FONOP with a
9 sub? Not an obvious one.

10 Admiral Lescher: Not the way we envision it. Exactly
11 right. So it would depend on how you message that.

12 So let me get back to you with the detail on the
13 hardening of our ships.

14 Are you aware of any ongoing work with that?

15 Ms. Stiller: I am not aware.

16 Senator Sullivan: Mr. Chairman, this is actually a
17 really important issue. We are looking to build a 355-ship
18 Navy. We have an Arctic strategy. The CNO is saying we
19 cannot conduct what we are saying we are supposed to do in
20 our strategy, and we have no plans to ice harden our ships
21 and we are going to increase our ships by 60 ships. I think
22 we need a very detailed answer on why that is not even being
23 considered. It seems to me a huge oversight. I would
24 appreciate that.

25 Let me get to the icebreaker issue. You know, the

1 Coast Guard has talked about the need for three heavy
2 icebreakers, three medium icebreakers. Again, Admiral
3 Richardson stated in his confirmation hearing that it is
4 clearly in the national interest for the U.S. to have more
5 than one heavy icebreaker. Right now, we have two, but one
6 is broken and that was commissioned in 1976. I went and
7 toured it recently. I think was shameful. We should have
8 no man or woman who puts the uniform of the U.S. military on
9 that should deploy on a ship that is that old and broken.
10 You should go see it, Admiral. It is really shameful for
11 our Coast Guard men and women who have to deploy on that.

12 Initially the estimated cost of one single icebreaker
13 was 10 years it would take and a billion dollars to build.
14 The Norwegians just built the first-ever liquid natural gas
15 powered medium icebreaker for \$150 million. So what are we
16 doing wrong here? What can we be doing, and is the Navy
17 working with the Coast Guard on trying to get at least the
18 original. The target is 2023. I think it needs to be
19 sooner. But why are we talking 10 years and a billion
20 dollars to build a ship? We put a man on the moon in a
21 shorter amount of time. Everybody else is doing it. What
22 is the problem, and how are we going to fix it? And how are
23 we going to get Navy-Coast Guard cooperation and working
24 together on this issue which seems to have a little bit of a
25 hot potato. No service wants to own it. Yet, everybody

1 says it is in our national interest to do it. How are we
2 addressing this?

3 Ms. Stiller: Sir, we are working very closely with the
4 Coast Guard. It is a joint program office right now on the
5 icebreaker. There are two memorandums of understanding that
6 we have signed, one at the Department of Homeland Security
7 level and Department of Navy. I signed for the Navy. The
8 other one is the Navy with the Coast Guard. There are a
9 little bit different nuances in both.

10 But both of them reference that the Coast Guard's
11 mission is icebreaking, and so Coast Guard will have the
12 lead on this and Navy is in a supporting role. We are
13 providing technical assistance with them. We are providing
14 program management type support, contracting if they need
15 it. We are participating in their reviews. I sit with the
16 Vice Commandant of the Coast Guard on all of their reviews.
17 I can tell you that they are going through every single
18 requirement and questioning them, and we are driving the
19 cost of that ship. It is not going to be a billion dollar
20 ship.

21 I am not sure the 10 years was not tied to when funding
22 might become available. Obviously, we are looking at how do
23 you bring that in subject to funding.

24 But we are very much engaged with the Coast Guard. We
25 have a great working relationship with them, and we are

1 working very closely together to get this program on solid
2 footing at an affordable cost.

3 Senator Sullivan: And is the target of 2023 still
4 doable?

5 Ms. Stiller: Yes, sir, subject to funding
6 availability, but yes, sir. We are doing design work right
7 now. We have five industry teams providing great insight on
8 what our cost drivers are so that we can get the
9 specifications right to get this out for bid. There is \$150
10 million that the Congress appropriated as part of the Navy's
11 budget last year that will go towards the detail design and
12 then the construction funding will have to follow.

13 Senator Sullivan: Thank you.

14 Thank you, Mr. Chairman. I think this committee needs
15 to keep a very close oversight role here because there is
16 just a lot we need to do and the coordination between the
17 Navy and the Coast Guard has not been that good. I am glad
18 to hear that it is improving.

