

Stenographic Transcript  
Before the

Subcommittee on Seapower

COMMITTEE ON  
ARMED SERVICES

## **UNITED STATES SENATE**

HEARING TO RECEIVE TESTIMONY ON NAVY SHIPBUILDING  
PROGRAMS IN REVIEW OF THE DEFENSE AUTHORIZATION  
REQUEST FOR FISCAL YEAR 2021 AND THE FUTURE YEARS  
DEFENSE PROGRAM.

Wednesday, March 4, 2020

Washington, D.C.

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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 10:04  
15 a.m. in Room SR-222, Russell Senate Office Building, Hon.  
16 David Perdue, chairman of the subcommittee, presiding.

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

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

3           Senator Perdue: The Senate Armed Services  
4 Subcommittee on Seapower convenes this morning to examine  
5 the Navy shipbuilding programs in review of the defense  
6 authorization request for fiscal year 2021 and the future  
7 years defense program.

8           This is our subcommittee's first meeting of the year,  
9 and I look forward to continuing our tradition of working  
10 in a bipartisan manner this year. Ranking Member Hirono,  
11 thank you for your continued leadership. She and I visited  
12 the Hawaii facilities last year, and she has been a  
13 stalwart with regard to the Navy and the Navy requirements.

14           We welcome our three distinguished witnesses: the  
15 Honorable James F. Geurts, Assistant Secretary of the Navy  
16 for Research, Development, and Acquisition; Vice Admiral  
17 James W. Kilby, Deputy Chief of Naval Operations for  
18 Warfighting Requirements and Capabilities; Lieutenant  
19 General Eric M. Smith, Deputy Commandant of the Marine  
20 Corps for Combat Development and Integration. Gentlemen,  
21 thank you so much for your service and for being here  
22 today.

23           Today the world is more dangerous than anytime in my  
24 lifetime. I agree with the National Defense Strategy that  
25 today we are facing five key threats across five domains,

1 China, Russia, North Korea, Iran, and global terrorism has  
2 not abated.

3 The domains used to be land, air, and sea. Today we  
4 have to be prepared to compete in land, air, sea, cyber,  
5 and space. As we speak, our country's adversaries are  
6 plotting to undermine us, overtake us, and in some cases  
7 eliminate our very way of life.

8 Our military remains the envy of the world, but the  
9 competition is picking up and we cannot be complacent.

10 Thanks to President Trump's leadership, we reset  
11 defense spending in 2017, and we are beginning to rebuild  
12 the military after many years of delay. But the hole is  
13 deep. Work has just begun. I commend our witnesses for  
14 submitting a budget that continues the trend of better  
15 funding the readiness accounts that support today's Navy  
16 and Marine Corps.

17 In 2016, the Navy increased its minimum requirement to  
18 355 battle force ships, a reflection of the strategic shift  
19 to great power competition. Today the Navy stands at 295  
20 battle force ships, and we have a chart to illustrate where  
21 we are today.

22 [The chart follows:]

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1           Senator Perdue: The blue line is the fiscal year 2020  
2 plan to 355 ships. And so if you look at where we are  
3 today, the year 2021 -- that gets us to 305, and after  
4 that, we do not have a plan today. We will talk about that  
5 in just a minute. So there is a dramatic shortfall if we  
6 take the status quo today. Now, I know nobody is  
7 suggesting that today, but we do have a situation where we  
8 really do not have the updated shipbuilding plan from the  
9 Department of Defense.

10           It appears to me the Department of the Navy's proposed  
11 budget is sufficient to support a fleet of about 300 ships  
12 today. The budget proposal for fiscal years 2021 through  
13 2025 does not keep pace with inflation, which means that  
14 growing the Navy much at all, much less to the 355 ships we  
15 need to meet all the threats we face is financially  
16 unrealistic.

17           An example of the financial challenge is 10 fewer  
18 ships are planned for procurement in fiscal years 2021  
19 through 2025 as compared to just last year, including one  
20 less Virginia class submarine in fiscal year 2021. I find  
21 this situation personally unacceptable given the NDS  
22 requirements and what we know our adversaries are doing. I  
23 believe the need for a larger, more capable fleet is clear.

24           I think it is time we rethink how we fund our Navy and  
25 shipbuilding enterprise. Today we spend roughly \$750

1 billion on our military. Each department of the military  
2 gets roughly one-third of what is left after we put 14  
3 percent away for overhead. So that means that the three  
4 major services get a third, a third, a third. I am  
5 personally not confident that that is consistent with the  
6 NDS, particularly with the NDS's requirement to face up to  
7 the growing threat from what China is doing in the Indo-  
8 Pacific region.

9 Our current National Defense Strategy is a maritime  
10 strategy for sure. As former Secretary Mattis stated, I am  
11 skeptical that the current one-third funding level for the  
12 Department of the Navy is enough to meet that goal. If we  
13 are to remain the global leader above, on, and under the  
14 seas, we must get serious about building the fleet we need.

15 To this end, I believe many promising initiatives are  
16 contained in the SHIPS Implementation Act that Senator  
17 Wicker introduced last month. I look forward to working  
18 with Senator Wicker and Senator Hirono on the proposal for  
19 this year's NDAA. Options to improve industrial base  
20 stability and fund the Colombia class submarine program, at  
21 least partly, outside of the Navy's budget deserve serious  
22 consideration.

23 However, it is difficult to have a discussion on the  
24 future fleet, including the associated costs and schedules  
25 without a 30-year shipbuilding plan, which by law was

1 required to be submitted to Congress with a budget last  
2 month.

3 In addition, I understand the department has been  
4 reassessing the fleet size requirement over the past 2  
5 years. Based on earlier comments from Navy leaders, I  
6 expected this review to be completed by late 2019. Without  
7 it, this subcommittee will struggle to understand just how  
8 new platforms are envisioned to integrate into the fleet.

9 Which brings me to China. And we have all had  
10 individual conversations about this. I am going to show  
11 one more chart, and I think this highlights the issue.

12 [The chart follows:]

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1           Senator Perdue: The problem is this is not a  
2           quality/quantity conversation. This is we are the 800  
3           pound gorilla below the seas. We know that. Above the  
4           seas, we have got a great 230-year tradition, but we are  
5           not large enough. China right now -- the fleet is on a  
6           very different trajectory from ours, as you can see. China  
7           is the red line above. This is public, declassified  
8           numbers. The blue line was our 2016 plan to get to 355 by  
9           2034, 14 years from now. China will end up north of 450  
10          roughly. So the old concept that our quality is better  
11          than theirs, we can fight our ships better they can -- that  
12          may be well true, but at some point in time, quantity  
13          actually begins to win out.

14          The Chinese currently have 350 battle force ships and  
15          are projected to have 425 by 2030. In contrast, last  
16          year's shipbuilding plan showed our Navy on a path to reach  
17          355 by 2034. There is no shipbuilding plan this year in  
18          the budget document yet, and the budget documents reflect  
19          the fleet size of only about 306 ships. So we are sitting  
20          today at 350 for China and 306 for the United States Navy.

