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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 2020 AND
THE FUTURE YEARS DEFENSE PROGRAM

Wednesday, March 27, 2019

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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 10:00 a.m.
15 in Room SR-232A, Russell Senate Office Building, Hon. David
16 Perdue, chairman of the subcommittee, presiding.

17 Subcommittee Members Present: Senators Perdue
18 [presiding], Wicker, Cotton, Ernst, Hawley, Hirono, Shaheen,
19 Blumenthal, Kaine, and King.

1 OPENING STATEMENT OF HON. DAVID PERDUE, U.S. SENATOR
2 FROM GEORGIA

3 Senator Perdue: We will come to order and go ahead and
4 get started.

5 The Senate Armed Services Subcommittee on Seapower
6 convenes this morning to examine Navy shipbuilding programs
7 in review of the defense authorization request for fiscal
8 year 2020 and the future years defense program.

9 We welcome our three distinguished witnesses this
10 morning: the Honorable James F. Geurts, Assistant Secretary
11 of the Navy for Research, Development, and Acquisition.
12 Good morning. Vice Admiral William Merz, Deputy Chief of
13 Naval Operations for Warfare Systems; and Lieutenant General
14 David Berger, Deputy Commandant of the Marine Corps for
15 Combat Development and Integration.

16 General, congratulations on your nomination to be the
17 next Commandant of the Marine Corps.

18 Delighted to have you three here today. Thank you for
19 your time and effort.

20 This is my first public meeting as the chairman of the
21 Seapower Subcommittee. I am humbled to be leading this
22 subcommittee and will do all I can to support our men and
23 women in uniform.

24 Today we have the smallest Army since World War II, the
25 smallest Navy since World War I, and the oldest and smallest

1 Air Force ever. At the same time, we face complex threats
2 from China, North Korea, Russia, and Iran. A robust naval
3 fleet is critical to deter aggression worldwide, project
4 power, and support our allies.

5 The Subcommittee on Seapower will provide vital
6 oversight and support for our Navy and Marine Corps as they
7 work to meet this increasing demand for global missions. I
8 want to thank Senator Wicker and Senator Hirono for their
9 leadership over the past 4 years. I hope this subcommittee
10 will continue to work in a bipartisan manner. I fully
11 expect that.

12 Earlier this month, the subcommittee received a
13 classified threat assessment and learned how our Navy and
14 Marine Corps plan to operate in the face of these ever-
15 growing new threats. As we begin consideration of the
16 budget request, this briefing was very helpful in providing
17 context for our next series of budget-focused hearings on
18 shipbuilding, naval aviation, and Marine Corps ground
19 systems. Thank you again, Admiral Merz and General Berger,
20 for your participation in that and for the private briefings
21 that you guys have given us.

22 In 2016, the Navy increased its minimum requirement to
23 355 battle force ships, a reflection of the strategic shift
24 to great power competition. Today, the Navy stands at just
25 289 battle force ships. While I understand the Navy is

1 reassessing the fleet size requirement, I believe the need
2 for a larger, more capable fleet is clear. I look forward
3 to hearing from our witnesses today about the Navy and
4 Marine Corps plans to achieve these requirements as soon as
5 possible.

6 In addition to a global security crisis, we also have a
7 national debt crisis. Last month, our national debt topped
8 \$22 trillion. General Mattis and others have called the
9 debt the greatest threat to our national security, and I
10 agree. It is no secret that Congress' failure to pass a
11 budget on time hamstrings our military and limits our
12 ability to plan for future missions.

13 While there are many factors beyond the control of this
14 subcommittee, the Secretary of the Navy's comments caught my
15 attention in December 2017 when he said -- and I quote --
16 continuing resolutions have cost the Department of the Navy
17 roughly \$4 billion. Since 2011, we have put \$4 billion in
18 the trashcan, put lighter fluid on top of it, and burned it.
19 End quote. I wish I had been smart enough to make that
20 quote. That is pretty good.

21 Budgeting by CRs is no way to run the government, and
22 Congress must do better. In this regard, I would like to
23 hear from our witnesses today regarding the budgetary and
24 operational impacts of continuing resolutions and the return
25 of sequestration in fiscal year 2020 potentially.

1 Additionally, I would like to review a number of other
2 shipbuilding-related topics, including the ongoing force
3 structure assessment and the factors that led the Navy to
4 conduct this assessment, greater clarity on the long-term
5 funding plan and challenges related to welding and quality
6 assurance with the Columbia class submarine program;
7 aircraft carrier programs, including the Department's
8 proposal to inactivate the USS Harry S. Truman more than 2
9 decades early, as well as testing challenges in the lead
10 ship of the Ford class USS Gerald R. Ford; the Navy's plan
11 to recapitalize the nation's strategic sealift fleet; and
12 options to improve acquisition performance on lead ships.

13 This subcommittee will continue to work with the Navy
14 and Marine Corps to build a larger, more capable fleet while
15 at the same time demanding the best of our every taxpayer
16 dollar.

17 I look forward to our witnesses' testimony, and I now
18 recognize Senator Hirono and thank her for her steadfast
19 commitment to this committee over the last 4 years.

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

3 Senator Hirono: My steadfast commitment will continue
4 with you at the helm. And, of course, congratulations to
5 you who are chairing this very important subcommittee. Of
6 course, I look forward to working with you as we conduct
7 active exchanges and dialogues with the Department in order
8 to reach the best solutions to the issues facing our sailors
9 and marines and their families.

10 I want to welcome our witnesses, and of course, I have
11 my congratulations to General Berger for being nominated to
12 head up the Marine Corps.

13 We are grateful to each of you for your service to the
14 nation and for the truly professional service of the men and
15 women under your command. We also pay tribute to their
16 families because, of course, we always say that the families
17 are a very critical part of the success of the men and women
18 in our armed services.

19 Today, our witnesses face difficult decisions as you
20 try to balance the need to modernize and maintain our
21 technological advantage against the need to support ongoing
22 operations and sustain current readiness. The threats we
23 face around the world require us to consider how best to get
24 the Navy and Marine Corps the resources that we need, but we
25 must make sure that any increase in resources does not come

1 at the expense of important domestic programs that families,
2 including our military families, rely on every day.

3 Last year, we had the benefit of an early budget deal
4 that included increases in the DOD top line. This year, we
5 are again facing the constraints of the caps in the Budget
6 Control Act. The President's budget attempts to finesse the
7 caps for DOD by moving a large portion of the base budget
8 into the overseas contingency operations, or OCO, accounts
9 that are exempt from the caps. I do not support such a
10 gimmick and hope we can move quickly to achieve a deal on
11 the budget resolution for fiscal year 2020 that avoids
12 delays in getting the necessary resources to the Department
13 and to other parts of the U.S. Government.

14 Today's hearing deals with various aspects of Navy
15 shipbuilding. These Navy programs play a critical role in
16 supporting and advancing our country's strategic interests
17 in the Indo-Asia-Pacific region, including from bases in
18 Hawaii. With that in mind, the subcommittee has been
19 focused on how we improve our acquisition, stewardship and
20 thereby ensure that we are getting good value for every
21 shipbuilding dollar that we spend.

22 2 years ago, the Chief of Naval Operations presented us
23 with a new force structure assessment. The Navy's 30-year
24 shipbuilding plan last year would have increased the size of
25 the fleet but would not have met the 355-ship goal.

1 This year, the 30-year shipbuilding plan indicates the
2 Navy would achieve that goal in 2034. The attack submarine
3 force goal of 66 boats would be achieved in 2048, the same
4 as last year. The goal for large surface combatants would
5 be achieved in 2029. The surface force would remain at or
6 above the level through the remainder of the 30-year plan.
7 Last year's plan would have achieved the goal of 104 large
8 surface combatants for only 1 year during the 30-year
9 period, the year 2024.

10 Despite having a requirement of 12 aircraft carriers,
11 this year's plan has a force of nine aircraft carriers for a
12 little over a quarter of the 30-year plan. This is a
13 significant reduction from last year's plan, which had at
14 least 10 carriers for all but 1 year of the 30-year plan.
15 Some of this erosion in carrier levels undoubtedly relates
16 to the proposal to cancel the refueling complex overhaul of
17 the USS Harry Truman, which I am sure we will hear more
18 about. And we have already had some discussions with you.

19 Last year, section 915 of the National Defense
20 Authorization Act for Fiscal Year 2019 expanded the duties
21 of Secretary Geurts' position to include acquisition and
22 sustainment, including maintenance matters.

23 I am very encouraged that the Navy is not ignoring a
24 vital component of maintaining a ready and capable fleet:
25 our national shipyards. And, of course, Hawaii has one of

1 them. These facilities, including the Pearl Harbor Naval
2 Shipyard on Oahu, are essential for maintaining a ready and
3 capable fleet. I am encouraged that the Navy has gotten
4 serious about these critical assets that have been
5 neglected, as far as I am concerned, for far too long.

6 I look forward to hearing from you this morning about
7 how the fiscal year 2020 budget supports this plan.

8 I also look forward to working with the Navy to ensure
9 that the shipyard modernization program stays on track.

10 Thank you, Mr. Chairman.

11 Senator Perdue: Thank you, Senator Hirono.

12 Now we will hear from our witnesses. Secretary, I
13 believe you are up first.

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1 STATEMENT OF HON. JAMES F. GEURTS, ASSISTANT SECRETARY
2 OF THE NAVY FOR RESEARCH, DEVELOPMENT, AND ACQUISITION; VICE
3 ADMIRAL WILLIAM R. MERZ, USN, DEPUTY CHIEF OF NAVAL
4 OPERATIONS FOR WARFARE SYSTEMS; AND LIEUTENANT GENERAL DAVID
5 H. BERGER, USMC, COMMANDING GENERAL, MARINE CORPS COMBAT
6 DEVELOPMENT COMMAND AND DEPUTY COMMANDANT FOR COMBAT
7 DEVELOPMENT AND INTEGRATION

8 Mr. Geurts: Yes, sir. Chairman Perdue, Ranking Member
9 Hirono, distinguished members of the subcommittee, thank you
10 for the opportunity to appear before you today to address
11 the Department of the Navy's fiscal year 2020 budget
12 request.

13 Joining me today are Vice Admiral Bill Merz, Deputy
14 Chief of Naval Operations for Warfare Systems, and
15 Lieutenant General Dave Berger, Deputy Commandant for Combat
16 Development and Integration.

17 Sir, with your permission, I intend to provide a few
18 brief remarks for the three of us and enter our formal
19 statement in the record.

20 Senator Perdue: Yes, sir.

21 Mr. Geurts: I would like to start by thanking the
22 subcommittee and all of Congress for passing the fiscal year
23 2019 budget on time. The on-time receipt of the full budget
24 allowed us to expedite the delivery of lethality and
25 readiness to our sailors and marines while achieving cost

1 savings through much more efficient contracting. It also
2 helped stabilize the industrial workforce and our supplier
3 base, both of which are critical to our success.

4 The 2019 budget allowed us to continue to build the
5 navy and the naval force the nation needs. This year, we
6 will commission 12 ships compared to an average of five
7 ships per year over the last 20 years. By the end of the
8 year, we will have 296 ships in our battle force inventory.
9 Not only are we building more ships, but their quality and
10 capability continues to increase with each delivery.

11 We continue to improve the acquisition and contracting
12 strategies to maximize the output for every taxpayer dollar,
13 including saving more than \$4 billion for the construction
14 of the third and fourth Ford class carrier and saving over
15 \$700 million on our next set of destroyers.

16 Our fiscal year 2020 request continues our commitment
17 to build a 355-ship Navy, as well as the other capabilities
18 the Navy and the Marine Corps require to meet the National
19 Defense Strategy. Our request is the largest shipbuilding
20 request in over 20 years and funds 12 battle force ships in
21 fiscal year 2020, reflecting the critical role the Navy and
22 the Marine Corps play in our National Defense Strategy. It
23 funds 55 battle force ships within the future year defense
24 program and results in a smooth and continuous ramp to
25 achieving 355 ships in 2034, a 20-year acceleration from

1 last year's plan.

2 This year's shipbuilding plan continues to reinforce
3 the powerful combination of a strong and stable industrial
4 base and predictable funding, as well as provides our
5 initial estimates on the enduring cost of sustaining a
6 larger Navy after 40 years of progressively smaller navies.

7 Recognizing that effective and efficient sustainment of
8 the fleet is absolutely critical, we have also submitted the
9 first-ever 30-year long-range plan for the maintenance and
10 modernization of the fleet. This complements our 30-year
11 shipbuilding plan. It outlines the growing maintenance
12 requirements and the many initiatives the Navy is executing
13 to improve the on-time completion of maintenance activities.
14 It complements the many other actions the Navy and the
15 Marine Corps are taking to improve the readiness of the
16 entire force.