19 Senator Wicker: Senator Sullivan, you have raised a
20 very important topic. And let me just ask this. Admiral
21 Lescher, you have taken a few questions for the record and
22 perhaps others of you, and I appreciate that because we want
23 to get the right information to the committee. And this
24 does provide a record for us to look at in the future. But
25 this should be fairly easy for you to get back to us about.

1 Is that correct?

2 Admiral Lescher: Yes, sir. So, again, the answer was
3 none of us are aware of a program for hardening of the
4 ships. But I will just go back and do a quick check to make
5 sure that is factual.

6 Senator Wicker: So along with these things, do you
7 think maybe you could get back to us in 2 weeks?

8 Admiral Lescher: Yes.

9 Senator Wicker: On all of the things that you have
10 taken for the record. Thank you. Ms. Stiller is nodding
11 yes also. So I do appreciate that.

12 And Senator Shaheen is next.

13 Senator Shaheen: Thank you, Mr. Chairman.

14 And thank you all very much for being here and for your
15 service to the country.

16 I apologize for missing your opening statements, but I
17 understand that there was some discussion about how to get
18 to a 355-ship Navy.

19 The question that I have is how did we arrive at 355 as
20 the appropriate number and how do we break down the
21 components of that 355 number in a way that provides for the
22 national security that we think we need.

23 Admiral Lescher: Yes, ma'am. So the analytical basis
24 for the force structure assessment is it takes a look really
25 starting with the combatant commander requirement to execute

1 the strategy. And so the current strategy we have is the
2 Quadrennial Defense Review Strategy of 2014. It talks about
3 everything from ensuring a safe and secure nuclear
4 deterrent, which drives the requirement for our ballistic
5 missile submarines, to building peace and security globally,
6 which drives our presence requirement, our so-called phase
7 zero, phase one, set to theater forces, to deter coercion
8 and defeat when necessary, which drives capability in a high
9 end.

10 So as we integrate those strategic requirements, that
11 is the charter to the Navy. These are the missions to
12 execute. We did an analytic basis. Each of the combatant
13 commanders made an assessment of this is what I need in my
14 theater in Central Command, in Pacific Command to execute
15 the strategy that I have been assigned. That essentially
16 boils down to essentially a contract the Navy has with the
17 Nation to provide rotational forces forward for presence and
18 then to surge forces for crisis.

19 And that is the analysis that was done that culminated
20 with a number of options, and the best military advice of
21 the service leadership was 355 is the right recommendation
22 to the Nation. It is not a zero-risk force, but it is a
23 moderate risk we can execute. So that really is the
24 analytic basis that looks at the current security
25 environment and the current requirements to execute the

1 strategy.

2 Of course, the security environment is very dynamic.
3 So there was a surge in Russia, North Korea, et cetera.

4 Senator Shaheen: Well, along those lines, I was
5 surprised to hear in testimony before the full committee
6 probably in the last couple of months that we expect China
7 to get to a 350-ship Navy by 2020. So how concerned are we
8 about that and about our capacity at that point to be able
9 to offset what we expect China to be doing?

10 Admiral Lescher: Yes, ma'am. That is a great
11 question.

12 But we do not mirror image platform versus platform.
13 That is not the way we fight. And so you hear the CNO and
14 the Secretary talk very extensively beyond the platforms.
15 And obviously, numbers absolutely matter, to your point.

16 But our view of executing that strategy to include the
17 deter, coercion, and defeat, when required, has to do with
18 the innovation that will be taking place concurrently with
19 growing the ship to the 355 level. And so that is
20 everything from new technology and the investments you see
21 in this budget in unmanned, directed energy, digital
22 elements networking, electromagnetic maneuver warfare, and
23 the new operational concepts, distributed maritime.

24 Senator Shaheen: Given that, how important -- I guess
25 this is for Ms. Stiller. How important is it that we

1 maintain a robust industrial base?