21          Gentlemen, I know you are in uniform and you are a  
22          responsible secretary, and I know you share this opinion.  
23          That is totally unacceptable. There is no way, given the  
24          fact that we not only have responsibilities in the Indo-  
25          Pacific region, but our Navy is required to be around the



1 world today. We need allies' help and we need a serious  
2 rethink about what we are asking our Navy to do within the  
3 NDS, as it relates particularly to China and this one  
4 chart.

5 If we look at what Russia is doing with their  
6 submarines today, it adds even more complexity to this  
7 conversation.

8 I would observe shipbuilding and fleet size trends and  
9 therefore the Navy to some extent seem to be going in  
10 reverse in this budget request as compared to the  
11 department's previous plans.

12 The Department of Defense needs to be clear with  
13 Congress and the American people -- I am saying Department  
14 of Defense. It is not just a Navy problem. It is a  
15 Department of Defense issue -- about the threats and their  
16 proposed plans. Article 1, section 8 of the Constitution  
17 gives Congress the power to provide -- and I quote -- and  
18 maintain a Navy. And we have always done a good job of  
19 that. It is the Department's responsibility to give us the  
20 information we need to carry out this duty, and that is not  
21 currently happening yet.

22 We are also hearing about affordability and the best  
23 balance of resources in hearings this year. I applaud that  
24 effort to adequately fund personnel, maintenance, and other  
25 supporting functions. However, we cannot lose sight of the

1 fact that the Navy must be bigger, we must get bigger, and  
2 we must find a way to pay for it because if we do not, make  
3 no mistake. The Chinese will only accelerate the expansion  
4 of their maritime influence around the globe, creating fait  
5 accompli dilemmas at every turn, which come at the expense  
6 of U.S. interests and those of our partners and allies.  
7 The stakes are real. Combine that with BRI and Made in  
8 China 2025, the ports that they have these proprietary  
9 loans in in South America and all over Africa, we have to  
10 be able to identify that threat as real today.

11 The subcommittee will continue to work with the Navy  
12 and Marine Corps to build a larger more capable and  
13 flexible fleet while at the same time demanding the best  
14 use of every taxpayer dollar.

15 I look forward to our witnesses' testimony today and  
16 the answers to our questions.

17 I now recognize Senator Hirono, our ranking member.  
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1           STATEMENT OF HON. MAZIE K. HIRONO, U.S. SENATOR FROM  
2 HAWAII

3           Senator Hirono: Thank you very much, Mr. Chairman,  
4 for your very comprehensive opening statement.

5           And yes, the global threats today are pervasive and  
6 complex. And yes, from the standpoint of our subcommittee,  
7 we do question how we are going to get to a 355-ship Navy.

8           So I would like to also welcome our witnesses to the  
9 hearing this morning. Thank you for your service to the  
10 nation.

11           And I particularly want to acknowledge the  
12 professional service of the men and women under your  
13 commands.

14           We are also grateful for our military families for the  
15 vital role they play in the success of the men and women of  
16 our armed forces.

17           Mr. Chairman, of course, it has been a pleasure so far  
18 working with you as we confront the issues facing our  
19 sailors and marines and their families. The Navy and  
20 Marine Corps face difficult decisions as they seek to  
21 balance modernizing the fleet, maintaining a technological  
22 advantage over our adversaries, supporting ongoing  
23 operations, and sustaining today's readiness.

24           The threats we face around the world require us to  
25 consider the best ways to get the Navy and Marine Corps the

1 resources they need. However, we must make sure that any  
2 increase in resources does not come at the expense of  
3 important domestic programs that families, including our  
4 military families, rely on every day. And this year we  
5 have the benefit of an early budget deal, and I hope that  
6 we can move quickly to pass an NDAA for fiscal year 2021.

7 At today's hearing, we will explore various aspects of  
8 the Navy's shipbuilding program. These programs play a  
9 critical role in supporting and advancing our country's  
10 strategic interests in the Indo-Asia-Pacific region,  
11 including of course the bases in Hawaii.

12 With that in mind, this subcommittee plays a crucial  
13 oversight role as we work to improve our acquisition  
14 stewardship to ensure we are getting good value for every  
15 shipbuilding dollar that we spend.

16 The Chief of Naval Operations last published an  
17 updated force structure assessment in 2016. These  
18 assessments are important planning documents that inform  
19 procurement decisions for the Navy. Although the Navy had  
20 promised a new force structure assessment this year, we now  
21 understand that the Secretary of Defense has taken an  
22 interest in this document and that it is unclear when we  
23 will get the updated version.

24 It is also unclear when we will get the 30-year  
25 shipbuilding plan that is required annually by Title X of

1 the U.S. Code.

2 Even without the guidance from these two documents,  
3 this subcommittee is well aware of the Navy's ongoing  
4 challenges facing our surface, subsurface, and maintenance  
5 programs. The Navy is using multiyear procurement  
6 authority to modernize the fleet more efficiently.  
7 Congress has approved the use of this authority to procure  
8 attack submarines and Aegis destroyers, two platforms that  
9 still comprise the largest inventory shortfall compared to  
10 the goals outlined in the 2016 Force Structure Assessment.  
11 Currently the Navy is 15 boats short of the attack  
12 submarine goal and 14 destroyers below the goal for large  
13 surface combatants.

14 As far as submarine programs, the Navy recently signed  
15 a multiyear procurement contract for block 5 of the  
16 Virginia class attack submarine. This contract provides  
17 authority to purchase nine boats by fiscal year 2023 with  
18 the option to buy a 10th boat, if the Navy has the  
19 resources and if contractors improve performance on the  
20 program. The fiscal year 2021 budget request only includes  
21 funding to purchase a single Virginia class submarine.  
22 This decision has the potential to put stress on the  
23 defense industrial base and jeopardize the Navy's ability  
24 to exercise the option for a 10th boat.

25 In response, the CNO has made funding for the second

1 Virginia class submarine in fiscal year 2021 his number one  
2 item on the Navy's unfunded priority list. I hope we can  
3 hear more from our witnesses on this issue today.

4 I am also interested in hearing from Secretary Geurts  
5 about the vital role our public Navy shipyards play in  
6 maintaining a ready and capable fleet. And I want to, once  
7 again, thank the chair for coming to see for himself,  
8 visiting the Pearl Harbor Naval Shipyard.

9 I am encouraged that the Navy has finally gotten  
10 serious about investing in this critical infrastructure,  
11 our shipyards, that has been neglected for far too long. I  
12 look forward to hearing from you this morning about how the  
13 fiscal year 2021 budget supports this plan.

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

16 Thank you, Mr. Chairman.

17 Senator Perdue: Thank you, Senator Hirono.

18 Secretary Geurts?

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1           STATEMENT OF HON. JAMES F. GEURTS, ASSISTANT  
2           SECRETARY OF THE NAVY FOR RESEARCH, DEVELOPMENT, AND  
3           ACQUISITION

4           Mr. Geurts: Chairman Perdue, Ranking Member Hirono,  
5           distinguished members of the subcommittee, thank you for  
6           the opportunity to appear before you today to address the  
7           Department of the Navy's fiscal year 2021 budget request.

8           Joining me here today are Vice Admiral Jim Kilby,  
9           Deputy Chief of Naval Operations for Warfare Requirements  
10          and Capabilities, and Lieutenant General Eric Smith, Deputy  
11          Commandant for Combat Development and Integration.