17 Finally, the Department of the Navy continues to place
18 a priority on fielding new technologies and capabilities,
19 those needed to compete and win in the future. These
20 include a wide range of unmanned capabilities in the air, on
21 the sea, and below the surface, as well as new capabilities
22 enabled by directed energy, hypersonics, artificial
23 intelligence, and advanced sensor systems.

24 Thank you for the strong support this subcommittee has
25 always provided our sailors and marines, and thank you for

1 the opportunity to appear before you today. We look forward
2 to answering your questions.

3 [The prepared statement of Mr. Geurts, Admiral Merz,
4 and General Berger follows:]

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1 Senator Perdue: Thank you, sir.

2 We will now start the round of questioning. We will do
3 5 minutes in the first round, and then time allowing, we
4 will go into potentially a second round. I will start off
5 and then we will move to Senator Hirono.

6 Secretary Geurts, following up on my opening statement
7 today -- and you referred to it in yours as well --
8 regarding budget stability, in a private conversation you
9 have said this is a key success factor to our Navy and
10 Marines out there today. The Secretary of the Navy also
11 stated in testimony that a return to sequestration in fiscal
12 year 2020 could mean a \$26 billion cut to the Department of
13 the Navy, and he provided a graphic. I think at each of our
14 places this graphic is here. Thank you for that. Showing
15 the impact of what that would mean in the procuring of six
16 new ships and in the operation of our Navy and Marine Corps.

17 Would you talk about the impact of that potential
18 Budget Control Act, which is the law of the land? If that
19 were to really take place, what would that do to our
20 procurement plan?

21 And then also as an adjunct, I would like each of you,
22 if you have a comment, to talk about how CRs impact your
23 area of responsibility. And we have had 2 years now where
24 we have avoided them. We are halfway through this fiscal
25 year and we are facing the gun barrel right now of another

1 potential for a CR September 30th of this year. And I would
2 like you to tell this subcommittee how dangerous that could
3 be for your area of operations.

4 Mr. Geurts: Yes, sir. I will start out and then ask
5 my two compatriots here to give their perspective.

6 From the Budget Control Act, it would be devastating.
7 We have really done well by having smooth, efficient
8 production lines well planned out. All the work we have
9 done over the last couple years would be completely
10 devastated if we went into Budget Control Act, one, because
11 of the magnitude of the act, and then it is further
12 compounded because we would have to apply that, under normal
13 circumstances, to each line item, which means each
14 individual ship, since they are line-item appropriated. So
15 the dollar amount would be devastating. The impact would
16 actually impact every ship because we could not actually
17 even balance the dollars as we go forward.

18 So as we look at that from a shipbuilding perspective,
19 all we have done to get out of the boom and bust and have a
20 repeatable, efficient, effective program plan would all be
21 kind of thrown in there. And as we have seen, it has taken
22 us decades to recover from gaps we had in submarine
23 construction from Katrina impacts. And so you would
24 essentially undo everything we have done over the last
25 couple years to rebuild the Navy in an efficient manner.

1 Senator Perdue: Is it safe to say that future
2 acquisition costs would go up?

3 Mr. Geurts: Yes, and it is not just acquisition. It
4 will also be on the readiness and the maintenance.

5 On the CR impact, if I look over the last 10 years, by
6 my accounting the average is we have been about a third of
7 the year in a CR as an average over the last 10 years. And
8 what does that draw? That draws huge uncertainty.

9 I mean, I can talk about it at the program level. I
10 would ask General Berger and Admiral Merz to talk about it
11 kind of at the deckplate level.

12 But with that uncertainty, then I have to create
13 multiple versions of contracts. Everything we are doing on
14 ship maintenance to move planning early gets thrown out
15 because now you have to continually replan. We did 258,000
16 contracts last year in the Department of Navy, \$110 billion
17 worth of work. They will now have to do that once, twice,
18 three times.

19 And then in particular with the 2020 budget where we
20 have got increases in ship counts, those will all have to be
21 rolled back. Increases in personnel to man the ships we are
22 fielding -- those will all be impacted. And then new starts
23 like our new frigate -- all of that would have to go on
24 hiatus.

25 And the real issue is uncertainty. If you knew it was

1 going to be for 82 days, you could plan around that. You do
2 not know when the CR is going to end, so you are kind of in
3 an endless replan.

4 And then I would ask my two teammates here to provide
5 their input.

6 Senator Perdue: Yes. We have about a minute left. We
7 will come back to this later if we need more time, but I
8 would like to hear from these two commanders as well.

9 Admiral Merz: Yes, sir, Mr. Chairman. I will speak
10 quickly here.

11 I think Secretary Geurts covered it. But in the
12 simplest terms, it impedes virtually every area of our
13 operation, and it is a crushing impact on morale for the
14 forward-deployed force.

15 Under your oversight, we applied industry best
16 practices and we have tried to improve our efficiency. And
17 we found the impacts even worse than we thought. And
18 unfortunately, we have real data here over 10 years of CRs.
19 This is not anecdotal. Through the renegotiation of about
20 10,000 contracts, a 6-month CR in 2018 costs us \$5.8 billion
21 in buying power. In real terms, that is the equivalent of
22 about three destroyers that we were unable to execute.

23 There is a GAO report in March that reinforces our
24 assessment. The impacts I think as Secretary Geurts
25 covered, for fiscal year 2020, but a loss of \$2 billion of

1 reprogramming or shifting funding to the MILPERS accounts,
2 \$4 billion in operations and maintenance, nearly another \$6
3 billion in shipbuilding that we will be unable to execute.

4 So last year, we have seen a return to good behavior
5 and the high productivity. We got away from the bad short-
6 term behavior, what we call survival tactics. And we just
7 cannot go back if we expect to win.

8 Senator Perdue: General Berger?

9 General Berger: Sir, it is an oversimplification, but
10 I think at the title X level where we work, we are going to
11 trade modernization to pay for readiness because that is
12 what we must do. All the progress that they noted that we
13 have all seen with on-time budgets goes backwards because we
14 will absolutely make sure the next units to deploy are ready
15 to go, as we have in the past.

16 At the unit level where I came from in August, just 30
17 seconds on that where Senator Hirono and I first met. Those
18 commanders out there plan their whole training and education
19 plan, their deployments, their exercises based on the budget
20 they think they are going to get. And it is not even flow
21 over 12 months. So if they do not know, if they go into
22 sequestration or a CR, that unpredictability that the
23 Secretary mentioned at their level -- they do not know
24 whether they are going to Thailand or the Philippines or
25 Australia or whether they can afford that. They have to

1 write the contracts. They have to lay in the airlift a
2 couple months in advance. We lost a lot of money when we
3 were in a CR buying airplanes, scheduling maintenance,
4 laying contracts in for things that did not happen.

5 Senator Perdue: So to put it bluntly Russia and China
6 do not face this sort of financial constraint with regard to
7 their planning. Is that correct?

8 General Berger: I am not qualified to answer that. I
9 just know the impact it has on us. It is not good.

10 Senator Perdue: Thank you.

11 Senator Hirono?

12 Senator Hirono: Thank you very much, Mr. Chairman.

13 I appreciate the fact that you continue to focus on the
14 damage done by CRs, and in fact, some of you probably know
15 that the chairman and I were part of a joint House-Senate
16 special committee to address the budget and appropriations
17 issues, and both of us shared the concern about continuing
18 to resort the CRs. But we were not able to come to a
19 resolution or appropriate recommendations, which just goes
20 to show how intractable this problem is. But certainly
21 putting a large part of the base budget into OCO funds is
22 not the answer either.

23 So I want to get to the public shipyard modernization
24 issue, Secretary Geurts, because that is something that, as
25 you know, I have been really focused on.

1 So I do applaud the Navy for establishing a plan for
2 modernizing the public shipyards because up to now, we have
3 been in, pretty much, fits and starts without a
4 comprehensive plan.

5 Does the Navy's fiscal year 2020 budget fully fund the
6 shipyard modernization plan? Because the fiscal year CNO's
7 unfunded priority list is silent on shipyard modernization.
8 So I want to know whether you are fully funded to do what
9 you --

10 Mr. Geurts: Yes, ma'am. It is fully funded. We have
11 put a lot of resources in it. And just to foot stomp your
12 issue, the average age of our dry docks across all of our
13 yards is 62 years old. And so that is just one element of
14 where we need to modernize the shipyard, both recapitalize
15 that, as well as recapitalize equipment and facilities.

16 Senator Hirono: Yes. We know that there are major
17 needs for modernization. So I just want to be assured that
18 you actually have money to proceed with that.

19 Are you considering any changes to the plan to
20 accelerate specific capability expansion or specific
21 productivity enhancements in view of the ship maintenance
22 problems that you are facing?

23 Mr. Geurts: Yes, ma'am. We are working to look at
24 that. The shipyard plan kind of has three major lines of
25 activity. One is recapitalizing dry docks. The second is

1 productivity improvements by re-laying out the yard. We
2 believe that will get us 65 percent more efficiency just in
3 terms of moving workers closer to the work. And then the
4 third is recapitalizing tools and machinery in the shipyards
5 themselves. All three of those are underway.

6 Additionally, we have started master planning, and so
7 at Pearl Harbor in particular is our first where we have
8 hired a master planner to help work through the details. We
9 are going to do that in all four of the yards to work
10 through all the detailed planning of how exactly to lay out
11 the yard to get us to the efficiency we want.

12 My end goal is as the number of ships goes up, we get
13 the efficiency in the public yards so that we stabilize the
14 workforce there, we can deliver the increased demand through
15 efficiencies in the yard versus having to hire additional
16 folks to meet that growing demand in the out-years.

17 Senator Hirono: Well, you also face the challenge of
18 having workers who are retiring in large numbers, and you
19 have a lot of people in the shipyards who are doing the
20 necessary work with fewer than 5 years of experience. So
21 there is that. You can move the people closer to where the
22 work is to enhance the efficiencies, but you have the
23 overall concern about where the workers are coming from.

24 Mr. Geurts: Absolutely.

25 Senator Hirono: What are you doing on that --

1 Mr. Geurts: Yes, ma'am. So we have accelerated our
2 hiring, and so we are at the level of workforce, 36,700, we
3 want in all the four public yards. We have achieved that a
4 year early. As you indicate, about 57 percent of those
5 right now have less than 5 years experience. And so we are
6 employing a whole host of technologies, apprentice programs,
7 and they are taking best practices from around the world to
8 get that workforce trained, capable, and stable so that as
9 we improve the facilities, we will leverage the foundation
10 of a strong workforce that we have put in place.

11 Senator Hirono: I have been to our apprenticeship
12 programs, and I am seeing more women getting into those
13 programs. Is that a potential source of really good
14 workers? Are you doing any kind of particular outreach to
15 women to work in our shipyards?

16 Mr. Geurts: Yes, ma'am. I will have a follow-up to
17 give you kind of a more specific answer to that. I would
18 say in the time here, we are looking for the best workers
19 and fully leverage diversity wherever they come from. It is
20 a great opportunity to help the nation out. They are
21 stable, really important jobs for us, and we are looking to
22 actively recruit and maintain that workforce.

23 Senator Hirono: I look forward to talking with you
24 more about that.

25 So moving on, for either you, Mr. Secretary, or Admiral

1 Merz, the Navy is requesting funds for three Virginia class
2 boats -- I know my time is almost up, but could I finish my
3 question -- in fiscal year 2020 instead of the two planned
4 for fiscal year 2020 at this time last year. And the Navy
5 budget justification material says that since the normal
6 advance procurement funds were not budgeted before now, the
7 third boat in the fiscal year 2020 request will not begin
8 construction until fiscal year 2023.

9 I would also note that last year, the Navy's 30-year
10 shipbuilding plan through 2048 did not ramp up production of
11 three Virginia class boats at all. And this year, the
12 Navy's 30-year shipbuilding plan includes the third boat in
13 fiscal year 2020 but does not include a third boat in any
14 other year in the 30-year plan. So it is a little bit
15 mystifying to me.

16 I can understand that you would request advance
17 procurement for an additional attack submarine in fiscal
18 year 2020, but why would you ask for full funding for a boat
19 that cannot be built in fiscal year 2020?

20 Mr. Geurts: Yes, ma'am. I will start out, and if
21 Admiral Merz wants to jump in or we can come back around to
22 it.

23 As we discussed last year in the committee, our biggest
24 shortfall in your opening statement as well noted is in
25 attack submarines. And that situation will get worse before

1 it gets better. And so we are looking for any opportunity
2 to accelerate that versus the other fleets we had, and while
3 normally we would have just done the advance procurement,
4 since this is outside of the block buy and because of the
5 criticality of adding the submarines and trying to get that
6 left of the Columbia production ramp-up, we chose to fully
7 fund that in 2020 when we made the hard decision to fully
8 fund that in 2020 versus over a couple of years.