2 Ms. Stiller: Ma'am, it is vital that we have a robust
3 industrial base, and we watch that very carefully. We watch
4 critical suppliers. We rely on our shipyards to identify
5 critical suppliers that we might not see. So it is very
6 important that we have that industrial base there to be able
7 to help us grow.

8 Senator Shaheen: And one of the shipyards I am
9 concerned about is our public shipyard at Portsmouth, the
10 Portsmouth Naval Shipyard. Can you talk about the role that
11 the public shipyards play in making sure that we have the
12 naval capability that we need?

13 Ms. Stiller: Yes, ma'am. They are also vital because
14 we have to have our public shipyards in place to address our
15 nuclear-capable ships and their maintenance and
16 modernization availabilities. So it is very important that
17 we invest in our naval shipyards. Admiral Lescher talked
18 earlier about we are ramping up the number of folks that are
19 going to be in our public shipyards. We are also looking at
20 infrastructure improvements. What do we need to position
21 ourselves so that those public yards can also be more
22 productive and allow the proper throughput that we need to
23 support our fleet.

24 Senator Shaheen: And I appreciate the challenges that
25 the Navy has, given Congress' failure to address the budget

1 issues. I remember being at the first Navy caucus, and
2 Admiral Richardson pointed out that they have instructed
3 agencies within the Department not to plan on doing anything
4 in the first quarter because of the budget uncertainty
5 because we have had so many years of continuing resolutions
6 and lack of budget certainty. So maybe you could all speak
7 to what that means as we are trying to address the
8 challenges that we face around our national security.

9 Admiral Lescher: I will start. So what we see under a
10 continuing resolution -- and as you have precisely
11 described, you know, every year for the last 8 or 9 years,
12 we are starting with a continuing resolution. It is very
13 inefficient. It constrains our ability to execute the
14 program. The CNO has talked about essentially the
15 Department on three-quarters of a year from a planning
16 perspective.

17 The technical aspects of a continuing resolution. We
18 cannot do new starts. We cannot do production rate
19 increases. So from an industrial base stability and the
20 industrial base, we are talking about a lot of churn in
21 that.

22 Our inability to execute the ship depot maintenance in
23 the private shipyards on a scheduled plan means we took
24 availabilities planned for the first quarter and we are
25 pushing them into the second and third quarter. So churn

1 again now in our private shipyards as they are trying to
2 have a stable labor force.

3 It is very inefficient on the government workforce. So
4 instead of signing a yearlong contract, for example, to
5 execute a service, it is broken down into multiple contract
6 actions at the same time as we are driving to a 25 percent
7 reduction in management headquarters, at the same time as we
8 are driving very strongly to auditability. So it drives
9 workload inefficiency and it absolutely costs the taxpayer
10 money to do it that way.

11 General Walsh: If I could, Senator. To add on to what
12 Admiral Lescher said, like you said, I think 9 out of the
13 last 10 years, we have been operating under CRs. I think we
14 have had over 30 continuing resolutions. And it just gives
15 us instability in our readiness and our modernization plans.
16 So if you kind of look at it as Admiral Lescher kind of
17 walked through and said the Secretary of Defense has a
18 campaign plan in 2017 to fix readiness, 2018 to kind of
19 continue to solve the readiness issues, fill those holes,
20 increase some of that modernization capability, and then now
21 start to modernize and grow the force, without the stability
22 -- you could see that looks good from this plan 2017 on, but
23 if we do not get the stability that we need, then we do not
24 solve the readiness, and therefore, you cannot have the
25 stability you need to modernize.

1 Ms. Stiller: I think they hit all the points.

2 Senator Shaheen: I think they did. Thank you.

3 Senator Wicker: Senator Cotton?

4 Senator Cotton: Thank you.

5 In his opening, Chairman Wicker addressed the cost of
6 the USS Enterprise, and I know that Chairman McCain
7 mentioned this recently at the Navy posture hearing. So I
8 understand the cost was projected to increase from \$11.4
9 billion to \$13 billion, a whopping \$1.6 billion, but I have
10 also heard some reports that the cost is under review and
11 may be revised downward.