12          With your permission, sir, I intend to just provide a  
13          few brief remarks for three of us.

14          Senator Perdue: Yes, sir.

15          Mr. Geurts: We thank the subcommittee and all of the  
16          Congress for your leadership and steadfast support of the  
17          Department of the Navy. Your efforts to fully fund the  
18          fiscal year 2020 budget of 12 ships helps provide the  
19          stability, predictability in funding that enable us to  
20          build and sustain the naval force the nation needs and, in  
21          doing so, execute the maritime component of the National  
22          Defense Strategy.

23          Since the start of fiscal year 2019, we delivered 11  
24          new battle force ships to the fleet, including most  
25          recently the USS Tripoli, our newest large attack

1 amphibious ship or large deck amphibious ship. Today with  
2 the USS Tripoli delivered, we have 78 ships under contract  
3 and 46 in construction. We expect to take delivery of 12  
4 more ships this fiscal year and award contracts for an  
5 additional eight ships this year.

6 As we continue to modernize the fleet, we have also  
7 focused on ship and aviation maintenance, delivering higher  
8 aviation mission capable rates, improved on-time deliveries  
9 of surface ships for maintenance, and reduced maintenance  
10 backlogs in our nuclear-powered fleet.

11 We achieved key milestones in the USS Gerald R. Ford,  
12 returning her to sea after a post-shakedown availability  
13 and qualifying all the aircraft on her air wing, readying  
14 her for deployment, while launching the future USS John F.  
15 Kennedy ahead of schedule and at a 16 percent reduction in  
16 labor hours from CVN 78.

17 We are on track to begin full construction of Columbia  
18 in October 2020 with an 83 percent detailed design complete  
19 at construction start. That is the highest level of  
20 completion in detailed design we have had in any modern  
21 shipbuilding program.

22 Our use of agile and innovative contracting  
23 approaches, which have leveraged the many authorities  
24 Congress had given us, have enabled us to deliver these  
25 ships, aircraft, and weapons at over a \$25 billion savings



1 to the taxpayer. And we thank you for the great support  
2 and working with us to achieve those outcomes.

3 Although our budget reflects hard choices we had to  
4 make, given the flat top line, our 2021 request builds on  
5 these prior investments in improved acquisition outcomes in  
6 order to provide the best balanced force in the support of  
7 our National Defense Strategy for the resources available.  
8 It continues key investments in advanced technologies in  
9 modernization and prioritizes the recapitalization of the  
10 ballistic missile submarine force. It supports the  
11 sustained readiness recovery to deliver credible forces  
12 now, as well as increased spending on lethality and  
13 modernization to ensure the readiness for the future fight.  
14 It includes the procurement of 44 new battle force ships  
15 within the future years defense program. And as we all  
16 know, a healthy industrial base is critical to meeting this  
17 demand, and we greatly appreciate the support Congress has  
18 given us to stabilize and enhance that industrial base in  
19 our shipbuilding programs.

20 Thank you for the strong support this subcommittee has  
21 always provided our sailors and marines and their families,  
22 and thank you for the opportunity appear before you today.  
23 We look forward to answering your questions.

24 [The prepared statement of Mr. Geurts, Admiral Kilby,  
25 and General Smith follows:]

1           Senator Perdue: Thank you, Secretary Geurts.

2           Again, I am going to remind the people that just  
3 walked in we have a call vote at 10:30, and the ranking  
4 member and I have agreed with the witnesses to take a 10-  
5 minute recess at 10:30, run and vote, come back. That way  
6 everybody can choose their schedule accordingly.

7           I am just going to ask a couple questions to start  
8 with. And thank you for that brief and very comprehensive  
9 summary.

10           As I mentioned in my opening statement, section 231 of  
11 Title X U.S. Code requires the Secretary of Defense to  
12 submit a 30-year shipbuilding plan with the annual budget  
13 materials submitted to Congress.

14           You know, let me put a little perspective on this. I  
15 recognize the challenge that DOD is in. You are in a  
16 period of time where you are focused on readiness,  
17 recapitalization, and also rationalization. You have the  
18 first audit in the history of the DOD. We are finding  
19 money that has been going into obsolete programs now  
20 getting reprogrammed. I respect that and I thank you guys  
21 because I know all of you have been involved in that.

22           Secretary Geurts, what is the status of the  
23 shipbuilding plan and that perspective and when should we  
24 expect to receive it?

25           Mr. Geurts: Yes, sir. So as the Secretary of Defense

1 has talked about in testimony and follow-up communications  
2 with Congress, he is committed to a battle force of at  
3 least 355 ships.

4 Senator Perdue: Which for the record, if I remember  
5 the numbers, is about \$28 billion a year to get there.  
6 Right per year?

7 Mr. Geurts: Yes, sir. It depends on the kind of  
8 makeup of the fleet.

9 And so I think in a positive, we are seeing great  
10 interest by the Secretary of Defense and the Deputy  
11 Secretary of Defense recognizing the importance of the  
12 maritime strategy and making sure that we have got a  
13 strategy that he is comfortable with that enables us to  
14 achieve, as best we can within resources, the outcomes to  
15 the challenges you outlined. There is no doubt there are  
16 plenty of challenges.

17 We are working with his staff. He, as he has  
18 indicated to Congress, will release it when he is  
19 comfortable with that level of analysis. And so I cannot  
20 communicate exactly when that will be. I can just tell you  
21 we are having healthy dialogue. And again, in a positive,  
22 he wants to make sure he has put his own eyes on it and  
23 that we have leveraged all the thinking within the  
24 Department given the criticality of that shipbuilding plan.

25 What I would also say is in any shipbuilding efforts

1 we have done, in all our studies, and our sense of the  
2 different courses you could take in the shipbuilding plan,  
3 all of that rests solely on the foundation of our 2021  
4 budget. And so we are committed -- again, we had to make  
5 some hard choices. But our 2021 program is not at risk of  
6 any of those. It is really how are we going to address the  
7 gaps you have put on it --

8 Senator Perdue: Let me address that. First of all, I  
9 am not going to shoot the messenger, but the Secretary of  
10 Defense is here this afternoon and that response that he  
11 will get it to us when he is ready is unacceptable. We  
12 have a due date. You do not allow your soldiers and  
13 marines and sailors to do that. We cannot allow that here.  
14 It is a law. And so we are going to have that conversation  
15 later. We understand where that plan is, but it should be  
16 here.

17 I want you to comment on this graph and talk about the  
18 delta and how we get there. To get to 355 -- and we are  
19 now backing up from that it sounds like -- is \$28 billion a  
20 year. Now we are back into like a \$20 billion plan for  
21 shipbuilding, and 25 percent of that, as I understand it,  
22 is for the nuclear capability triad, the commitment that  
23 has been put up as the top priority. So that really begins  
24 to handcuff what you are able to do.

25 Are these numbers accurate? I mean, I know the

1 numbers are accurate, but do you support directionally that  
2 China has this sort of building advantage? They already  
3 have an advantage today. They are at 350 versus our 295,  
4 as we sit here today.