9 Senator Hirono: Okay. I may have further questions.
10 But thank you, Mr. Chairman.

11 Senator Perdue: Senator Hawley?

12 Senator Hawley: Thank you, Mr. Chairman.

13 Thank you, gentlemen, each of you, for being here
14 today.

15 Let me start with the 355 ship target, which I
16 understand is a result of the force structure assessment in
17 2016. Is that correct, Mr. Secretary? Admiral, I will
18 direct it to you.

19 Admiral Merz: Yes, sir, it is.

20 Senator Hawley: Now, I understand, based on testimony
21 last year, that the Navy is currently looking again at the
22 force structure assessment and updating that, Admiral. Is
23 that correct?

24 Admiral Merz: We are and that will be completed by the
25 end of the year.

1 Senator Hawley: Completed by the end of this year.

2 I wonder if you can give us a preview. I mean, a lot
3 has changed since the last force structure assessment was
4 finished. I am thinking of, in particular, the National
5 Defense Strategy, which represents a significant shift,
6 obviously strategically and otherwise. Can you give us some
7 thinking on how the NDS may impact the force structure
8 assessment update and where you are on that?

9 Admiral Merz: Yes, sir. So I have not had a preview
10 of the force structure assessment, but I can certainly
11 comment on some of the complex variables we are inserting
12 into the ongoing assessment.

13 We typically do a force structure assessment every 2 to
14 3 years. The services are about 2 to 3 budget cycles. And
15 it is driven by a significant change in threat, a change in
16 guidance as the National Defense Strategy, which actually
17 covers both. And then we work it through with the combatant
18 commanders, the OPLAN analysis, the campaign analysis. It
19 is typically founded on the capabilities we have on how we
20 would fight with the projection into the future. It does
21 not typically identify new capabilities we need, best
22 employment of what we have or what we are projected to have.

23 Some of the things we have entered into a churn of this
24 force structure assessment is the shift -- I will say shift
25 back to distributed maritime operations, which is very

1 reflective of a peer or near-peer type of competition we
2 might face. Along with that came a recognition that we will
3 likely have to change force mix, not necessarily types of
4 ships, but the numbers on either side; a strong look at
5 logistics on how we would support a distributed maritime
6 operation. We just finished the sealift report 18 of March,
7 and that showed that the sealift requirement is about
8 correct, but how we distribute that into a contested
9 environment is under review and that will be part of the
10 assessment.

11 So all that has created quite a few moving parts for
12 this force structure assessment. We were asked recently do
13 we expect the number to go up or down. I certainly do not
14 expect it to go any lower. I would not be surprised if it
15 goes up on several categories.

16 Senator Hawley: Thank you very much.

17 Let me ask you about modernization. China, obviously,
18 a major focus, the major focus perhaps, of the NDS. We know
19 that China is in a rapid buildup of sea power. It can
20 exceed 400 ships by some estimates soon. The statistic that
21 is perhaps more alarming to me, however, is the statistic
22 that at least as of 2017, 70 percent of China's navy was
23 considered modern, outfitted with the latest technology,
24 including AI.

25 Can you give us some visibility, Admiral, into steps

1 that the Navy is taking to make sure that our fleet is not
2 only large, of sufficient size, but also that we are,
3 indeed, incorporating the latest technologies, including AI
4 and others, to make sure that we are on equal footing or
5 better than our Chinese counterparts?

6 Admiral Merz: Yes, sir. So not surprising, it will be
7 somewhat of a similar answer.

8 So on the front end of our assessment are the OPLAN
9 analyses by the combatant commanders who keep a very close
10 eye on the threat. I will tell you we are very impressed
11 with China's commitment to modernization, their commitment
12 to maintenance. Maybe some insight to the chairman's
13 question on them, do they face the same type of budget
14 constraints? We do not know but we do know they follow our
15 models and in some cases are executing better than we are.
16 This is part of our recovery and our recommitment.

17 Artificial intelligence, machine learning, this all
18 goes into how we would employ the force, and it will have an
19 impact on the type of force that we buy.

20 Some of these vectors are a little bit hard to track
21 now. A lot of this technology is very new. But along with
22 the last force structure assessment, the defense committees
23 also directed us to do an additional assessment. Every
24 single one of them has identified the new technologies we
25 have to pursue, open the aperture, more distributed

1 lethality, cost-imposing, attritable, which includes machine
2 learning, artificial intelligence.

3 All these factors are coming together for a
4 reevaluation of how this force mix might look.

5 Senator Hawley: Thank you very much.

6 Thank you, Mr. Chairman.

7 Go ahead, Mr. Geurts.

8 Mr. Geurts: If I could just add in we are absolutely,
9 I would say, on the acquisition technology side really
10 focused on how do we stream new capabilities into both our
11 existing fleet and future fleet much more quickly. There
12 are some really exciting stuff on architecture, and whatnot.
13 So perhaps I can give you an update on that in a little more
14 detail because we are really -- I would say the Navy is on
15 the front end of bringing new capabilities into ships much
16 more quickly, and I can probably give you some examples of
17 that.

18 Senator Hawley: I would appreciate that. Thank you.

19 Thank you, Mr. Chairman.

20 Senator Perdue: Senator King?

21 Senator King: Thank you, Mr. Chairman.

22 By virtue of my service on several other committees, I
23 just want to share something that I think is a rising
24 problem that I think could be very important, and that is
25 cyber attacks through subs of major contractors. We are

1 seeing that in the utility field. We are seeing it also in
2 the military. And I hope it is something you can really
3 have some urgency on. You can have a five-person
4 engineering head hunting firm that gets into the system of
5 their general contractor and thereby can steal intellectual
6 property. And I think it is something we are now seeing
7 more of, and I hope you can put the fear of God into some of
8 these people and not just rely on the big guys having good
9 security but the subs that have access into their system.
10 That is just a point I wanted to mention.

11 I am a little worried about the timing of the Columbia
12 class. Tell me about how that is coming. I understand it
13 is getting tighter. There have been some problems and the
14 schedule is shrinking.

15 Mr. Geurts: Yes, sir. So Columbia's schedule has not
16 changed. As you know, we were fairly proactive in looking
17 at critical technologies, demonstrating and prototyping
18 those to the left of when we would traditionally do it in a
19 program, learning some of the lessons of some of our other
20 lead ships where we had technical challenges that drove
21 delivery of that.

22 But the area that has probably gotten the most kind of
23 visibility and has actually showed us we have work to do is
24 on the missile tubes, large, complex welds, finding the
25 quality, understanding how we inspect those for quality. We

1 had some of those issues pop up last year. That has eroded
2 some of the margin but has not impacted the schedule.

3 Senator King: You are still within the --

4 Mr. Geurts: Yes, sir. We still have an 11 months'
5 margin to the need date for those. So we are going to
6 continue our prototyping activities to beat down any of the
7 areas where we see risk in terms of construction. In terms
8 of the program overall, they are close on their design
9 curves and maturity. We are going to have a higher design
10 drawing completion on that ship than any submarine we have
11 ever produced before.

12 So everything we are trying to do is to maintain
13 margin, beat out the risk as early as we can, and then
14 position that program for success because, as you know, we
15 do not have a lot of schedule margin on the back end of that
16 program to get it into the STRATCOM fleet to --

17 Senator King: Because there is a potential gap on the
18 other end with the retirement of the Ohios.

19 Mr. Geurts: Yes, sir. We are tight. There is not a
20 gap yet, but we do not have a lot of --

21 Senator King: Potential gap.

22 Mr. Geurts: Yes, sir. We do not have a lot of margin
23 on the back end. So Columbia is our number one program. We
24 are doing everything we know how to continue to drive risk
25 out and deliver that on schedule.

1 Senator King: Good. Thank you.

2 Admiral, how are we doing with the integration with the
3 Flight III DDGs coming in? Is that going smoothly? Are we
4 on schedule? Does it look like it is going to be a smooth
5 transition?

6 Admiral Merz: Yes, sir. We are on schedule. The
7 first one delivers in fiscal year 2023. The last hurdle
8 really for the phased integration of the capability we need
9 was the final test on the radar, and that was just recently
10 completed and the radar did fine.

11 Senator King: So that is ready.

12 Admiral Merz: Yes, sir.

13 Senator King: Maintenance plan. You talked about
14 maintenance. And I think I heard you say, at least
15 implicitly, more aggressive work on maintenance, better
16 scheduling, shorter periods because if we can do a better
17 job on maintenance, we have more ships at sea. Give me a
18 little more detail on what your plans are on maintenance.

19 Mr. Geurts: Yes, sir. And I would say my largest
20 focus area over the last 6 months has been on the
21 maintenance side. We have some issues in some of the new
22 construction. We are not delivering yet to the degree I
23 would want to the fleet in maintenance. My end goal is
24 ships come in on time, ships go out on time.

25 Senator King: Do you have data on sea readiness per

1 ship? It would be nice to know. Are they ready to be at
2 sea? Are they at 82 percent or 62 percent or 90 percent?

3 Mr. Geurts: Yes, sir. We can pull all that data for
4 you.

5 Senator King: For the record, I would like to see it.

6 Mr. Geurts: Yes, sir. Where I am focused on -- we
7 have talked some on the public yard side of things. I am
8 also really focused on the private yard maintenance where we
9 do most of our non-nuclear, in fact, all of our non-nuclear,
10 surface maintenance and doing a couple different things
11 there. We are really taking a hard look, putting commercial
12 best practices on inspections the government does. We have
13 reduced those on our availabilities by 30 percent. My
14 target is 50 percent. So we can operate as efficiently as
15 we can in the private yards.

16 Senator King: Because that equals more ships.

17 Mr. Geurts: Yes, sir. We got to get them out on time
18 because if we do not get them out on time, that just ripples
19 all the way through the force.

20 The second piece is relooking at our contract strategy.
21 We tended to award ships one at a time with not a lot of
22 planning window, which made it really tough on industry to
23 operate efficiently. So right now, we are moving our award
24 dates 90 days before the availability. My goal is to get
25 those to 180 days.

1 And then the third is reduce -- we were doing a lot of
2 higher headquarters contract changes versus allowing folks
3 to fix things on the waterfront. We have already put those
4 in so that changes under \$25,000, negotiate on the spot.
5 That is also driving a lot of efficiency.

6 Senator King: Thank you.

7 Thank you, Mr. Chairman.

8 Senator Perdue: Senator Ernst?

9 Senator Ernst: Thank you, Mr. Chair.

10 Gentlemen, thank you so much for being here today.

11 And, Senator Hawley, thank you for bringing up AI and
12 those capabilities because I want to dive in a little bit
13 more there.

14 Earlier this month, I held a subcommittee hearing
15 through Emerging Threats and Capabilities, and we did talk
16 about AI. So we have the development fielding of AI systems
17 in our own formations, but we are also keeping an eye on
18 what Russia and China is developing. At what point do you
19 assess that artificial intelligence will be making a
20 critical difference in the way Russia and China deploy their
21 forces? Do you see that as an imminent action or is it
22 further down the line?

23 Mr. Geurts: Yes, ma'am. My sense is it on a
24 continuum. So I do not think it will be, you know, today
25 this, tomorrow that. And I think the way the Department of

1 Navy -- and again, both my compatriots join in. AI can
2 apply to large things and small things. So using artificial
3 intelligence on maintenance, how do we do smarter
4 maintenance, how to increase the speed we can train, as well
5 as some of the big kind of data analytics decision-making
6 tools. I think all of those are in varying states of
7 maturity. Some of it is ready to go right now. We are
8 looking to accelerate that into the force now. Some of the
9 larger will take time to perfect. That is kind of my sense
10 of it right now.

11 Senator Ernst: And would you say that we are on an
12 even playing field with some of our adversaries and where
13 they are with AI?

14 Mr. Geurts: I would say we are ahead, but I would say
15 that is -- we have got some sockers that are catching up to
16 us if we do not continue to focus on it. The Department of
17 the Navy, as well as the Department overall, are really
18 focusing on it so we do not lose our competitive advantage
19 here.

20 Senator Ernst: So are there other recommendations?
21 You mentioned maintenance, and that is always a great way to
22 use AI through any of our branches of service. Are there
23 things specific to our naval forces that you think would
24 benefit by using AI?

25 Mr. Geurts: Yes, ma'am. And again, I will maybe ask

1 two folks to jump in here.

2 I think training is another one, how to speed up
3 training and get really kind of personalized training. And
4 so as we said, we have a large workforce on the shipyard we
5 are trying to train. We have very complex systems we are
6 putting in the field with a growing junior force. And so
7 understanding how to fully leverage that I think will be
8 critical.