12 Ms. Stiller, can you update the committee on your
13 current cost estimate for the Enterprise? Is it \$13
14 billion, or is it something less?

15 Ms. Stiller: Sir, it is something less. It is at
16 \$12.6 billion, and when we send the amended budget over for
17 the additional LCS, we intend to send a budget exhibit that
18 reflects that. You will not see a reduction in the fiscal
19 year 2018 column. As you know, that ship is incrementally
20 funded, but you will see a net reduction to the cost of the
21 Enterprise.

22 Senator Cotton: So that is a good news story.

23 Ms. Stiller: Yes, sir.

24 Senator Cotton: \$400 billion -- I am not great at
25 math, but that is what? About a 4 percent, 5 percent

1 decrease?

2 Ms. Stiller: Yes, sir.

3 Senator Cotton: What accounts for that break in
4 savings?

5 Ms. Stiller: We looked hard at what we were counting
6 on as inflation rates, which we are not experiencing at this
7 particular point in time. We also looked at the effect of
8 where we have added the second Virginia class in fiscal year
9 2021 and what that does to rates at the shipyard. So those
10 were the two large drivers there. We are also looking at
11 efficiencies we are seeing on 79.

12 Senator Cotton: When you say inflation rates,
13 inflation rates in what? Could you be more specific?

14 Ms. Stiller: Inflation rates for material
15 specifically. A lot of time shipbuilding inflation rates do
16 not mirror the rest of the world or the rest of the country.
17 But we are seeing that coming more in line. And so we do
18 not feel like we have to address larger inflation.

19 Senator Cotton: Do you think we might anticipate the
20 possibility of future downward revisions as well?

21 Ms. Stiller: We will continue to scrub the numbers as
22 we get there. And, obviously, as we get to contract on that
23 ship, that may also -- but, yes, sir. And we also look at
24 inefficiencies we are seeing today on 79, and we will apply
25 those to CVN-80.

1 Senator Cotton: Thank you. That is good news.

2 I would like to turn my attention now to the undersea
3 domain. In terms of the program cost, the Ohio class
4 replacement, the Columbia class is going to be, I think,
5 only second to the Joint Strike Fighter. And those
6 submarines are going to carry about 70 percent of the
7 Nation's deployed ballistic missiles, obviously, the most
8 survivable part of our nuclear triad. But if the Columbia
9 class turns into an acquisitions debacle the way some of our
10 big programs have in the past, that would not just be very
11 bad consequences for the taxpayer, it would be grave
12 consequences for the safety of our Nation.

13 So what steps are we taking to ensure that we get the
14 Columbia class right from lessons learned on past
15 acquisition experiences, especially with the 78?

16 Ms. Stiller: Yes, sir. We are robustly, along with
17 industry, managing this program. The Congress -- you have
18 given us authorities that we feel will help us to drive cost
19 and efficiency into the program, and we thank you for those.
20 And we are continuing to look for if there are additional
21 authorities we might need. We are carefully watching how the
22 shipyards are able to -- what they plan to do for facilities
23 to be ready for Columbia.

24 We are looking at what critical skills do they need to
25 hire and how they are going to get ahead of that so that we

1 are not in a situation where we do not have the skilled
2 workforce we need.

3 We are looking at critical vendors to make sure they
4 can ramp up as they are building attack submarines and
5 Columbia class.

6 We are looking at synergies where we need to support
7 the UK because they also are building their replacement.
8 So, for example, a common missile compartment. We know we
9 have not built missile tubes in over 40 years since we built
10 the Ohio. And so we see that there are synergies to go
11 ahead and build continuously those missile tubes to make
12 sure we are getting risk out of the program.

13 So I can assure you there were a lot of lessons learned
14 that we are applying today. I mentioned earlier our intent
15 is not to start construction until we are over 80 percent.
16 We are targeting 83 percent complete with design on that
17 program. So right now, all the metrics are leaning in the
18 right direction. We are on track with design, but it is not
19 something that we are going to take our eye off of. It is
20 critical to us, and we fully understand your concerns.