5 Mr. Geurts: Yes, sir. I would certainly say our  
6 pacing threat from China is their ability to scale and  
7 produce, leveraging their very strong commercial  
8 marketplace. And so a number of the efforts that we, I  
9 think, have worked and need to continue to work is how do  
10 we bolster the industrial base for shipbuilding across the  
11 country. I would --

12 Senator Perdue: Sorry to interrupt, but I would argue  
13 that -- I have got just a second or 2 left. I would submit  
14 that the Chinese have already recognized this delta here,  
15 and they do not see us doing anything about it. That is  
16 why they put out their Made in China 2025. They never tell  
17 you what they are going to do unless they have decided that  
18 you do not have the wherewithal or the will to stop them.  
19 They are looking at this. And by the way, you have to  
20 divide our numbers by two roughly because we are committed  
21 to resources in the other half of the world besides the  
22 Indo-Pacific. So our combatant commanders in the Pacific  
23 are very aware of this.

24 My question to the Navy is what is the answer. Tell  
25 us what you need. Let us figure it out, but we have got to

1 get to an answer. And it cannot just be, well, we will  
2 submit a plan when we are comfortable with it because there  
3 is no plan here that anybody is going to be comfortable  
4 with until we figure out how to close this delta.

5 Mr. Geurts: Yes, sir. We will continue, I would  
6 suspect, in the dialogue here at the subcommittee, and we  
7 will bring in how are we creating competitive strategies,  
8 betting integrating the Marine Corps and the Navy, and then  
9 better acquisition outcomes for the dollars we have, how do  
10 we deliver the right ships at the right time with high  
11 levels of confidence. And we are in that pivot period now.  
12 Congress has given lots of good tools. The SHIPS  
13 Implementation Act provides some additional tools, which  
14 will be extremely beneficial. We look forward to working  
15 with you on -- it is going to take us working together to  
16 close that gap.

17 Senator Perdue: Well, we are committed to do that.  
18 What I am asking is tell us what you need. Let us wrestle  
19 with what the realities are. But we cannot just bury our  
20 heads about this chart.

21 Mr. Geurts: Yes, sir. Business as usual will not get  
22 us to close that gap.

23 Senator Perdue: We recognize what you are up against.

24 Senator Hirono?

25 Senator Hirono: Thank you.

1           Well, Secretary Geurts, whenever you come and testify,  
2           you continue to reassure us, and as the chair said, we do  
3           not want to shoot the messenger. But it is very clear that  
4           Congress has an intention to move us to a 355-ship Navy,  
5           and that is not where we are heading. And we get all of  
6           these I do not know what, you know, explanations, you are  
7           making things a lot more efficient, your acquisition  
8           program, et cetera. But we are still not told how we are  
9           going to get to 355 ships. So that is the thing. You see  
10          it is very frustrating for us to sit here and go through  
11          this year after year.

12          Okay. So I want to focus again on modernizing the  
13          public shipyards because even as we get to a 355-ship Navy,  
14          most of us have talked about how important it is to  
15          maintain what we already have. And if our shipyards do not  
16          have the kind of modernized situations, including for  
17          Hawaii, you know, we need a new dry dock, we need a  
18          production facility because our workers there have to  
19          travel -- they have to go all over the place to get the  
20          parts that they need to repair the submarines and  
21          everything else. And so we need a production facility.  
22          And that was taken out of the -- the one that was the  
23          planned was taken out of the budget, and the hope is that  
24          the new one is going to be built at the same time frame as  
25          the previous one was going to be built.

1           So I want to know if the fiscal year 2021 budget fully  
2 funds the shipyard modernization plan. That goes for all  
3 four shipyards. All of the shipyards are in this together.  
4 I am not just talking about the Pearl Harbor Shipyard. I  
5 am talking about all the other three shipyards. We all  
6 need to be going together. So is there money in the fiscal  
7 year 2021 budget to fully fund the modernization plan?

8           Mr. Geurts: Yes, Senator Hirono. In fiscal year  
9 2021, we have got roughly half a billion dollars, \$448  
10 billion specifically, towards that shipyard optimization  
11 plan. That is a combination of military construction,  
12 recapitalizing equipment, and then working on our planning  
13 for the future. The Navy is committed to recapitalizing the  
14 shipyards.

15           We started first by bringing on the workforce we  
16 needed, and that workforce is doing a tremendous job. We  
17 are at about 36,000, north of that, workers. We brought  
18 them on earlier than --

19           Senator Hirono: Oh, Mr. Secretary. So the question  
20 is, if the modernization plan is being fully funded. The  
21 amount that you are telling me -- does that fully fund the  
22 modernization program going forward from fiscal year 2021 -  
23 - for fiscal year 2021?

24           Mr. Geurts: Yes, Senator Hirono. For the  
25 requirements we have right now, it fully funds us. We have



1 a large program to come, but for 2021 that is fully funded.

2 Senator Hirono: All right.

3 Are you considering any changes to the plan to  
4 accelerate specific capability expansion or specific  
5 productivity enhancements in view of the ship maintenance  
6 problems you are facing?

7 Mr. Geurts: So as we build -- as you know, we are  
8 building digital models of all the shipyards to identify  
9 where the biggest bang for the buck is in terms of how do  
10 we get more efficient with the workforce we have in place.  
11 As those studies and area plans come together, we will look  
12 to accelerate where we get the biggest return on those  
13 investments while understanding we have some large capital  
14 projects, dry dock replacements we are going to have to do  
15 as well.

16 Senator Hirono: So it might be instructive for us to  
17 know specifically what kind of things that you are doing to  
18 expand your capability, the capability at our shipyards. I  
19 mean, it is one thing to be told verbally, but I would like  
20 to know specifically. So what have you done? To me having  
21 a production facility, that is a very concrete way to  
22 effect efficiencies.

23 Mr. Geurts: Yes, ma'am. If I can just kind of walk  
24 around the world --

25 Senator Hirono: Not today.

1           Mr. Geurts: Yes, ma'am. We are happy to go in  
2 whatever level of detail you like.

3           Senator Hirono: Okay. For a number of years now, the  
4 Navy's long-term goal for fleet size was a 308-ship fleet,  
5 and after publication of the CNO's last Force Structure  
6 Assessment, the goal was reset to 355 ships. And of  
7 course, we are very much on it because we have to put that  
8 number into the law, and I can thank the former chair of  
9 this committee for making sure that that is in the law.

10           And the chair has already mentioned that we do not  
11 have the information we need. The plan that was supposed  
12 to be submitted to us is not before us, and we would like  
13 to know what you all have in mind. So I just want to add  
14 my concern to that expressed by the chair, that we need the  
15 reports that should be coming to us.

16           So I indicated in my opening statement the Navy  
17 recently signed a multiyear procurement contract for block  
18 5 of the Virginia class attack submarine, and there is an  
19 option to buy a 10th boat if the Navy has the resources and  
20 if the contractors improve performance on the program. I  
21 think you get that we are very concerned about only one  
22 submarine being produced. So I am concerned that the  
23 window of opportunity for exercising the option to buy a  
24 10th boat may pass, but I am also concerned about what  
25 criteria the Navy would use to award the 10th boat if

1 additional funds were provided.

2 So my question to you is, Secretary Geurts, if  
3 Congress were to authorize a second Virginia class boat in  
4 fiscal year 2021, what criteria would you use to decide  
5 whether the contractor team that is currently in place has  
6 earned an award for the 10th boat?