9 And then I would say at the higher levels how we do
10 decision-making.

11 But maybe, Admiral Merz, do you want to jump in?

12 Admiral Merz: Yes, ma'am. I appreciate the question.
13 This is a high interest item for the Navy. I would be happy
14 to get with you in a classified setting on the comparative
15 capabilities between us and at least the pacing adversaries.

16 But where I think this is an enabler not just for
17 fighting but for peacetime operations, situational
18 awareness, how we manage the force, where we place the
19 force. We are still considered the largest, most capable
20 navy in the world, but when you disperse us over the globe
21 in any one particular area, we are likely not the largest,
22 and depending on how much time we had to respond. We see
23 this as a critical enabler for both what we will call man in
24 the loop, man on the loop, or just machine-to-machine
25 discussions, and we are pursuing all that.

1 As a matter of fact, it is a very rich area where we
2 are partnering with industry. We were hoping we could just
3 adopt a solution, and we are discovering that industry is
4 struggling with this like we are, and we have found a lot of
5 middle ground. We can work together.

6 Senator Ernst: I do appreciate that. I just think
7 there is a lot more that we can do with AI not only
8 administrative tasks, maintenance tasks, but also as AI
9 applies to autonomous vehicles and so forth. You know, we
10 may not be quite there yet, but at some point, we will start
11 to see more autonomous vehicles out there, autonomous boats
12 perhaps. You are very personnel heavy.

13 Mr. Geurts: Yes, ma'am. So in this year's budget, we
14 have over \$400 million in 2020 and over \$3 billion in the
15 FYDP on autonomous ships. That was going to be my kind of
16 final comeback. AI and machine learning -- that combination
17 to get the capability we want out of those autonomous ships
18 is absolutely critical, and we are already applying to the
19 autonomous vehicles we have, another area that is very rich.

20 Senator Ernst: Okay, very good.

21 Well, my time is about to expire. So, gentlemen, thank
22 you. And, Admiral, I may take you up on that offer. We can
23 do a deep dive. Thank you.

24 Senator Perdue: Senator Kaine?

25 Senator Kaine: Thank you, Mr. Chair.

1 And thanks to the witnesses. Good to be back with you.

2 And thanks for the good work that you are all doing.

3 I want to talk about the Harry S. Truman. This is the
4 first Seapower Subcommittee we have had since the news came
5 out that in the President's budget request there is a
6 suggestion that the Truman not be refueled at its midpoint.

7 The committee hears a lot both in open and classified
8 about the continuing need for the aircraft carrier platform
9 in terms of the capacity that it provides, but also in terms
10 of the flexibility. It can be here; it can be there as
11 problems crop up in different parts of the world.

12 The military has recently made a commitment to do a
13 two-carrier buy. So those new carriers are important. But
14 I think a lot of us were puzzled about a suggestion that you
15 would squander an asset at its midpoint when it might have
16 another 25 to 30 years of active life post refueling. So
17 this is really the first opportunity we have had to kind of
18 ask what is the thinking behind that. I know there is an
19 ongoing study about how to get to 355 and what the mixture
20 is. But if you could talk about the thinking behind the
21 recommendation, that would be helpful.

22 Mr. Geurts: Yes, sir. I will start out and then ask
23 Admiral Merz to jump in from his perspective as the
24 warfighter.

25 So first I would say is we are all in on the Ford class

1 carrier. That is why we signed a two carrier deal. We see
2 that, as the Acting Secretary said yesterday, we need
3 carriers now. We need them in the future. So this is not a
4 survivability issue or the Navy walking away from carriers
5 by any regard.

6 But we are looking at how are we going to be
7 competitive in the future and what is the force mix that
8 gives us the most competitive advantage in the conflicts we
9 see going forward. That necessitated some bold moves and
10 some tradeoffs, quite frankly.

11 And so what the Department looked at is getting the
12 Fords, getting that is our carrier of the future. That
13 allows us to put the air wing in the future on and trade for
14 that, particularly in the out-years of the FYDP, capability
15 for some of these unmanned systems and some of these other
16 cost-imposing systems that we think we need to complement
17 the carrier of the future.

18 And so that was the thought process. It was a tough
19 challenge. It was somewhat of a bold move. And we want to
20 have that discussion early enough to have the robust debate
21 it deserves with an ability to continue to look at that and
22 understand if it is the correct decision from everybody's
23 perspective.

24 Bill, would you like to add?

25 Admiral Merz: Yes, sir. Thank you for the question.

1 This is, obviously, a very big deal to us as well, a very
2 important decision that took a lot of thought.

3 Our commitment to our carrier requirement is the Ford
4 class. However, that requirement evolves over time. It is
5 still 12 carriers, and we are committed to getting to 12
6 carriers.

7 This is a warfighting investment decision. We have
8 done a whole series of studies, including several directed
9 by the defense committees, and they all push us in the
10 direction of a more distributed force, autonomous vehicles,
11 directed energy, rail guns, and all these things are
12 investments that we decided now is the time to move out on.

13 We know the security environment is getting more
14 complex. So having this more distributed, cost-imposing
15 force we think will complement the battle force. It is not
16 intended to replace the battle force.

17 The effect of removing the Truman will be realized in
18 the late 2020s, 2027, 2029 when she would have come out of
19 the yards. So over that time, we are going to continue to
20 validate this approach. We are going to continue to
21 experiment. We will adjust in stride. We have a long
22 history of doing that. Yes, this is a reversible decision,
23 but we would like not to reverse it at the expense of these
24 other capabilities that we need to pursue and every
25 indication has told we need to evolve and to pursue.

1 Senator Kaine: Can I ask you this? So you say the gap
2 would show in 2027 and 2029 when it would come out after the
3 refueling. I think the refueling is supposed to start in
4 2024. Is that right?

5 Admiral Merz: It would. So that would have started
6 regardless.

7 Senator Kaine: Let me ask this. So there is still an
8 ongoing study. So this is still sort of under some
9 analysis. In that analysis, are you taking into account the
10 effect on the industrial base of not doing the refueling?
11 What we have heard from industrial base partners that work
12 on the refuelings is that they really worry that they are in
13 somewhat of a fragile spot, and removing that refueling
14 beginning in 2024 could jeopardize them. Is that one of the
15 areas that you are analyzing as you try to reach the --

16 Admiral Merz: Yes, sir. So the analysis I am
17 speaking of was a warfighting analysis. The analysis on the
18 industrial base was done in advance of this decision. I
19 will turn that over to Secretary Geurts to comment further.

20 Senator Kaine: If I could, Mr. Chair, just have him
21 answer that last question, that would be great.

22 Mr. Geurts: Yes, sir. As you know, anything in
23 shipbuilding is all about the industrial base, and while
24 there is some fungibility in terms of the skill sets needed
25 to do this overhaul, there is a lot of specialized skill as

1 well. And so we have looked fairly closely at that. I
2 think we will probably make some adjustments in the budget
3 looking forward should the refueling continue to be off our
4 plan, where do we move the inactivations, and look at that
5 closely, work closely with the shipyard. There is a gap we
6 see that it would cost. We have a lot of inactivation work
7 to do, but we are going to have to work that closely with
8 the shipyard to understand because we are going to have to
9 preserve that workforce capability. So I do not want to
10 trivialize that as an issue to work. We have some time to
11 work as that workforce impact would not really hit until
12 2023 and then into 2024. It is something we are going to
13 have to work. We looked at it at the top level as we made
14 the decisions, but it will be something we are going to have
15 to work closely with the shipyards on.

16 Senator Kaine: I appreciate it.

17 Thank you, Mr. Chair.

18 Senator Perdue: Senator Cotton?

19 Senator Cotton: Thanks, gentlemen.

20 Let us keep probing that line of questioning from
21 Senator Kaine. The decision about the Truman has been in
22 the news a lot lately. We have been talking about it a lot
23 here in Congress. So the Truman is still good to go,
24 though, until 2024. Is that right?

25 Mr. Geurts: Yes, sir.

1 Senator Cotton: Because that was when it was scheduled
2 to enter its mid-life maintenance cycle. When was it
3 scheduled to come out?

4 Admiral Merz: 2027, 2028. It is all part of the
5 shipyard loading and how --

6 Senator Cotton: So the decision that is being taken
7 now will not have a real world impact then until about 2027
8 or 2028.

9 Admiral Merz: Yes, sir. But the decision is only
10 reversible for about another year.

11 Senator Cotton: What exactly is that real world impact
12 in 2027, 2028, just in laymen's terms.?

13 Admiral Merz: That is a little bit of a foreseeing
14 threat vector analysis. So the way we approach is what
15 capabilities might we need to predict what we think is
16 coming --

17 Senator Cotton: Just in simpler terms, on your carrier
18 fleet, what is the practical impact in 2027 and 2028 if the
19 Truman does not undergo that refueling?

20 Admiral Merz: It will be one reduction in a carrier
21 through the --

22 Senator Cotton: For how long?

23 Admiral Merz: Until she would have retired in 2048.

24 Senator Cotton: How much money do you save by not
25 undergoing that mid-cycle refueling?

1 Admiral Merz: It is about \$4 billion to not do the
2 overhaul, and then it is a savings of about \$1 billion a
3 year in operating cost.

4 Senator Cotton: And you are proposing to put that
5 money into Ford class carriers.

6 Admiral Merz: We are proposing to put it into a whole
7 spectrum of capabilities that will complement the force.

8 Senator Cotton: Could Congress resolve this challenge
9 or this tradeoff that has been created for you simply by
10 putting a little bit more money into the shipbuilding
11 program over the 5-year defense plan and then into the
12 future?

13 Mr. Geurts: Yes, sir. So you will start in terms of
14 practicalness in the next 2021, 2022. We normally order our
15 equipment, long-lead activities for that. Then in 2023,
16 2024, you start the labor portion of that. And so as we
17 balanced the top line, we made that decision.

18 Obviously, you could trade within the top line or add
19 to the top line. The dollars in 2020 are fairly negligible.
20 2021 and 2022 is really -- if we do not make the hard
21 decision by not doing it, you will have made the decision
22 because we will not have the long-lead equipment.

23 Senator Cotton: Got it. The simple answer, though,
24 which the Department of Defense would usually tell Congress
25 is we can solve some problems for you if we give you a

1 little more money. Right?

2 Mr. Geurts: Yes, sir.

3 Senator Cotton: Got it.

4 Let us talk about carriers and the role they play,
5 specifically the vulnerability to them. We hear a lot about
6 the asymmetric threat. It is a classic example of a really
7 expensive boat versus a really cheap missile. We are
8 talking primarily here about China, just to get down to
9 brass tacks. ISIS does not have anti-ship ballistic
10 missiles against Russia and Europe. You are looking at
11 primarily an air and ground war. Not entirely. Primarily.
12 So we are talking about China and its anti-ship ballistic
13 missile fleet.

14 These carriers are not just sitting ducks, though, out
15 on the water. Are they? I mean, how easy is it for China
16 to hit one of our carriers with a ballistic missile?

17 Admiral Merz: So this is the question that I really
18 look forward to answering. I can give you a lot more detail
19 in a classified setting. I think we should do that.

20 I will tell you this is not a survivability decision
21 about the carriers. We feel very strongly the carrier is
22 more survivable now than it has probably been in the last 70
23 years. And we can walk you through why we think that both
24 from a capability standpoint and also on how we operate the
25 aircraft carrier.

1 Senator Cotton: How fast is a carrier?

2 Admiral Merz: It is a little bit of a sensitive
3 number. Fast.

4 Senator Cotton: It is really fast. It has lots of
5 defenses?

6 Admiral Merz: Yes, sir.

7 Senator Cotton: I knew some lieutenants in Iraq who
8 were somewhat cavalier about incoming mortar fire on their
9 bases. They used to say big base, little bullet. The ocean
10 is even bigger than a base in Iraq or Afghanistan. Right?
11 So big ocean, little bullet.

12 Mr. Geurts: Yes, sir. It is the only runway that will
13 move 700 miles a day.

14 Senator Cotton: Got it.

15 Which brings me to a final question --

16 Admiral Merz: I would like to clarify that is not our
17 defense.

18 [Laughter.]

19 Senator Cotton: I understand.

20 Admiral Merz: That is an element of the operations.

21 Senator Cotton: But speed is security.

22 Admiral Merz: Yes, sir.

23 Senator Cotton: Final question. So there is that
24 threat, though, of the anti-ship ballistic missiles against
25 not just the carriers but any surface ship. Is that one of

1 the main advantages that we have in our undersea
2 capabilities, our fast attack submarines, that they are not
3 susceptible to that kind of anti-ship --

4 Admiral Merz: Yes, sir. Our whole approach to warfare
5 is using cross-domain capabilities to effect whatever
6 capability we need based on the face of the threat. The
7 undersea capabilities for us we think is our number one
8 asymmetrical lethality advantage over anyone else in the
9 world.