21 Senator Cotton: Thank you.

22 Admiral Lescher, turning our attention to attack
23 submarines, Admiral Harris recently testified that only
24 about half of his requirements for attack submarines in the
25 Pacific theater is being met, and the challenge is only

1 going to grow more in the 2020s as we retire these at a
2 faster rate than they are planning to be built. China
3 continues to expand its fleet, and many other nations in
4 East and Southeast Asia go on something of an attack
5 submarine buying spree of their own.

6 What steps is the Navy taking to try to mitigate this
7 shortfall in attack submarines, especially as it relates to
8 the Asia-Pacific theater?

9 Admiral Lescher: So a number of steps I would cite.

10 The first is, obviously, the path we are on to grow the
11 number that are being purchased. Beyond that, we are making
12 strong investments to make the submarines we do have more
13 capable and execute their missions more broadly as well. So
14 some of the investments you see in this budget to get at
15 that are, for example, the investments in the family of
16 underwater unmanned vehicles. So this will allow any
17 submarine across the spectrum of that family -- so there is
18 small, medium, large, and extra large. The ones that are
19 deployable on submarines will actually execute subsets of
20 missions for that submarine, whether it is ISR or other
21 missions -- we could talk in a different forum -- to make
22 the ones we do have forward more capable.

23 Similar to that is the investment, obviously, in the
24 Virginia payload module. So that again makes the submarines
25 we have, particularly for Admiral Harris in that theater,

1 able to carry broader types of weapons that will make them
2 just more effective in what they do.

3 So it is a combination of growing capacity and then
4 growing capability to make the ones we have more effective.

5 Senator Cotton: Thank you.

6 Senator Wicker: Ms. Stiller, before I turn to Senator
7 Blumenthal, let me follow up on an important matter that
8 Senator Cotton mentioned, and that is avoiding an
9 acquisition budget disaster on these big programs. The
10 Senator mentioned the F-35. At what point will we have a
11 comfort level that this new replacement, the Columbia class
12 submarine, is proceeding as you expect it to do in terms of
13 the cost?

14 Ms. Stiller: We have an integrated master schedule
15 that the shipyards collectively have put together on how
16 they are going to get through the design products, what they
17 need to do from an integrated schedule on having the
18 facilities in place, and I mentioned the workforce. And it
19 is something that we on a very regular drum beat at the
20 program executive officer level is reviewing. We cannot
21 just review Columbia in isolation. We have to make sure we
22 are looking at Virginia and Virginia payload module to make
23 sure that we do not have one program getting out of step
24 with the other.

25 So I can tell you at the senior leadership, Admiral

1 Caldwell, Director of Naval Reactors, and I are going to
2 take a trip up to Electric Boat this summer to review both
3 programs in detail. Mr. Stackley and Admiral Caldwell did
4 this last year. We are going to make this manual daylong
5 review. But we have regular reviews in the building to go
6 through the program. So if we start to see things going not
7 in the right direction, we are going to put the attention
8 and focus to make sure we get it back on track. But I can
9 tell you that we are managing it very, very carefully
10 because it is critical.

11 Senator Wicker: It is critical, absolutely. Thank
12 you.

13 And, Senator Blumenthal, you are recognized.

14 Senator Blumenthal: Thanks, Mr. Chairman. I would
15 just like to assure Senator Wicker and Senator Cotton that
16 there is a very strong program of oversight and scrutiny in
17 place to avoid any of the kinds of mishaps that have plagued
18 other programs. And I have been briefed. I am sure that
19 Electric Boat would be more than happy to brief anyone on
20 our committee or any Member of the Senate, for that matter.
21 But there is a very strong sense that the tradition of
22 producing submarines on time and on or under budget, as has
23 happened with the Virginia class, has to be continued into
24 the Columbia program even though it is a much more complex
25 -- well, I should not say more complex. It is certainly a

1 challenging and, as you have observed, Senator Cotton, a
2 critically important part of our national defense.

3 Senator Cotton: I will just add that I appreciate
4 those comments. This is something that is bipartisan.
5 Obviously, nobody on this subcommittee or full committee
6 wants to see something like what happened with the F-35,
7 whether it is the Columbia class or the B-21. We have
8 experts and professionals that handle these matters, but it
9 is incumbent upon us to have these kind of regular check-
10 ins.