7 Mr. Geurts: Yes, ma'am. When we talked previously, I  
8 was concerned about execution, and I was concerned about  
9 putting Columbia at risk, which is our highest priority.  
10 Since that time, the company and the program has showed  
11 much improved performance. At this point, it is not an  
12 execution issue for me. It is a pure affordability issue.  
13 And so if the funds were there, I would have no reservation  
14 with putting those funds on contract and adding that 10th  
15 ship to the multiyear. So at this point, it is not a  
16 criteria to add it other than a pure affordability issue,  
17 which is why we had it number one on our unfunded priority  
18 list.

19 Senator Hirono: Thank you.

20 Thank you, Mr. Chairman.

21 Senator Perdue: With the witnesses' forbearance, we  
22 are going to declare a 10-minute recess, go vote. Before  
23 we do that, I want to thank Senator Kaine and Senator  
24 Shaheen for their steadfast support of this subcommittee.  
25 They are always here. They are always interested and

1 always involved. Thank you guys for being here.

2 [Recess.]

3 Senator Perdue: We will call the subcommittee hearing  
4 back into session.

5 And Senator Kaine and Senator Shaheen are on the way  
6 back. While we are waiting on them, I will ask Senator  
7 Hirono if she wants to ask her next question, and then we  
8 will go to one of the other Senators when they come back  
9 just to keep our momentum going here. Senator Hirono?

10 Senator Hirono: Mr. Secretary, there have been some  
11 problems with production of the ship-to-shore connector, or  
12 SSC, program. And this is a program that will replace our  
13 landing craft air cushion, or LCAC, that transport  
14 equipment and supplies ashore. I see that you have chosen  
15 not to request any production for the SSC program in fiscal  
16 year 2021. Can you give us a status report on this  
17 program?

18 Mr. Geurts: Yes, ma'am. We have been working with  
19 the contractor there. We had had some delays in  
20 developmental testing. We worked our way through most of  
21 those and feel pretty comfortable now with the vehicle  
22 itself. And then we had a number of vehicles that we had  
23 not gotten into production in a timely fashion. So we are  
24 committed to the program. The fiscal year 2021 quantity  
25 just reflects the fact that we were a little further behind

1 in production than we had anticipated, and now that we have  
2 negotiated that contract, which we will put on contract  
3 here in the next month or so, that will allow us to  
4 continue to get into production and then set us up well for  
5 increasing production as we get into 2022.

6 Senator Hirono: So you will request some money for  
7 2022.

8 Based on what you are having to do often, it is clear  
9 that you have to work directly with the contractors not  
10 just in this case but with a Virginia class submarine  
11 contractor. So you have people on your team that can do  
12 this, to be able to perceive problems before they occur  
13 with the pace or anything else with the quality so that  
14 they can get in there and work with the contractor so that  
15 we are not adding time and money to the production?

16 Mr. Geurts: Absolutely, ma'am. So I am very proud of  
17 the Department of the Navy team. We have a high level of  
18 technical competence. We work closely with the contractor.  
19 It is a shared risk-shared reward. In some cases, we will  
20 bring government equipment on there if we can do that more  
21 effectively. But both in the case of the ship-to-shore  
22 connector, Virginia, all the others, we work very closely  
23 with the contractor and we make reality-based decisions.

24 So I am not going to continue producing something that  
25 is not ready to produce. We made some hard decisions in

1 this budget in Triton and a couple other programs where we  
2 were not where we needed to be. What I do not want to do  
3 is double down on the risk and create more concurrency. I  
4 would rather, as we did in 53-K, stop, get the program on  
5 the right footing, and then execute smartly on that  
6 program.

7 Senator Hirono: As you are dealing directly with the  
8 contractors, do a number of them talk about how hard it is  
9 for the suppliers? Because we have a decreasing number of  
10 suppliers for all the parts that they need. So is that an  
11 aspect of what you are addressing somewhere along the line?

12 Mr. Geurts: Absolutely, and in many cases because a  
13 prime contractor cannot see all the rates at a  
14 subcontractor, we will actually negotiate some of those  
15 facets with the subcontractors to try and drive costs down.

16 I would say one of my largest concerns -- we talk  
17 industrial base at final assembly, which is an important  
18 issue such as shipyards or an aircraft production.  
19 Industrial base at the supplier is even more critical. I  
20 have hired a full-time supply chain expert, and we have  
21 created a whole supply chain set of expertise across all of  
22 our programs. To Senator Perdue's observation, on China,  
23 they are also competing with us and against us in many of  
24 the supply chain areas. And so supply chain integrity --  
25 really understanding that supply chain, what it costs,

1 where we have fragility, where we have opportunity is a  
2 critical thing we have been focused on for the last 2 years  
3 or so. We are starting to see that really add benefit to  
4 us.

5 Senator Hirono: I am glad you are doing that and I  
6 commend you for it because, as we talk about our  
7 contractors, we sometimes forget that there are thousands  
8 of people in the supply chain that need to be supported  
9 also.

10 Mr. Geurts: I can just follow up just briefly to that  
11 point. For an aircraft carrier, we have about 10,000  
12 folks, great folks down at Newport News on aircraft carrier  
13 construction, RCOH. For that program alone, we have 2,000  
14 suppliers of over 50,000 people in 46 States. We need both  
15 to be balanced. What Congress has done to bolster supply  
16 base last year on DDG-51 -- there was money for that and on  
17 the submarine programs and on the carrier programs -- has  
18 been critical so that we are not caught in single-point  
19 failures or areas where we cannot scale supply base at the  
20 same rate we are trying to scale the larger program.

21 Senator Hirono: Thank you.

22 I do have one short question for Admiral Kilby. The  
23 Aegis destroyers and attack submarines represented the  
24 largest inventory shortfall compared to the goals in the  
25 2016 Force Structure Assessment, with the actual Navy fleet

1 15 boats below the attack submarine goal and 14 destroyers  
2 below the goal for large surface combatants. Admiral  
3 Kilby, is there any chance that the demand for these two  
4 types of ships will go down in the new force structure  
5 assessment?

6 Admiral Kilby: Ma'am, I see a need for both those  
7 classes of ships. As we work through this with the  
8 Department of Defense, I think quantities could change on  
9 the margins, but by and large, it will be consistent with  
10 past force structure assessments is my belief.

11 Senator Hirono: Thank you.

12 Thank you, Mr. Chair.

13 Senator Perdue: Senator Kaine?

14 Senator Kaine: Thank you, Mr. Chair. And to the  
15 chair and ranking, we participate in this committee, as  
16 Senator Shaheen said, because we are assigned because we  
17 have vested interests, but you guys run a good committee  
18 and these are important witnesses to have.

19 I want to thank Senator Hirono. She hosted me at the  
20 Pearl Harbor Shipyard 2 weeks ago. It is really good to  
21 see the shipyards other than those in Virginia because you  
22 get a sense of the extent of the need and the challenge you  
23 have.

24 So, Secretary Geurts, I have a lot of questions, but  
25 in 5 minutes, I will do a couple of things.



1           You at DOD were ordered to do reprogramming to put  
2 money in the counter-drug account that would then be used  
3 for wall construction, and I want to focus on that a little  
4 bit. I think all of us would highly prefer that the money  
5 we give to the DOD stays in the DOD account, is not used  
6 for a non-military emergency, and then we battle it out and  
7 reach an accord on what the wall and money should be. And  
8 I do not like using the DOD's budget as the piggybank.