10 Senator Cotton: So as China's missile threat does, in
11 fact, potentially force us a little bit further away from
12 the first island chain, those fast attack submarines can
13 loiter a lot closer.

14 Admiral Merz: The submarines will have to work a
15 little bit harder.

16 Senator Cotton: And that is one reason why it is so
17 vital that we maintain the shipbuilding pace for those fast
18 attack submarines in the medium and long term and do not
19 let, as Secretary Shanahan said the other day, a capability
20 or capacity gap emerge.

21 Admiral Merz: Exactly right, sir. And we can make
22 this argument on every shipbuilding line for what they bring
23 to the fight.

24 Senator Cotton: Thank you.

25 Senator Perdue: Senator Shaheen?

1 Senator Shaheen: Thank you, Mr. Chairman.

2 Thank you all for being here.

3 Secretary Geurts, I was really pleased to hear you say
4 to Senator Hirono that you reaffirmed the commitment to the
5 shipyard infrastructure optimization plan. As you point
6 out, the average age of our dry docks is 60 years old. You
7 also acknowledge that the biggest shortfall we have is with
8 our attack submarines, and as Senator King pointed out, we
9 all understand that the better job we do on maintenance,
10 means that we can have more ships at sea.

11 So I was really surprised when projects from the
12 Portsmouth Naval Shipyard showed up on the military
13 construction list of projects to take money from for the
14 President's border wall. And I was particularly surprised
15 because I know you were at the Portsmouth Shipyard last
16 fall. You were briefed on the projects which directly
17 relate to our ability to expand the dry dock capacity there
18 and allow us at the shipyard to be able to do maintenance on
19 more ships.

20 So can you explain what the thinking is here, why we
21 would take money from those projects that would back up our
22 ability to address our backlog in attack submarine
23 maintenance?

24 Mr. Geurts: Yes, ma'am. So the list that was
25 generated was generated just based on those projects that

1 met a certain set of criteria. That was not the list, as I
2 understand it, of projects that were not to be funded. That
3 will be a secondary process that the Secretary of Defense
4 will work through.

5 And I believe and what I have heard is the Secretary of
6 the Navy will have an opportunity to provide his thinking in
7 terms of readiness impact and all the other impacts should
8 any of those projects be defunded.

9 So the list itself was just a list to a certain set of
10 criteria, particularly those that have not been funded yet
11 in 2019, as I understand it, but that is not a list of
12 projects that were to be defunded, as I understand it.

13 Senator Shaheen: But you would acknowledge that there
14 is some uncertainty about that. And I can tell you, having
15 visited the shipyard last Friday, that there is a great deal
16 of uncertainty at the shipyard among the people who work
17 there about what this means for their future. And I would
18 argue that if we want to send a clear message about the
19 importance of our attack submarines and our Navy and what is
20 really critical to our national security, that we would not
21 put those projects that are critical to maintaining our
22 attack submarine fleet on that list of projects to be
23 considered for defunding.

24 So can you tell me what the Navy's response was when
25 you were asked to list projects?

1 Mr. Geurts: Yes, ma'am. Again, that list was created
2 to a certain set of criteria, not the value or importance of
3 each one of those projects. Instead of have they been
4 obligated yet, it was not a value judgment of the project.
5 It was just a generic formula to a set of criteria the
6 Secretary of Defense had put together.

7 I will affirm the absolute criticality of maintaining
8 our optimization plan. The Navy intends to put \$21 billion
9 towards that over the next 20 years. A lot of these near-
10 term projects are absolutely critical, particularly in
11 Portsmouth with dry docks which are some of our oldest dry
12 docks in the Navy that we need to maintain those
13 capabilities. So I would be hopeful that folks in the
14 shipyard do not take that as a signal of the lack of our
15 commitment or lack of importance to that modernization.

16 Senator Shaheen: Well, I think it sends a very mixed
17 message that is not a good message for the Navy, for the
18 people who are so committed to ensuring that we have the
19 ships that we need in the fleet, and for the country about
20 what is important if we are going to maintain our national
21 security.

22 I would like to pick up on the question about our
23 industrial base partners next because one of the things that
24 I have heard is that there is a lack of Virginia class parts
25 available in the national stock system and that the public

1 shipyards are taking extraordinary measures to get parts and
2 that is often resulting in delays.

3 Can you comment on that and what is the problem there
4 and what we need to do to address it?

5 Mr. Geurts: Yes, ma'am. So as we have gone to two
6 Virginia ship per year rate, as well as had more Virginia
7 submarines in the fleet, we have had some parts that failed
8 at different rates than we expected when we put the original
9 supply system in there. Congress has been very helpful to
10 fund in our kind of integrated enterprise plan particularly
11 parts that are common across our submarines and carriers to
12 allow us to invest in those suppliers to get those suppliers
13 up at rate. That is not only critical for today's
14 operation, but as then we add Columbia on top of it, we have
15 got to make sure the supply base is really ready to operate,
16 not only to produce more but to sustain more that we have in
17 the fleet. And we are continuing to work on that very
18 closely. I appreciate the great support.

19 Senator Shaheen: And so is that what it is going to
20 take to make sure that we have the additional parts? Is it
21 to make sure there is more funding or what?

22 Mr. Geurts: No, ma'am. I mean, it is continued focus
23 on it, continued looking at it.

24 The other thing we are working closely with our supply
25 base is allowing them to see the composite need between

1 current construction, future construction, repair and
2 maintenance. That way they can size and they can understand
3 the demand we will be placing on them and make smart
4 investments so that they are going to be ready as we
5 continue to place more demand.

6 This is a little bit of the -- when we talk about
7 supply base, when we did not build submarines for about 10
8 years, this shows in perfect clarity how long it takes to
9 rebuild that base, how fragile it is, and how important that
10 the whole nation continues to focus on it because if you
11 take your eyes off it or go on a bust cycle, it is really,
12 really hard to get that back particularly when you want to
13 add new capability.

14 Senator Shaheen: Thank you.

15 Thank you, Mr. Chairman.

16 Senator Perdue: Senator Blumenthal?

17 Senator Blumenthal: Thank you, Mr. Chairman.

18 I want to, first of all, Secretary Geurts, ask about
19 the submarine program. You are convinced that the three-
20 ship program Virginia attack class is a prudent and actually
21 cost or money-saving way to plan going forward for this year
22 so that we can continue at two ships per year and have that
23 option of a third and, in the end, will help to save
24 resources.

25 Mr. Geurts: Yes, sir, particularly as we look at that

1 gap coming up. Since we are going to fund it all in 1 year
2 as opposed to -- we did not include it in our kind of
3 economic order quantity. It will not deliver as if it was a
4 20-ship. A lot of details to work through to make sure we
5 have got it feathered in on the line, but I believe we would
6 not have put it in the budget if I did not believe we could
7 not execute it.

8 Senator Blumenthal: Let me ask you whether you think
9 that the training and manpower education programs are
10 commensurate with the demands we are going to have at that
11 yard and others that will be involved. Obviously, thousands
12 of new workers are going to have to be hired. I visited the
13 apprenticeship and the training programs at Electric Boat
14 and elsewhere in southeastern Connecticut, and my own view
15 is we are going to have to be making a much greater
16 investment in those training and education programs.

17 Mr. Geurts: Yes, sir. I would say both the submarine
18 yards have been putting a lot of energy into that. It is a
19 critical factor in terms of how well we can actually execute
20 the programs we have had. And as we have seen on some of
21 the Virginias, as we have tried to accelerate them, we have
22 done a great job getting that 66-month centers as we have
23 tried to move to 60-month centers. We have seen some
24 challenges on having a sufficient trained workforce. I
25 think the programs are in place.

1 What I would say is we are going to have to solve this
2 before Columbia, and so to the degree this continues to help
3 put us on a smooth growth path to the large number of the
4 workforce we are going to have to bring in for Columbia,
5 that will benefit us.

6 Senator Blumenthal: The funding for many of these
7 programs -- for example, Electric Boat is going to go from
8 20 in its design apprenticeship program up to, I think, more
9 than 300 -- comes from the Department of Labor, not from the
10 Department of Defense. The Department of Labor's budget in
11 the President's budget will be cut, I believe, by around 30
12 percent for training and education programs of exactly the
13 type that are necessary for this purpose.

14 Are you concerned?

15 Mr. Geurts: Absolutely, sir. And I would be happy to
16 follow up with you on some more detail. We have had contact
17 with the Department of Labor, and I would be happy to go
18 over there personally. I know the Secretary of the Navy has
19 also had interest in this to ensure they understand the
20 criticality and the priority of that to support the Navy.

21 Senator Blumenthal: Well, you and I are totally in
22 agreement on the criticality of that funding, but if the
23 President's budget is adopted, it simply will not be there
24 in the Department of Labor. So I hope that we can move
25 forward together and kind of change that budget. It is not

1 in the jurisdiction of this committee, but I think it is
2 important to our national defense. Would you agree?

3 Mr. Geurts: Absolutely, sir.

4 Senator Blumenthal: Thank you.

5 Maybe I can ask you whether in your view there is
6 likely to be a loss of faith among the general public when
7 they see a carrier like the Truman, which has another 30
8 years of life -- forgive me -- scrapped to put resources
9 into other programs that may be worthwhile, and yet we are
10 building more carriers. I have trouble explaining that to
11 folks in Connecticut who say, you know, we drive our cars
12 until we cannot use them anymore. Right? At least some of
13 us do. And we do not just trade them in necessarily because
14 we like the looks of another car, another ship, particularly
15 when we are spending billions of dollars. What would you
16 say to those folks?

17 Mr. Geurts: Yes, sir. So the new carrier does provide
18 additional survivability, additional capability, additional
19 flexibility for the 50 years going.

20 Senator Blumenthal: And the Truman is not survivable.
21 Is that the message?

22 Mr. Geurts: No, sir. All I would say is that the
23 existing Nimitz class are absolutely awesome carriers that
24 are doing a great job. What I would say, though, is we are
25 committed to the Ford class carrier in overtime replacing

1 the fleet with that newer class carrier. That is true. We
2 made a hard decision in terms of trading off additional 25
3 years and the sunk costs that goes with that to some of the
4 other capabilities. So it was not a trade of a Ford versus
5 the Truman. It was in the broader perspective of we need
6 carriers, we need them for the future. They are in every
7 scheme we have. We also need some other capabilities, and
8 given the budget limits we had, we had to make some hard
9 tradeoffs. So I would not say the Trumans have no value and
10 we do not assess any value to the Truman.

11 Senator Blumenthal: I would like to follow up because
12 my time has expired, and I apologize, but just in terms of
13 our conveying the explanation to our constituents in terms
14 they can understand, I think it would be important to be
15 armed with those facts and arguments.

16 And I want to conclude by congratulating Lieutenant
17 General Berger on your nomination to be Commandant. This
18 may be the last hearing that you go without getting tough
19 questions, sir.

20 [Laughter.]

21 Senator Blumenthal: But we look forward to working
22 with you and congratulations.

23 Thank you.

24 Senator Perdue: We will now enter a second round if
25 you guys have other questions. I have one I would like to

1 probe.

2 Mr. Secretary, Director of Operational Test and
3 Evaluation's fiscal year 2018 annual report talked about
4 significant rents of the Ford class. There were four
5 systems that are the most problematic right now. Right?
6 The electromagnetic launching system, the advanced arresting
7 gear, dual radar, and then the advanced weapons elevators.

8 These technical issues have caused delays, obviously.
9 And also they talked about the demonstrated reliability.
10 The question was also brought up in the annual report about
11 the catapults resting gear, the elevators, and radar.

12 Would you give us an update on those four systems and
13 also talk about the maintenance period that we are in right
14 now? I think there was an 8-month delay. Now it looks like
15 a 15-month delay. Can you talk about those two very
16 important issues relative to the Ford class?

17 Mr. Geurts: Yes, sure, absolutely, both very important
18 issues.

19 So those are kind of the four new technologies we put
20 into the Ford class, newest carrier design we have done --
21 we had not done a new carrier in 40 years.

22 I would say on the first three, on the electromagnetic
23 launch, the resting gear, and the radar, I think we are in
24 good shape there. There is going to be reliability we are
25 going to have to test, and we will not be able to do that

1 until we go to sea. We have done 750 traps and launches
2 with the system. But I would say we have to get it in sea
3 and put it through its paces. And so I am fairly confident
4 there.