11 Senator Wicker: And we want to be teammates in this
12 regard. So tell us what you need with regard to authority.

13 Ms. Stiller: Yes, sir. You have given us the
14 authorities that we have asked for. We do not have
15 additional authorities that we need this year, but we
16 certainly know that we can come back and bring you
17 additional authorities as we see them. We are continually
18 challenging the team, the government-industry team, are
19 there better ways to go procure that we would need
20 additional authorities. Do not be constrained by current
21 authorities. Right now, we have what we need, but we
22 certainly will come back if we need additional ones.

23 Senator Wicker: Maybe some day we will look back on
24 this little discussion and be able to pat ourselves
25 collectively on the back that we did our part. But when we

1 do something new and something big, Senator Cotton has
2 raised a very legitimate concern. So we acknowledge that.

3 And start Senator Blumenthal's time over, if you do not
4 mind, Mr. Clerk.

5 Senator Blumenthal: Thanks, Mr. Chairman.

6 Even though I do not have authorization to do it, I
7 would like to invite you to visit Electric Boat.

8 Senator Wicker: I have been there and I will come
9 back.

10 [Laughter.]

11 Senator Blumenthal: I would just like to tell you that
12 Ms. Stiller christened the USS Mississippi, one of the more
13 recent Virginia attack submarines, in a dramatic show of
14 force.

15 [Laughter.]

16 Senator Wicker: I am sure it was one of the highlights
17 of her life.

18 [Laughter.]

19 Senator Blumenthal: Well, she did very well, and she
20 has done important service for our Nation. And in all
21 seriousness, we thank you and the other witnesses who are
22 here for your service to our Nation. And I hope that we can
23 continue this conversation because it is critically
24 important, and it is bipartisan.

25 With respect to authority, I know that in the NDAA

1 fiscal year 2017, continuous production was authorized for
2 the Columbia class common missile compartment, which allows
3 the industrial base to continue manufacturing that
4 component. Are there additional authorities, just to follow
5 up on the chairman's question, that you might need for other
6 components or other aspects so that you do not have to, in
7 effect, produce boat by boat and you can do continuously the
8 production of things like missile compartments?

9 Ms. Stiller: We are looking very hard in different
10 areas of the boat. Right now, we have not identified that
11 we need the additional authorities, but we may come back to
12 you and say we see merit in other areas. But right now, we
13 are comfortable with the authorities that we have.

14 Senator Blumenthal: Great.

15 Let me turn to the security clearance backlog. I know
16 you are familiar with it. Secretary Stackley, recently
17 called the decision to assign I think 10 reservists to some
18 of the work that otherwise would be done by others, the
19 result of the backlog for submarine construction clearances.
20 And I wonder whether the Navy will continue extending that
21 detail if necessary and what can we do to help to end this
22 backlog, which is really regrettable?

23 Ms. Stiller: Yes, sir. What Secretary Stackley has
24 assigned 10 reservists to help clear within the Department
25 of Defense -- within the DOD, to help clear getting these

1 interim secret clearances so that workers can go and work in
2 secret areas of the ship. The yard was having to fence off
3 when they could not get people cleared for a long time.
4 What that does not solve is getting their permanent
5 clearances because that is at the OPM level, and we
6 collectively have got to figure out how to correct that.

7 We did ask that this be a one-time, but we recognize
8 the criticality to our industrial base. And so we will have
9 to look at it as time goes on to see if we need to continue
10 to supplement in that area.

11 Senator Blumenthal: He called this assignment -- I am
12 quoting him -- an extreme measure --

13 Ms. Stiller: Yes, sir.

14 Senator Blumenthal: -- which we would difficulty
15 repeating. Although it sounds mundane, it is critically
16 important to the work done at the yard, as you well
17 understand. So I hope that you will let us know whether
18 there is anything we can do to help.