9           So my understanding is in that reprogramming what the  
10 Navy did in the shipbuilding seapower space was basically  
11 took \$911 million out of one LHA amphibious ship and an  
12 expeditionary fast transport. Explain the decision-making  
13 behind, if we have to reprogram, why I am going to take out  
14 the LHA and why I am going to take out the expeditionary  
15 fast transport.

16           Mr. Geurts: Yes, sir. And obviously, those were  
17 decisions made at the SECDEF level. He has got a site  
18 picture larger than just the Navy site picture on  
19 priorities in importance.

20           In the case of the LHA, we value that ship greatly.  
21 We actually in the 2021 budget accelerated that from an  
22 fiscal year 2024 construction to fiscal year 2023.  
23 Congress had appropriated money and given us incremental  
24 funding authority relatively early to that need. And so  
25 our challenge in the future budgets will be to place that

1 money back in the program so we can deliver that LHA.

2 Senator Kaine: And just before we get to the  
3 expeditionary fast transport, the LHA is a platform that  
4 has high utility for marines. Right? So I am often in a  
5 hearing like this saying on shipbuilding and ship repair,  
6 the Navy and Marines are like in the same place. Are they  
7 not? We are not leaning too far one way or too far the  
8 other. But that is a platform that has very high utility  
9 for marine use.

10 Mr. Geurts: Yes, sir. And maybe I will ask General  
11 Smith to give his perspective.

12 General Smith: Thanks, Senator. Your first comment  
13 about are we tied leaning one way or another, I would say  
14 that the cooperation and collaboration on the naval team is  
15 as good as it has ever been. Jim Kilby and I literally do  
16 not walk down the hall without checking with what each  
17 other is doing.

18 LHA-9 -- any LHA -- the ability to project power  
19 forward, the ability to carry the F-35B has been extremely  
20 importantly demonstrated a couple of times here in the last  
21 few years with the 13th Marine Expeditionary Unit, Colonel  
22 Chad Nelms, and the 31st Marine Expeditionary Unit, Colonel  
23 Bob Brody. We put multiple F-35B's on those platforms.  
24 That does get the attention of the pacing threat.

25 So we are committed to the LHA-9, and the Navy has

1       been, as part of the naval team, very, very clear that that  
2       is a priority because that supports the fleet commander.  
3       The Marines do not operate independently. We operate in  
4       support of fleet commanders.

5               So I have every confidence that that funding gets  
6       restored and that we move forward on LHA-9. As the  
7       Secretary said, the Navy has accelerated from 2024 to 2023,  
8       and we will have to fund that in the out-years to get it on  
9       track to deliver that capability to the fleet commanders  
10      and the joint force commanders.

11             Senator Kaine: How about the expeditionary fast  
12      transport? Talk about that one a little.

13             Mr. Geurts: Yes, sir. That was an additional ship to  
14      our requirement, and so I think when the Secretary of  
15      Defense -- I am not going to speak for him. He had to make  
16      some hard decisions.

17             Senator Kaine: My assumption is he has got to make  
18      hard decisions, but he is not making them with no menu of  
19      recommendations. I mean, you would rather not have to  
20      reprogram any of those dollars, but you have to say, well,  
21      okay, if we are going to have to give up \$900 million or  
22      whatever it is, you make some recommendations.

23             Mr. Geurts: Yes, sir. Our job is to identify the  
24      options that are out there and then put the context in  
25      there. The thing we will have to work through that we

1 watch very closely is the industrial base. That one is  
2 going to be particularly challenging on the industrial base  
3 side, but we will work our way through that.

4 Senator Kaine: Mr. Chair, could I ask one more  
5 question. Actually I have about 30 seconds left.

6 Senator Perdue: Yes.

7 Senator Kaine: I will try to make it quick.

8 I have heard some differing accounts, including today,  
9 of not including the second Virginia sub in this PB. I  
10 have heard just straight out financial challenge, you know,  
11 resource constraints. I have heard we are more focused  
12 now, as we need to be on a long-term -- and you have talked  
13 about this. We have had a long-term shipbuilding plan. We  
14 need to have a long-term ship maintenance plan, and we have  
15 enough maintenance needs for the ships that we have that  
16 maybe that starts to carve into some of the new contracts.  
17 And then I have also heard that maybe industry could not do  
18 two ships in a year. So I am a little confused about what  
19 is the reason, and it could be more than one of those  
20 things. But could you enlighten me?

21 Mr. Geurts: Yes, sir. As I have spoken about  
22 previously, I was concerned about the submarine industrial  
23 base to keep on a two Virginia cadence as we brought  
24 Columbia on.

25 Senator Kaine: Without Columbia, the two Virginia

1 thing is fine. But you are adding payload modules --

2 Mr. Geurts: Yes, sir. So we are adding more  
3 complexity to each Virginia, and when we were struggling to  
4 get two Virginias out a year before we added the payload  
5 module on Columbia, I was concerned that we had the  
6 enterprise where it needed to be. And what I did not want  
7 to do is get to the point where we could not, we had no  
8 outs, and we overloaded the yard and put Columbia at risk.

9 The company and the submarine team have worked very  
10 closely together. We restructured that multiyear program  
11 to get at those execution issues, and I would say  
12 confidently they have stemmed the tide from what I would  
13 say is eroding performance to being able to deliver now.

14 So from my perspective, it is not an execution issue,  
15 it is a pure affordability issue given all the other trades  
16 we have.

17 Senator Kaine: Thank you.

18 Thanks, Mr. Chair.

19 Senator Perdue: Senator Wicker?

20 Senator Wicker: Well, thank you very much. I am  
21 delighted to be back in the subcommittee room with a bunch  
22 of talented legislators who understand the need and also  
23 with these witnesses today.

24 As a matter of fact, I will tell Senator Kaine I  
25 toured the Tripoli, an LHA that is about to be underway, at

1       Ingalls Shipbuilding in Pascagoula on Friday with the Chief  
2       of Naval Operations and his team. It is a thing of beauty  
3       down there, the things they are doing to increase  
4       productivity, to listen to the shipyard workers about their  
5       ideas about efficiency, and rely on just centuries and  
6       centuries of collective experience there.

7             I do have to get these questions in, and so I want to  
8       be precise with them.

9             The budget request includes four amphibious ships in  
10       the future years defense program, three San Antonio class  
11       LPDs, 31, 32, and 33, and the large deck ship, LHA-9, which  
12       Senator Kaine was talking about. I was pleased to see  
13       procurement of LHA-9 accelerated.

14            Last year, this subcommittee asked the Navy to review  
15       alternative acquisition strategies for amphibious ships to  
16       leverage multiple ship contracts, which have saved billions  
17       of dollars and provided much needed industrial base  
18       stability, including for destroyers, submarines, and  
19       aircraft carriers. In this review, the Navy reported  
20       significant savings could be achieved by procuring various  
21       combinations of amphibious ships.

22            How important to the Marine Corps is it to maintain a  
23       stable industrial base for amphibious ship construction?  
24       This is for General Smith. And can you describe the  
25       importance of these four amphibious ships?