5 Elevators. We have 11 of them. Two of them have been
6 delivered. They have been operating. Cruise force has full
7 control of those. They have been operating reliably. And
8 the feedback I have gotten from the crew has been very
9 positive. We have nine more we have got to work our way
10 through, two uppers and seven lowers. We are working our
11 way through that particular area. So I have not seen
12 anything in the elevators that shows me that it is something
13 we cannot solve, but it is a lot of work to work our way
14 through those pieces.

15 Senator Perdue: Sorry to interrupt. The boat was
16 supposed to be delivered in 2015. As I understand it, it
17 was delivered in 2017. So this is now 4 years in and the
18 elevators are still an issue. Is this a learning experience
19 for us as we go forward in terms of new technologies and
20 application on these lead ship developments?

21 Mr. Geurts: Yes, absolutely. And I am happy to kind
22 of talk. Lessons learned we are putting into kind of all
23 our new lead ship designs. But certainly I would say -- and
24 again, I was not there at the time, so I have the benefit of
25 looking backward. We did not build the ground test

1 infrastructure for these new technologies to prove them on
2 the ground before -- proving it the first time for the
3 elevators on the ship has not been the right path to go
4 forward, something we do not want to repeat on other ships.

5 The other thing I would say is I am commissioning -- I
6 talked I think in November about it. I am going to
7 commission an independent review team for the technologies,
8 not as much for the lead ship, but making sure that we have
9 all the support, all of the technical support, spares,
10 everything we need to do as these systems go to sea to
11 ensure we have got all the infrastructure in place to
12 support the ship and the crew long term. So some immediate
13 issues to get everything working on 78 now just left to the
14 elevators, a couple of remaining elevators. But I want to
15 make sure we have got all of the back-end support in place
16 so when that ship goes to war, the captain can take her out
17 with complete confidence and understand that everything will
18 work and we have got all the proven reliability and support
19 needed.

20 In terms of getting out of the availability right now,
21 we have got three causal factors causing the delay getting
22 out of the yard. I never want to deliver something late to
23 the fleet. So I view that as a failure on my part of
24 getting that ship out on the schedule we had. We intended
25 in July. Right now, my best estimate is October.

1 That is driven by three causal factors. One is repairs
2 and changes made to the nuclear propulsion plant based on
3 lessons we learned out of sea trials. The second piece is
4 just the balance of all the things we had intended to do and
5 the availability, just the kind of scope of work. And then
6 the third is finishing up those remaining elevators and
7 getting those to the point where the crews got access and
8 can use all of them.

9 Senator Perdue: Yes, sir. Thank you.

10 Senator Hirono?

11 Senator Hirono: Thank you.

12 Just as a follow-up to the request for three Virginia
13 class boats, so Secretary Geurts, how concerned are you
14 about delays in the current submarine construction program
15 where we are only building two attack boats per year and
16 construction on the Columbia class strategic missile
17 submarine program has barely started? So what does this
18 performance say about the ability to ramp up production for
19 an extra attack boat, the third boat in fiscal year 2020, or
20 the advisability of ramping up production in fiscal year
21 2020 with no plan for building three boats per year during
22 any other year in the 30-year shipbuilding plan?

23 Mr. Geurts: Yes, ma'am. So I would say strategically
24 one of the things we tried to do on the 30-year shipbuilding
25 plan and one, I think, of the real benefits of this year's

1 plan versus last is you saw a smooth-out of that production
2 in growth profile. And maybe in a follow-on discussion,
3 Admiral Merz can talk about the benefits. That is I would
4 say generically because the better we can smooth that out,
5 the better it helps training and manpower and all the other
6 pieces.

7 On Virginia specifically, as I said, we started with an
8 84-month span. We have gotten those ships down to 66
9 months. Our goal was to try and drive them all the way to
10 60 months span time at two per year. We are struggling a
11 little bit to get all the way down to 60 months. And so
12 adding the third one in, we are going to have to work that.
13 It is a little bit challenging from a perspective of it will
14 look different because we do not have the advance
15 procurement. We have done it all in 1 year. But we have
16 also got a block buy 5-year program to kind of feather that
17 ship in.

18 And so I worry very much about ensuring, as we grow
19 that submarine enterprise, we can do it smartly, repeatably,
20 and sustainably. And we were already going to be somewhat
21 challenged going from two submarines in Virginia to add
22 Columbia. This will be a good opportunity to continue to
23 pressurize that system and work out where do we have weak
24 spots and friction points as we get ready for Columbia to
25 size that workforce and capability there. So I think to

1 some degree, there will be some benefit to moving in there,
2 but it is something we are going to have to watch very
3 closely.

4 Senator Hirono: You are going to need to watch that
5 very closely because I recognize that our submarines provide
6 us with the asymmetric advantage in warfare. So because you
7 are being very aggressive in terms of the production of our
8 submarines, we are going to need to make sure that you are
9 totally on top of that.

10 Now, going back to the refueling of --

11 Admiral Merz: Senator, if I could just pile on to
12 complete the answer here.

13 Senator Hirono: Please.

14 Admiral Merz: It is well documented, the value we put
15 in the submarine force and the gap between the requirement
16 and where we are today. It is also a great example of what
17 happens when you walk away from a shipbuilding line for a
18 decade like we did in the 1990s and you get to the point
19 where there is only so much you can do to recover. All of
20 that drove to get that third submarine into the 2020s.

21 To your specific comment, the next multiyear plan does
22 include options for a third submarine for fiscal year 2022
23 and 2023. Time will tell.

24 Senator Hirono: So we will be getting that assessment.

25 Admiral Merz: Yes, ma'am. That was stated in the

1 shipbuilding plan, and that was actually directed by the
2 defense committees to include that in the next negotiation.

3 Senator Hirono: Turning to the refueling of the
4 Truman, so our aircraft carriers are very much a big part of
5 our forward presence, and that is really important and
6 particularly with China and North Korea. So you explained
7 that this was a hard tradeoff because of budget
8 considerations. So as Senator Cotton said, if we were to
9 give you more money, you would keep the Truman in place.
10 Would you not?

11 Admiral Merz: Yes, ma'am.

12 Senator Hirono: Would that be your druthers?

13 Admiral Merz: Our druthers would to not surrender a
14 carrier that has 50 percent of its life remaining.

15 Senator Hirono: Yes.

16 Admiral Merz: But we would like to not do that at the
17 expense of moving out on these other technologies, what
18 every assessment has told us --

19 Senator Hirono: Yes. But basically we should consider
20 giving you more money. Right?

21 Admiral Merz: Yes, ma'am.

22 Senator Hirono: So that you can not only save the
23 Truman but you can do these other opportunities, as you say,
24 Mr. Secretary, to invest in advanced and distributed systems
25 that will shape future naval warfare to expand our

1 competitive advantage.

2 Secretary Geurts, you said that with regard to, again,
3 the refueling of the Truman, I know that there are a lot --
4 it probably affects thousands of workers when we do not
5 refuel the Truman. And so you mentioned that you need to
6 preserve the workforce. So for a number of reasons,
7 everything, yes, does become a budget kind of a
8 consideration.

9 But it is hard to explain to people why you would
10 basically have thousands of people who would otherwise be
11 working on the refueling, not to mention we are not getting
12 the full life of this boat. Kind of hard to explain why we
13 are not doing it if there are other ways that we can provide
14 funding for that to occur.

15 Mr. Geurts: Yes, ma'am. It will not be as large a job
16 if we inactivate that ship. So we will carry some of the
17 workforce between this refueling and the next one down the
18 pike. But we are going to have to watch very closely the
19 skill sets in that refueling and work closely with the
20 shipyard to balance all of that out because we do not want
21 to lose that critical skill set.

22 Senator Hirono: Not to mention that the shipyards that
23 were intending to do this work -- it is not as though they
24 do not have some fixed costs regardless of whether they do
25 the work or not, and those fixed costs have to be borne by

1 the taxpayers eventually.

2 Thank you.

3 Senator Perdue: Senator King?

4 Senator King: Thank you.

5 All this talk about submarines -- I mean, about
6 aircraft carriers. I was fortunate enough to spend a couple
7 of days on the George Washington at sea, and the captain
8 greeted me and said you are going to be staying in the
9 admiral's quarters. And I was feeling pretty cool because I
10 was staying in the admiral's quarters until I found out it
11 is right under the catapult.

12 [Laughter.]

13 Senator King: And they were doing night landings. So
14 maybe the electromagnetic catapult will be a little less
15 noisy. I do not know.

16 A couple things. Admiral, we are talking about a
17 future large surface combatant to be the next generation
18 after the DDG-51. Both of you, if you will tell where that
19 project stands, what you think of it, and what you are
20 thinking of in terms of timing.

21 Mr. Geurts: Yes, sir. Maybe I will start with kind of
22 the timing piece and then Admiral Merz can kind of talk
23 capability, where we are thinking at.

24 Right now, the first one will be in 2025. And so the
25 immediate --

1 Senator King: Are you saying delivery in 2025?

2 Mr. Geurts: No, sir.

3 Senator King: Initiation.

4 Mr. Geurts: Initiate. So right now, it is outside the
5 FYDP, first year outside the FYDP.

6 Money in the budget to start doing the development,
7 prototyping -- so as we understand, work closely with
8 Admiral Merz on the requirement and with industry on what
9 the state of technology is. Our intent is looking at
10 prototyping, looking for those high-risk areas where we need
11 to prototype some of that technology so that we do not have
12 some of the repeat lessons of some of our previous lead
13 ships where we kind of went right into lead ship. And so
14 that will be an activity we are going to mature over the
15 year. So similar to what we have done on frigate, we will
16 have a very active conversation with both industry and our
17 technical warrant holders, understanding the balance of
18 risk --

19 Senator King: We are at the very beginning of that
20 process.

21 Mr. Geurts: We are at the very beginning of that.

22 Senator King: We are finalizing requirements and --

23 Mr. Geurts: Yes, sir.

24 Senator King: Admiral?

25 Admiral Merz: Yes, sir. So we learned a lot from the

1 frigate program, bringing in industry early, discussing the
2 art of possible ahead of the requirements generation, where
3 in the past we probably got in a bad habit --

4 Senator King: And looking at existing designs too.

5 Admiral Merz: And looking at existing designs.

6 Existing designs are going to be part of the large surface
7 combatant review as well. As a matter of fact, the aperture
8 is wider on the larger ship than what we started off with
9 the frigate.

10 We are very happy with how the frigate is progressing.
11 The lethality of the ship is going to be higher than we
12 initially thought we were going to be capable of getting. I
13 think that will affect probably the ultimate numbers of
14 large surface combatants we need. That will all be part of
15 the force structure assessment as we are coming through
16 that.

17 With the lessons learned from the MQ-25 unmanned
18 tanker, the frigate effort, we are going to work with
19 industry this year to see if the art of possible also
20 includes accelerating that ship potentially to fiscal year
21 2023 or fiscal year 2024.

22 We are motivated to get our surface ship mix correct
23 per our future surface combatant analysis studies. That
24 included the frigate. That includes the large surface
25 combatant, and that includes this whole family of unmanned

1 systems that Secretary Geurts commented on with a massive
2 investment this year in the President's budget.

3 Senator King: General, you have been the forgotten man
4 this morning. What about sealift? I am worried that we are
5 focusing all on the combatants, the submarines. Are we at
6 where we need to be in terms of planning for additional
7 sealift capacity? We got to get your marines ashore.

8 General Berger: I will ask my teammate to jump in.

9 On the sealift, probably two parts of it. One, the
10 strategic sealift from CONUS across and the other one, the
11 more operational to tactical level sealift that deploys and
12 then postures the force as needed, all of which is aging and
13 all of which the Navy and the Marine Corps are working hard
14 to resolve. And there are three different approaches, which
15 I will ask my teammates to talk about.

16 But in the end, we have to be able to move the forces
17 we need to. We know that figure and it is pretty steady,
18 the size of the force. But the speed at which we need to
19 move them and the reliability of those ships is what we got
20 to attack.

21 Mr. Geurts: Yes, sir. I think just from the current
22 force requirement, it is pretty constant for heavy lift. We
23 just need to go recapitalize that. And so we have got kind
24 of three lines of attack, you know, buy some --

25 Senator King: We are on a schedule where we do not

1 have a gap in capacity.

2 Mr. Geurts: We are on a schedule where we do not have
3 a gap in capacity. But those are aging pretty quickly. So
4 we are really looking hard at that current kind of heavy
5 lift fleet. We were going to do some service life
6 extensions. We will continue to do business case to see if
7 that makes sense and then come back to the committee if
8 there are opportunities to accelerate that, maybe buy some
9 more used ships as opposed to keeping the old ones around.
10 We are working our way through that.