19 And I understand that last week, the Navy approved
20 Electric Boat's revised security plan, which seeks to allow
21 non-cleared workers in certain parts of the shipyard, which
22 is important, and a formal letter for approval is
23 forthcoming. Is that correct?

24 Ms. Stiller: Yes, sir.

25 Senator Blumenthal: I know you have been asked about

1 maintenance and particularly about the Boise, which I
2 understand is going to be done in a private shipyard because
3 the public yards are so fully operational. They are
4 operating at capacity. Is that going to be a trend that we
5 see expanded in the future, that is, the use of more private
6 yards for maintenance?

7 And I ask this question because not only the USS Boise
8 has to be really returned to sea -- right now, it is tied up
9 pier side, cannot be used by the Navy -- but also because of
10 the skill challenges, the training, the capacity challenges
11 that we face I think are the biggest obstacle in some ways
12 to achieving the goals in timeliness and cost for Columbia
13 and for the Virginia class and for maintenance. So if the
14 maintenance burden is going to add to the private sector, it
15 makes all the more important the skill training and building
16 that defense industrial base capacity that right now is in
17 jeopardy in my view. So let me invite your comments.

18 Ms. Stiller: Sir, we want to make sure we are doing
19 the right things, we believe, to get the naval shipyards to
20 the ability to handle the capacity for the depot work. You
21 are right. With Boise, we have hit a stumbling block. We
22 are now having to do the planning, and it will go to the
23 private sector to do that availability.

24 I do not anticipate there will be a tremendous amount
25 of work pushed to the private sector, but it is something --

1 you are exactly right -- that we have to carefully watch
2 because the new construction, especially Columbia, is very
3 vital that it stays on schedule. It is important that we
4 have the workforce across the board. So your points are
5 well taken. Right now, we do not see additional ships being
6 pushed to the private sector, but it is something, if we see
7 it happening, we need to make sure we are working private
8 industry early so that they are aware of what is coming.

9 Senator Blumenthal: Thank you.

10 Senator Wicker: Thank you, Senator Blumenthal.

11 Ms. Stiller, as we grow the fleet, we are going to need
12 propellers. Is that correct?

13 Ms. Stiller: Yes, sir.

14 Senator Wicker: And I understand the Navy is chatting
15 with Rolls Royce in Pascagoula about this issue. Can you
16 update me on these discussions?

17 Ms. Stiller: Yes, sir. Back in the 2014 time frame, I
18 became aware that the Rolls Royce facility, the foundry, in
19 Pascagoula was looking to shutter, and that caused us great
20 concern because, as you know, a number of our ship
21 propellers are cast and machined in that facility. And the
22 only other facility we have in this country that does the
23 castings is the Philadelphia foundry, the naval foundry, and
24 they work primarily on our submarine propulsors.

25 So I have been talking in conversations with the Rolls

1 Royce leadership for some time now, and we have done things
2 to help to have them stay open. We advanced the CVN-80
3 propeller work to make sure that they have workload in the
4 facility. And we have been working with the Office of the
5 Secretary of Defense's staff to figure out are there
6 alternatives or things that we can do to help them invest in
7 their facility to make it more productive.

8 And so they have come to us with a proposal. We have
9 looked at title 3, the defense procurement authorities,
10 which require presidential approval, and that is a lengthy
11 process. But there is a program within the Secretary of
12 Defense's Office called the Industrial Base Analysis and
13 Sustainment, IBAS, program that might offer us an
14 opportunity to work with the company, investment from the
15 company, as well as investment from the government to help
16 keep that facility more productive and give them the tools
17 they need so that they can be there to help us grow our
18 future fleet.

19 So that is one example of a supplier base issue that we
20 are tackling one at a time, but we need to make sure that we
21 are doing that so that we have our critical suppliers there
22 as we grow the force.

23 Senator Wicker: Well, keep us posted on that. And I
24 would point out to you that Pascagoula is, to my knowledge,
25 the only city in America that rhymes with hallelujah.

1 [Laughter.]