1           And then for Secretary Geurts, can you elaborate on  
2           the review that I just mentioned, as well as the Navy's  
3           findings particularly related to these three LPDs and the  
4           one LHA-9? If you can, speak to the timeline for awarding  
5           the funding of the ships. Would there be benefits of  
6           procuring these four ships together? And would the Navy  
7           support permissive legislative authorities that would  
8           enable such an approach?

9           General Smith: Senator, so I will defer to the  
10          Secretary on the shipyards and the shipbuilding capacity  
11          although I am on my way to HII here in the next month or  
12          so. I had to can to cancel a trip there due to some  
13          scheduling conflicts, but I am on my way down there.

14          The import of those ships -- the importance of those  
15          ships is vital to what we provide to the fleet. So when  
16          the Commandant talks about expeditionary advanced base  
17          operations, people will often confuse and forget that the  
18          best expeditionary advanced base is an amphibious warship  
19          that moves because while it may move 17 or 20 or 25 knots  
20          an hour, that is real capability and that is a real  
21          defensive capability. So the importance of those four  
22          ships or of those amphibious warships, the traditional  
23          amphibious warships, is vital to what we are able to  
24          provide to the joint force commander as part of the joint  
25          force maritime component command that Admiral Kilby and I

1 will do and fight together with. So highly important, sir.

2 Senator Wicker: Up to 3,000 troops at full capacity.

3 General Smith: That is correct, sir. And it is the  
4 melding of the kit, the equipment, and those fantastic  
5 marines that are on board, along with their sailors that  
6 are able to really project power and cause a dilemma for  
7 the adversary.

8 Senator Wicker: And the F-35 lands right on it.

9 General Smith: Absolutely, sir.

10 Senator Wicker: All right. Secretary?

11 Mr. Geurts: Yes, sir. I think there is a tremendous  
12 potential, as we did in a report to Congress and as we have  
13 looked at it even further, to doing a block buy of the  
14 three LPDs and the LHA. We see that savings, you know,  
15 depending on exactly how we do it, to be in the 8 to 12  
16 percent range, which would be a billion dollars back of  
17 taxpayer savings. And so we are looking at that closely.  
18 We are also executing the advance procurement long lead  
19 funding that has been appropriated with the incremental  
20 authority. And the things that I have seen in the draft of  
21 the SHIPS Implementation Act in terms of giving us more  
22 authorities to do smart procurement will be tremendously  
23 beneficial to us, and we will look forward to those  
24 authorities, should they come in the act.

25 Senator Wicker: Good.



1           And, Admiral Kilby, you have 8 seconds, but maybe you  
2           could take a little longer, to speak to the current  
3           inventory of destroyers. I believe we have roughly 67  
4           DDG-51's. We need an extra two at Rota, Spain. Do we not?

5           Admiral Kilby: Yes, sir. The combatant commander has  
6           asked for two destroyers to be moved to Rota, Spain. The  
7           Navy has acknowledged that and is considering that. We  
8           have a strategic lay-down process which vets where our  
9           ships go based on requirements from the combatant  
10          commanders.

11          But to your point, the DDG flight 3 is a ship we must  
12          have in the Navy because of its attendant radar, the air,  
13          the advanced missile defense radar is key to pace our  
14          adversaries, as Senator Perdue laid out earlier. So that  
15          is a key combination for us in the future.

16          Senator Wicker: Thank you.

17          Thank you, Mr. Chair.

18          Senator Perdue: Senator Shaheen?

19          Senator Shaheen: Thank you, Mr. Chairman.

20          Thank you all for being here and for your service.

21          I want to first go to the issue -- and I apologize. I  
22          have missed some of the questions, but the issue that  
23          Senator Hirono raised in her opening statement about the  
24          importance of the shipyard optimization plan. With the  
25          Portsmouth Naval Shipyard of interest to both Senator King

1 and me, we have seen very directly what those investments  
2 mean for the shipyard. Our workers there have what they  
3 call a declaration of excellence. I do not think there are  
4 any workers anywhere in the country that are any better  
5 than they are, but they have been held back by some of the  
6 investments. And now that those are being made, they are  
7 even more efficient than they have been in the past. There  
8 is a new paint blast and rubber facility that is going in  
9 that they are very pleased about because it is going to  
10 make them so much more efficient. And the additional dry  
11 dock capacity is going to give us the capacity to get the  
12 subs back out into the ocean where we want them to be. So  
13 I just want to underscore what Senator Hirono said about  
14 the importance of that plan and ensuring that we continue  
15 to make progress in making those investments.

16 And along those lines, I am not going to ask you to  
17 comment because I am going to raise this for Secretary  
18 Esper this afternoon. But the President's emergency  
19 declaration is taking \$3.8 billion from 2020 funds that are  
20 going for projects that the military and Congress have said  
21 we need and we want to -- we have already signed off. I  
22 think there is some legal question about whether what the  
23 President has done is constitutional, and many of those  
24 systems that funding is being taken from are for the Air  
25 Force and the Army, but certainly the P-8A Poseidon is one

1 of those that is going to affect the Navy.

2 So I just want to register the fact that I think this  
3 is a real problem. We have seen it last year and this  
4 year, and we have billions of dollars that are already  
5 sitting on the sidelines to build this wall that the  
6 President is committed to. So why he is taking this  
7 additional funding this year is beyond me. But I will  
8 leave that at that and ask if you could address the  
9 decision to reduce the procurement of the two Virginia  
10 class subs. I know that several people have raised this.  
11 But as we think about our capability gap with Russia and  
12 China, that is the number one capability that we are  
13 looking for, and yet the Navy is only asking for one of  
14 those.

15 Mr. Geurts: Yes, ma'am. To your first point, I do  
16 not know if you know, my dad went to sea on a submarine  
17 built at Portsmouth, on the John Adams. So he spent many  
18 years underwater thanks to the workers out there. And so  
19 it is near and dear to my personal heart, as well as with  
20 all the shipyards. Again, I did a groundbreaking at  
21 Norfolk. We did a groundbreaking last year there. I was  
22 just out at Pearl 3 weeks ago. It is a national treasure  
23 that we have got to preserve.

24 We have done a lot for the workforce. Now we have got  
25 to get the infrastructure where it needs to be, and we have

1 a lot of funds laid in there at Portsmouth to go do that.

2 I am also -- just a little bit of a side note --

3 amazed at the innovation as we enable the workforce to have  
4 the resources to innovate on their own in the efficiency.

5 So folks ask me if I am worried about our ability to keep  
6 up with the workload when we get back to 66 submarines.

7 Not at all because we have got a very good junior in terms  
8 of how long they have been in the workforce -- that means  
9 they are going to be there for a while. We just have to  
10 give them the right infrastructure and tools to go off and  
11 do amazing things.

12 The second Virginia to me is a pure affordability  
13 issue when we have had to balance everything we have got in  
14 there. As I had mentioned previously, it is no longer an  
15 execution issue in my mind. We have the capacity to do it.  
16 The changes that have been made, the partnerships, the new  
17 way of doing business we are seeing out of Electric Boat  
18 and Newport -- they have proved they can do it and they are  
19 capable of doing it. Now to us it was just a pure  
20 affordability, which is why it was our number one unfunded  
21 priority. I would not have recommended to the CNO putting  
22 that on the list if I could not have executed it.