11 Bill has done a lot of work on, I will say, the new
12 sets of requirements and it is probably worth a minute, if
13 you would like, on where we are thinking there.

14 Senator King: Sure.

15 Admiral Merz: Yes, sir. So the requirement work we
16 have done in what we call the off season here is reflective
17 of how we shifted our whole fleet employment model of
18 distributed maritime operations, which really is a return to
19 what it looks like to face a potential peer. Part of that
20 is the logistics support, the strategic lift coming over,
21 we will get it into a safe area so then now what? What do
22 you do with it to distribute it and you distribute it into a
23 contested environment. So that is an evolving requirement.
24 It is reflected in some of the work we are trying to do on
25 the existing ship lines and our unfunded priority list as we

1 look at logistics, we look at repair, we look at hospital
2 ships. We know that the two hospital ships are not enough
3 to support us in a distributed maritime operating
4 environment.

5 So all this, we are expecting a requirement to continue
6 to grow. We know the capabilities we need. The capacity is
7 still under review. That also will be fed into the force
8 structure assessment. Lighter, faster ships that can serve
9 those specific purposes, but also carry a lot of gear for
10 the Marine Corps quickly and efficiently.

11 Senator King: I just want to be sure when we are
12 talking about all these exciting attack ships, we do not
13 forget that sort of workhorse piece.

14 Mr. Geurts: It is on our radar, sir.

15 Senator King: Could I ask one more question, Mr.
16 Chairman?

17 Senator Perdue: Absolutely.

18 Senator King: Yesterday we had the Army budget
19 hearing, posture hearing. And there is a term that I have
20 been learning in the last few days called "OCO for base."
21 Does your budget include OCO for base?

22 Mr. Geurts: Yes, sir.

23 Senator King: What percentage is it? Do you have any
24 idea? In the Army, it was 34 percent of their budget was
25 OCO. Half of that was OCO for base and half of it was

1 traditional OCO. You can take that for the record. I would
2 appreciate it if you would. It is a concern to me, Mr.
3 Chairman, because it is really not honest budgeting, and we
4 are going to be discussing that.

5 Thank you. I appreciate it, gentlemen.

6 [The information follows:]

7 [SUBCOMMITTEE INSERT]

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1 Mr. Geurts: Yes, sir. I will get you the exact
2 number, but it is on the order of -- our OCO request last
3 year was about \$5 billion. Our OCO request this year is
4 about \$35 billion. And so that shows you the difference in
5 terms of OCO and OCO base. But I will make sure you have
6 the exact number.

7 Senator King: For the Army, it was \$62 billion.

8 Mr. Geurts: It is actually \$27.7 billion.

9 Senator King: Thank you.

10 Senator Perdue: Secretary, I want to talk about the
11 lessons learned, and I want to look at a little history
12 here. And these examples were not on your watch or the
13 leadership of the Marines or the Navy currently. But I want
14 to see what you are doing now to address the lessons,
15 hopefully presumably, learned by these.

16 But if you look at the last lead combatant ships that
17 have been delivered, a total of \$8 billion more in the
18 initial budget was required to construct these ships, and
19 they had a cost growth of on average of about 10 percent,
20 but included three lead ships that exceeded their initial
21 budget by 80 percent or more. Three lead ships, 80 percent
22 or more. And each lead ship that was delivered to the fleet
23 was at least 6 months late with five of these lead ships
24 being more than 2 years late. And we already talked about
25 the four being \$2.5 billion over budget, 20 months late, and

1 still not operational today.

2 And I wanted to come back to your response to that to
3 probe a little bit. Can you be more specific about what we
4 are doing now in this budget that we are looking at going
5 forward that builds on the learning that you have from, say,
6 those last eight lead ship, combatant ship deliveries?

7 Mr. Geurts: Yes, sir. I was not there for all of it,
8 so I will not pretend to second guess decision-making back
9 then.

10 Senator Perdue: That is fair.

11 Mr. Geurts: I will just give you my perspective kind
12 of here. And to your point, at the second kick of the mule,
13 you do not learn a lot. So we are trying not to relearn old
14 lessons without attacking it.

15 I would say a challenge in shipbuilding is your lead
16 ship is your development ship. And so that provides a
17 little bit different nuance than in an airplane program or
18 some of the other things. It is not better or worse. It is
19 just the fact we go at it. And so you tend to get a lot of
20 learning in that first ship because no matter what you do
21 prototyping-wise, you still have to get it in the platform,
22 get it into operations. So there are some unique elements
23 to it.

24 Having said all that, we have not produced the ships in
25 the lead ship realm the way we wanted to and got them out to

1 the fleet at the speed and with all the capability we wanted
2 to.

3 So I would say there are four basic things we are doing
4 to get after it. The first is my teammate here in terms of
5 requirements, much better integrating acquisition and
6 requirements, and so it is not a transactional exchange. It
7 is an integrated exchange. And you have seen us employ that
8 on frigate where we have had, you know, with industry's
9 involvement, a much better informed requirements setting
10 activity because, after all, if we do not have the
11 requirement right, we will chase that through the whole
12 ship.

13 The second piece is really improved sub-system
14 prototyping like we have done on Columbia, try and get
15 everything prototyped as soon as we can, learn some lessons
16 on Ford by not having land-based prototypes for all the sub-
17 systems. We are chasing that right now a little bit. So
18 that would be the second area.

19 Third, I would say is ensure we have the talent. All
20 of the services lost some organic talent when we went
21 through this massive downsizing in the 1990s. At NAVSEA, we
22 went from 700-ish naval engineers down to 200. We are now
23 back to 600 there. And so regaining the government talent
24 and making sure that talent has got the skill for the work
25 going. I look across the entire naval enterprise in terms

1 of talent. We do not have the talent completely matched to
2 the new needs. So we are working our way through that
3 process.

4 And then the last I would say is I have got an
5 independent team right now reviewing the entire naval
6 research enterprise to make sure we are investing in
7 technologies, to make sure we have the right talent so that
8 we are feeding into the process the right technologies with
9 the right experience so that we can make smart decisions.
10 When my teammate asks for a capability, what are the
11 technologies that would best fit that capability.

12 Those I would say are the four things we are doing now
13 to address that very important question you asked.

14 Senator Perdue: Well, that is very helpful because it
15 seems to me from the outside looking at this with a fresh
16 set of eyes that innovation and quality and quantity are
17 needed right now in dealing with these peer adversaries out
18 there.

19 General Hyten chilled us a couple of weeks ago when he
20 talked about we have lost our ability to go fast. I do not
21 totally accept that, but we have got to win at this success
22 factor I think. It is a combination of great innovation but
23 timeliness in delivery too.

24 Mr. Geurts: Yes, sir. And the other thing I would say
25 is we are really differentiating the work, and so the time

1 to get a lead ship that we are going to keep for 50 years is
2 different than the time that I want to get an AI algorithm
3 into that ship or a new sensor into that ship.

4 So I would say on the flip side what we have been able
5 to do in the submarine force -- the other day we did a
6 launch from a digital twin of an Aegis combat system, which
7 we virtualized. That is really helping us speed new
8 capability onto the ships more quickly.

9 So there is a lead ship set of issues that we have to
10 deal with, and then there is a speed to get new technology
11 capability, invention, whatever. So we want to have a
12 deliberate and predictable and high confidence lead ship
13 approach, and then we want to have a high speed, high
14 iteration turn time approach for new capabilities where we
15 can get them in the fleet, get them in the hands of
16 warfighters, let these guys experiment with them, and then
17 we can figure out which we want to keep.

18 Senator Perdue: That is fair. Thank you.

19 Senator Hirono?

20 Senator Hirono: I just have a few more questions.

21 Mr. Secretary, you and I talked about a recent article
22 that was quite critical of the Navy accepting ships before
23 they are ready with all kinds of problems. So some of those
24 discussions that you have been having with the chairman goes
25 to the kind of oversight of changes, including hiring

1 people, you know, engineers who can help you assess the kind
2 of ships that we are accepting, all of that. So that is
3 reassuring. You need to stay on course on that.

4 Admiral Merz, you are working on updating the force
5 structure assessment before the end of this year. How will
6 you be incorporating the shift to Asia and the Pacific as
7 you consider expanding the fleet to deploy the number of
8 ships you need?

9 Admiral Merz: Yes, ma'am. So the force structure
10 assessment actually starts with the warfighting requirement,
11 and the National Defense Strategy has set that warfighting
12 requirement as the Asia-Pacific as the pacing threat. So
13 first and foremost, that drives the assessment. You cannot
14 ignore the other areas, but it helps to have a driving one.
15 For instance, we are very much closely tracking Russia
16 technology developments. So they all feed into it, but the
17 pacing threat is the Asia-Pacific threat.

18 Senator Hirono: Yes. So we need to make sure that we
19 have the appropriate resources in that AOR.

20 Again, with the cancellation of the Harry Truman, what
21 are the implications for what the new force structure
22 assessment will include in terms of aircraft carrier force
23 levels in the Asia-Pacific area?

24 Admiral Merz: So the force structure assessment does
25 not start with any preconceived force level. It will do a

1 model. Typically the model is unconstrained up front. It
2 usually comes up with a very large number for all ship
3 classes. And then we apply operating guidance on where we
4 might take risk, deployment models, and we work the number
5 down to where we think it is about the right level. And
6 from there, it comes up with a number for each ship class,
7 and when you add all those up, the current one adds up to
8 355. Where the other one goes -- I do not expect it to be a
9 smaller number, but what each one of those ship lines
10 contributes to that will likely change to some degree.

11 Senator Hirono: So are those decisions ultimately to
12 be disclosed in a classified setting?

13 Admiral Merz: The analysis is a classified discussion
14 on how we got there, but once we end up, similar to the 355
15 and the components that make that up, that will be an
16 unclassified number.

17 Senator Hirono: Mr. Secretary, your prepared testimony
18 on page 5 indicates that operations in a contested
19 environment means that the Navy's logistics fleet will need
20 to include smaller, faster multi-mission transports.
21 Correct?

22 Mr. Geurts: Yes, ma'am.

23 Senator Hirono: I do not see any specifics on a
24 program to shift in this direction in the Navy budget, but
25 could you give us a sense of what the Navy is doing or plans

1 to do to shift to smaller multi-mission transports?

2 And, General Berger, how will this contested
3 environment affect the Marine Corps' ability to conduct
4 amphibious assault operations?

5 Mr. Geurts: Yes, ma'am. So as Admiral Merz described,
6 he is working through the requirements element of that fast
7 logistics in the contested environment right now. As that
8 comes out, then we will work with him on acquisition
9 solutions to go there. I think in the good news category,
10 that will be a lot of smaller, faster roads where I think we
11 have got plenty of industrial capacity that we can leverage.
12 We have had great success over the last year with a lot of
13 small businesses delivering ships to the Navy. And I have
14 not seen all the requirements output yet, but I think there
15 is a rich industrial base and opportunity to bring in
16 additional capabilities through those shipyards to solve
17 that requirement. We will look at that in the 2021 budget.
18 That is probably where you will start to see that show up.

19 Senator Hirono: All right.

20 General Berger?

21 General Berger: The way that we did logistics 40 years
22 ago of offloading everything that is on the ship and build a
23 giant pile on the beach that you could fight inland from are
24 gone. That is never going to be able to survive.

25 Hence, like the Secretary pointed out, the concepts

1 that we are working on now are driving us towards the
2 ability to be much more dispersed, much more distributed,
3 and therefore the logistics be much more distributed. We
4 cannot have an iron mountain on a beach, and no one is
5 planning on that. But the ability to move troops,
6 equipment, and supplies laterally through an archipelagic
7 region is driving us in the direction that Secretary Geurts
8 mentioned, not great big haulers that dump it all on the
9 beach, but much more smaller, more of them, faster, lower
10 signature, all that. Yes, ma'am.

11 Senator Hirono: And that would, Mr. Secretary, help
12 our industrial base at least for the smaller companies.

13 One last question, Mr. Chairman, if I can.

14 Mr. Secretary, we are aware that there have been some
15 problems with production of the ship-to-shore connector, or
16 SSC, program. And this is a program that will replace our
17 landing craft air cushion, or LCAC, that transport equipment
18 and supplies ashore. I see that you have not chosen to
19 request any production for the SSC program in fiscal year
20 2020. Will this gap in funding harm the program or cause a
21 break in the production?

22 Mr. Geurts: Yes, ma'am. I will describe that, and if
23 General Berger wants to, from a warfighting perspective,
24 give his thoughts on it.