2 Ms. Stiller: Yes, sir.

3 Senator Wicker: I give a hallelujah to your answer
4 there.

5 And let me ask you then, Ms. Stiller, on the LX(R)
6 scheduled for 2020. Given the need for 355 ships and
7 including 38 amphibs, could this LX(R) be accelerated to
8 2019 and would additional funding be required?

9 Ms. Stiller: Yes, sir. You are correct. The LX(R) in
10 our budget is a 2020 ship. The critical enabler to getting
11 to an accelerated ship would be funding for detail design
12 and advanced procurement of long lead time items. So if
13 that funding were available, the ship would more likely
14 execute like a fiscal year 2019 ship than it would a fiscal
15 year 2020 ship. But you would need that advanced work done
16 to be prepared to do that.

17 Senator Wicker: Well, let us know what you need there.

18 Senator Hirono?

19 Senator Hirono: Thank you.

20 So on the LX(R) program, which you say is a 2020
21 execution, the question was whether we can accelerate that
22 because that would be good. And did you say that that
23 acceleration is dependent on funding?

24 Ms. Stiller: Yes, ma'am. It is dependent on being
25 able to do the detail design work so that the design is

1 ready so that you can get into construction. And so right
2 now, all that funding is in fiscal year 2020. If part of
3 that money was accelerated, you could execute that ship more
4 like a fiscal year 2019 ship.

5 Senator Hirono: So we need to accelerate the funding
6 to enable you to do the detail design work that is needed.

7 There was an earlier discussion about our submarines
8 being in dry dock, and the number three was mentioned, three
9 subs. I thought it was only the Boise that was in dry dock.
10 Admiral?

11 Admiral Lescher: When you say in dry dock, meaning --

12 Senator Hirono: Well, they are not deployable.

13 Admiral Lescher: For example, we have the USS
14 Montpelier right now also in a private shipyard as well. So
15 that was a fiscal year 2017 avail that was rolled in and is
16 being done now. So I think as Secretary Stiller said, on a
17 case-by-case basis where the capacity is not there, they are
18 looking to bring them into the private shipyards.

19 Senator Hirono: I am not sure I understand. So there
20 are three submarines right now that should be deployable
21 except that they are needing to be repaired. That is not
22 accurate. Is it?

23 Admiral Lescher: We will have to find out.

24 Senator Hirono: I am not talking about bringing on a
25 submarine that had already been --

1 Admiral Lescher: So, right. So Montpelier is in
2 maintenance. And then in terms of an example like Boise
3 where it has lost its certification to submerge, Boise is
4 the one example of that right now.

5 Senator Hirono: In terms of the capability of our
6 shipyard workers, you mentioned, Admiral, that 50 percent of
7 our shipyard workers have less than 5 years experience. I
8 do not know how many years of experience will be necessary.
9 I am sure that is not exactly something that you can just
10 pinpoint. But are we doing certain things to accelerate
11 their capabilities, their training, whatever we can do?

12 Admiral Lescher: Yes. That is a great question.

13 In each of our four public shipyards, you will see a
14 tremendous focus on this training of the new hires. As a
15 matter of fact, each of the four shipyards is participating
16 in a community of excellence to share best practices on how
17 you take new-levels and turn them into artisans and
18 qualified to do the maintenance. So that is investments
19 both in those training programs. You will see investments
20 in mock-ups so that the new hires can go to specific areas
21 and go through the processes that they will have to do on
22 the submarines as well. So there is a very heavy focus on
23 recognizing that and training our people properly, and I
24 think we are really starting to traction on that.

25 Senator Hirono: That is very good. Please keep that

1 up.

2 Thank you, Mr. Chairman.

3 Senator Wicker: Madam Ranking Member, let us agree
4 that members need to get their questions for the record in
5 within 5 business days. Is that all right?

6 Senator Hirono: Yes.

7 Senator Wicker: Without objection, that will be the
8 rule in this case.

9 And I do hope that things taken for the record -- you
10 could get back to us in 2 weeks after they are submitted.

11 I want to thank the witnesses and members of the
12 subcommittee for a very informative and valuable hearing.

13 Unless there is further comment, we are adjourned.

14 [Whereupon, at 10:34 a.m., the hearing was adjourned.]

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