25 But the zero in this year's budget should in no way

1 signal the lack of importance of that program or lack of
2 commitment to it. What it shows is some of the technical
3 challenges we have had delivering that first capability and
4 a little bit of the production backlog we have had over the
5 last couple years. So from my perspective, there is plenty
6 of production awaiting completion of that trial. That is
7 queuing up. That will allow us to continue to sustain that
8 activity.

9 As we get the boat through its final acceptance trials,
10 we get the initial ones produced, I think that is another
11 one of excellent candidates where we should look at block
12 buying or multi-yearing as we will want to get them into the
13 fleet as fast as we can as soon as they are ready.

14 So our biggest hurdle right now is completing a couple
15 of technical issues to get that boat ready to go. All
16 testing thus far has shown the design overall is sound. We
17 have got a couple of technical issues to work through. As
18 soon as that is done, we will continue to accelerate that
19 production line.

20 Senator Hirono: General Berger, did you want to add
21 something?

22 General Berger: Last week, ma'am, I had the chance to
23 go down to Huntington Ingalls and also to Textron. I think
24 everybody on this side of the table would echo your
25 concerns. We have 72 non-displacement LCACs right now.

1 Most of them have undergone a service life extension
2 already, and some of them may need to go through a post-SLEP
3 extension program. They were fine when they came out in the
4 early 1980s. They could haul 60 tons and go pretty fast and
5 cover a lot of beaches. The ship-to-shore connector at 74
6 times faster, more reliable is what we must have. So the
7 risks you point out, ma'am -- we are going to keep the older
8 ones longer, pour more money into them to maintain them, and
9 they will not be as capable as the ship-to-shore connector.

10 Textron knows what they need. They know the technical
11 challenge that they are facing. They have the right
12 workforce and the right leadership in place.

13 Senator Hirono: Thank you.

14 Thank you, Mr. Chairman.

15 Senator Perdue: Senator Wicker?

16 Senator Wicker: Well, I am delighted to follow up on
17 some questions that Senator Hirono asked.

18 Let me make sure I understand, Admiral Merz. There
19 will be a new force structure assessment taking into
20 consideration the warfighting requirement as guided by the
21 National Defense Strategy. But you do not expect a smaller
22 number than 355 ships. That was your testimony.

23 Admiral Merz: No, sir, I do not expect a smaller
24 number.

25 Senator Wicker: And it would be hard to imagine

1 considering the threat that we have. It would be hard to
2 imagine that your statement would be incorrect there.

3 Now, Lieutenant General Berger, these smaller ships
4 going through the archipelagos that you talked about -- what
5 would be examples of those?

6 General Berger: Right now, we have LCACs and LCUs that
7 move our equipment and our supplies from ship to shore.
8 What I am suggesting, Senator, is we are going to need not
9 quite planes, trains, and automobiles but a family of
10 connectors that can, on the surface, move our supplies, move
11 our equipment around at greater speed between islands or
12 between the ship to shore, between shore to shore.

13 Senator Wicker: Thank you for clearing that up.

14 Now, Mr. Chairman and Madam Ranking Member, we have a
15 budget proposal from the administration, and administration
16 budgets come and go. But we have got the responsibility of
17 actually providing the authorization and the funding here,
18 and we take that very seriously.

19 With regard to amphibious ship procurement, I see that
20 the budget defers an LPD procurement, an LHA procurement
21 till 2024. We will see about that.

22 But let me just ask about the need at the Marine Corps.
23 General Berger, do we still need 38 amphibious ships
24 indicated in the Navy's current force structure assessment?

25 General Berger: That requirement is valid today, sir.

1 But as mentioned earlier, the 2019 force structure
2 assessment -- we will see what comes out of that.

3 Senator Wicker: Okay, but that is still valid, 38.

4 How many amphibious ships do we have today?

5 General Berger: 32, Senator.

6 Senator Wicker: 32 as compared to a requirement of 38.

7 Do you foresee the Marine Corps mission eliminating
8 amphibious operations at any point in the near future?

9 General Berger: No, sir, I do not.

10 Senator Wicker: That is very helpful.

11 And let me ask you then, Mr. Secretary. Congress
12 appropriated \$350 million in fiscal year 2019 to begin
13 procurement of an LHA and an LPD. However, amphibious ship
14 procurement was removed from the fiscal year 2020 budget
15 proposal, as you know. Instead, the Navy has deferred LPD
16 procurement to 2021 and LHA to 2024. This move has the
17 potential to disrupt the amphibious war ship industrial base
18 as there is a long lead time requirement for parts and
19 materials, as we all know.

20 Instead of deferring procurement to 2021 and 2024,
21 could the Navy apply incremental funding to the LPD and LHA
22 in fiscal year 2020? Is incremental funding more
23 advantageous than deferring procurement? If Congress
24 approves incremental funding in the fiscal year 2020 NDAA
25 for the LHA and LPD, would it allow the Navy to accelerate

1 how it spends the \$350 million that was appropriated in
2 fiscal year 2019?

3 Mr. Geurts: Yes, sir. You would have to give us that
4 authority. We have used that authority previously on LHAs,
5 occasionally on LPDs. With that authority then and the
6 funding we have in the budget, we could begin moving out on
7 that long lead material.

8 I would say for the LHA in particular, I think we are
9 concerned with it in 2024. It was there from an
10 affordability standpoint. We are going to look hard in the
11 2021 budget at potentially moving that to the left as
12 funding allows because I am also concerned with a 7-year
13 break in that ship, and I do not want to lose the excellent
14 workforce we have cranking out LHAs right now. So it is in
15 the budget right now in 2024. That is something we are all
16 motivated to do both from a workforce standpoint, as well as
17 its contention with Columbia as it starts ramping up in
18 2024. Incremental authority on both those ships would allow
19 us to get at that faster.

20 Senator Wicker: Well, Mr. Chairman, I hope we can help
21 them get these done in a more timely fashion.

22 Admiral Merz, DOD currently has an organic capacity of
23 15 million square feet on 65 roll-on/roll-off ships in the
24 Ready Reserve Force with an additional 4.5 million square
25 feet of roll-on/roll-off capacity on U.S.-flagged commercial

1 ships through the Voluntary Intermodal Sealift Agreement.
2 These ships are vital to wartime logistics, historically
3 accounting for 90 percent of wartime transportation
4 requirements. DOD has developed a recapitalization strategy
5 for RRF vessels to maintain capacity at an acceptable level
6 of risk.

7 Would you comment about that and briefly describe for
8 the committee what the Ready Reserve recapitalization plan
9 looks like and what measures the Navy will take to ensure
10 that the Ready Reserve vessels and their life is extended in
11 a reliable fashion?

12 Admiral Merz: Yes, sir. So I will make a couple
13 requirements -- perspective remarks and turn it over to
14 Secretary Geurts on the acquisition side.

15 We revalidated the 15 million square foot requirement
16 for the strategic part of the lift. The challenge there is
17 recapitalizing it. It is in the fleet now, but it is old.
18 It is getting older. So we are looking at creative and
19 aggressive ways to recapitalize that fleet. And there are
20 three levers we are attempting to pull.

21 Building new would be preferred for the long-term
22 health of the fleet. There are some commercial shipbuilding
23 challenges with that that we are hoping to partner with
24 Congress to help resolve.

25 There is buying used either domestic-built or foreign-

1 built used ships.

2 And then there is also the service life extensions of
3 old ships to make them even older.

4 So you throw all that into a pile. We are trying to
5 come up with the right balance to get after this. And then
6 we have the previously discussed RORO requirement of the
7 tactical side of the logistics train. It has captured a lot
8 of our attention, as we have shifted to this distributed
9 maritime operation and have a distributed logistics
10 operation to go behind it. And I think we are postured well
11 to start moving out.

12 I will turn it over to Secretary Geurts.

13 Mr. Geurts: Yes, Senator Wicker. I think again both
14 those three lines of operation are there. As we look at the
15 commercial market and what is available on the commercial
16 market for some of the fairly generic RORO ships, we think
17 there is good opportunity to continue to look hard at that
18 and perhaps relook at the business case and purchase some
19 rapidly off the commercial market, accelerate that portion
20 to get rid of our oldest ships that are -- it is becoming
21 less and less cost effective to extend them. And then we
22 will continue to look at new build, particularly new build
23 for unique ships, which have unique missions that are not
24 necessarily found on the commercial market.

25 Senator Wicker: And so finally -- and I appreciate the

1 indulgence of the chair -- I was glad Senator Hirono touched
2 on the Truman. Mr. Secretary, this ship needs to be
3 refueled, and if it is refueled, it has got a lot more life
4 in it. Is that correct?

5 Mr. Geurts: Yes, sir.

6 Senator Wicker: Okay, and we have got a year or 2 to
7 reconsider this decision. Do we not?

8 Mr. Geurts: Yes, sir. We will have to start ordering
9 some of the advance materials in 2021.

10 Senator Wicker: 2021, okay.

11 Mr. Geurts: Yes. So we have kind of got this year,
12 and then decisions after that start to become less and less
13 reversible or most costly to reverse. And so we made this
14 decision now when we have time to have a -- it is an
15 important decision. It is one that requires full debate.
16 We look forward to that. We wanted to make it at a time
17 where we would not have to completely rewrite the budget
18 depending on how that outcomes.

19 In terms of the near year, I would just say there are
20 some capabilities we believe that are required in the Navy,
21 which we have funded at the expense of that. That was a
22 bold move. That was a difficult decision for us. As we
23 look at that and make decisions, I think it is incredibly
24 important for us to really keep an eye on those capabilities
25 and make sure we preserve the opportunity to continue to

1 explore and bring those complementary capabilities into the
2 naval fleet.

3 Admiral Merz: Sir, I would like to just add a
4 clarifying point. The 2021 decision means a PRESBUD 2021
5 decision. So we have this year to reevaluate the path we
6 are on.

7 Senator Wicker: Well, I think that is an important
8 point to make, and I certainly want us to scratch our heads
9 hard on that.

10 Thank you very much, gentlemen. And, General Berger,
11 congratulations on being named Commandant. That was some
12 news whispered to me earlier today.

13 Thank you, Mr. Chairman, for your indulgence.

14 Senator Perdue: I just have one remaining question.

15 Before I do that, Admiral, would you clarify? I just
16 want to make sure I understood that right for the record
17 that we could expect this force structure report sometime in
18 the next calendar year. Is that correct?

19 Admiral Merz: Yes, sir, by the end of the calendar
20 year.

21 Senator Perdue: By the end of this calendar year.

22 Admiral Merz: Yes, sir, by the end of 2019, we will
23 have the assessment.

24 Senator Perdue: Thank you.

25 Secretary, we have talked about China today. We have

1 not really talked about Russia. The Russian submarine
2 development over the last decade has been pretty impressive,
3 a little scary actually with the development of the Sev
4 submarine class and now the Kalibr missile. Talk a little
5 bit about how that development, in addition to what we see
6 China doing -- how that has affected this particular budget
7 and your strategy going forward.

8 Mr. Geurts: Yes, sir. And Bill can also give his
9 warfighting perspective.

10 But I would say taking it up a level, the National
11 Defense Strategy from last year is really focusing us kind
12 of at that global competitive piece. Each competitor brings
13 some unique attributes and risk areas that we watch closely.
14 Our job is to figure out how to take that whole picture and
15 create a force structure that can both be effective and
16 allow us to compete and win, and then from my perspective,
17 efficient and provide value for every dollar the taxpayer
18 puts to this. Both of those are really what we are focused
19 on.

20 I think Russia is, again, a little bit of a different
21 problem set. They certainly have some niche capabilities
22 that we have got to keep an eye on, and we are doing so.
23 And so I would say their niche capabilities drive some
24 specific pieces. China's global capabilities kind of drive
25 the overall force set.

1 But, Bill, you might want to add a specific --

2 Admiral Merz: Yes, sir. In this forum, obviously the
3 inability to address specific threats -- there is this
4 longstanding mutual respect between Russia and the U.S. on
5 maritime capability, and it is an influencer on the
6 capabilities we pursue in both quality and quantity.

7 Senator Perdue: Senator Hirono?

8 Senator Hirono: Thank you. I am done.

9 Senator Perdue: Senator Wicker, do you have anything
10 left?

11 Senator Wicker: Probably, but I --

12 [Laughter.]

13 Senator Perdue: Gentlemen, that concludes the hearing
14 today. I want to thank you for your personal investment
15 today and all the information. This has been a very good
16 hearing.

17 But more importantly, as leaders of your services,
18 please take back to the sailors and marines out there that
19 we are dead serious about trying to meet the needs of their
20 mission, protect our country. We do not take this lightly.
21 It is a financial issue. It is also a planning issue. And
22 we will be earnest partners with you as we try to do that.

23 So God bless you and thank you for today.

24 [Whereupon, at 11:53 a.m., the hearing was adjourned.]

25