23 Senator Shaheen: Great. Well, hopefully we will get  
24 it funded.

25 I want to switch to another issue. But can you speak

1 to what steps are being taken to ensure that the  
2 procurement for all future waterside security barriers  
3 complies with congressional language? As you know, we are  
4 looking at additional new innovation to address the  
5 security barriers for our ships when they are in port, and  
6 I wonder if you could speak to where we are in that  
7 process.

8 Mr. Geurts: Let me get back to you with some exact  
9 details. I do not have those all here. I will assure you  
10 it is in our interest, one, to have the capability and,  
11 two, ensure that there is confidence we are doing it in  
12 compliance with all the regulations and best practices.

13 Senator Shaheen: Thank you.

14 Thank you, Mr. Chairman.

15 Senator Perdue: Senator King?

16 Senator King: Thank you, Mr. Chairman.

17 Secretary Geurts, I want to quote the admiral sitting  
18 to your right. He said the flight 3 DDGs are a ship we  
19 must have. My concern, which will not be surprising to  
20 you, is that you have knocked out I think four ships in the  
21 future procurement, row K through 2022 on multiyear. My  
22 concern is a gap. And you take those ships out. We are  
23 talking about a new large surface combatant. We all know  
24 they take longer than we expect. Help me understand this  
25 decision because China is vastly expanding their fleet.

1 The DDG is the workhorse of the Navy. The Pacific is a big  
2 ocean. Explain to me the decision to cut back on those  
3 DDGs.

4 Mr. Geurts: Yes, sir. I will kind of give you mine  
5 from an overall perspective and invite Admiral Kilby to  
6 jump in.

7 So I would agree with Admiral Kilby. If we are going  
8 to compete and win at a global scale, it is going to be on  
9 flight 3. DDGs are going to be a firm backbone for that.

10 With the multiyear engine 2022, two or three budget  
11 cycles ago, we kind of were moving quickly into a large  
12 surface combatant. If you notice in the budget, we have  
13 taken a little bit more strategic, I would say, pause on  
14 that in terms of making sure we have got all the things we  
15 need to do in prototyping and understanding of the detailed  
16 requirements before we transition into that.

17 I have not decided yet on what our contracting  
18 strategy would be for those destroyers after 2022, but my  
19 strong sense is that will be another multiyear procurement.

20 Senator King: Multiyear will save the taxpayers --

21 Mr. Geurts: While I have not formally declared that,  
22 I can see a scenario where we would not for the remaining  
23 destroyers, as we understand when the large surface  
24 combatant comes in play, we would not do a multiyear or  
25 some similar kind of arrangement. And we do not want to

1 get that transition point wrong. I think we need both  
2 capabilities, but we are not going to put the flight 3  
3 destroyers at risk for the large surface combatants.

4 Senator King: But you are proposing those cuts in  
5 flight 3. How come?

6 Mr. Geurts: Right now it is, given the flat line  
7 budget and all the other pressures, we had to balance that  
8 risk.

9 Senator King: But this does not affect this year's  
10 budget. Does it?

11 Mr. Geurts: No, sir.

12 Senator King: So we are talking about cutting ships  
13 in the future, and that is a future year budget.

14 Mr. Geurts: Yes, sir. So in 2021, we have got two  
15 ships in 2021. We are executing the destroyer that was  
16 added. So I think we are good industrial base in 2021.  
17 The reductions were in the FYDP as we continue to look at  
18 how to balance all that with the resources available.

19 Senator King: At that time.

20 Mr. Geurts: At that time.

21 Senator King: Well, those are decisions that will be  
22 made in the future.

23 Mr. Geurts: Yes, sir.

24 Senator King: Admiral, do you still want those flight  
25 3's?

1           Admiral Kilby: Yes, sir, I do. But I want to echo  
2 what Secretary Geurts said. When we put the budget  
3 together, we followed four priorities: Columbia first,  
4 readiness recovery, lethality, and then capabilities we  
5 could afford. So we tried to balance those out and create  
6 the best program we could to meet those demand signals.

7           Senator King: But I am sure you are aware there are  
8 industrial base issues. Continuity is critical here. I  
9 know both of the yards are gearing up, hiring people to  
10 meet the demands of the Navy. And this is not something  
11 you can just turn off and on like a switch.

12          Mr. Geurts: Absolutely, sir. And, again, we are  
13 trying to be very thoughtful on the industrial base. We  
14 are going to have to work very closely. You know, as we  
15 get in a little bit later in the budget, Columbia will be,  
16 of the existing SCN, about 33 percent of it. If we fund  
17 all of Columbia within that SCN account -- and so that is  
18 going to mean some hard choices and we're going to have to  
19 balance capability, industrial base, all of those different  
20 things. Some of the things that Senator Wicker has proposed  
21 in the Implementation Act, in terms of giving us faster use  
22 of those tools, I think can help us because if we do a  
23 multiyear contract, that can provide some stability from  
24 the year by year, which I think could help stabilize the  
25 industrial base.



1           Senator King: Let me turn for a moment to the large  
2 surface combatant. When do you expect to start engaging  
3 with the industry?

4           Admiral Kilby: So I think we have started to engage  
5 with industry on that. Again, there was a pause to push  
6 that slightly to the right. So we have set that up -- and  
7 this is really Secretary Geurts' lane -- a detailed design  
8 contract and then a follow-on contract in 2028. So I think  
9 we are poised to try to apply the same lessons we learned  
10 from frigate with that.

11           But I also agree with Secretary Geurts that there is a  
12 very real need to get after that and to continue to produce  
13 flight 3 just because of the pacing threat of what,  
14 Senator, you talked about earlier.

15           Senator King: What concerns me is if we have a gap in  
16 flight 3's and a large surface combatant takes longer, you  
17 end up with a capacity shortfall that in a crisis could be  
18 a disaster.

19           Admiral Kilby: So from a requirements perspective, I  
20 think, sir, what we are trying to say is the flight 3 I  
21 think will be a consistent platform for us well into the  
22 future until we are sure we have the large surface  
23 combatant in hand.

24           Senator King: Thank you.

25           Mr. Chairman, can I ask one more quick question?

1           Senator Perdue: Absolutely.

2           Senator King: I think I am scheduled to go down and  
3 see the Ford in a couple weeks. How are we coming?

4           Mr. Geurts: Yes, sir. I will be with you.

5           Senator King: When are we ready to go?

6           Mr. Geurts: So the Ford has been out since we  
7 finished the PSA. It has been out to sea roughly 50  
8 percent of the time. We have qualified all the different  
9 aircraft types in the air wing on Ford. It is performing  
10 magnificently out there. It is a first in class. A first  
11 in class is hard. What I look forward to is you and  
12 anybody else that we can get out there, which I am  
13 confident we will continue to make opportunities, talk to  
14 sailors and get their perspective. I mean, you can hear  
15 from me. You can hear from generals and admirals here, but  
16 it is really in the sailors' eyes. And they are really  
17 excited. It is really reassuring to see how excited they  
18 are. We did 211 launches and catapults.

19          Senator King: And they know best.

20          Mr. Geurts: Yes, sir, absolutely. And so I look  
21 forward to getting you and anyone else out there to hear  
22 from them. Again, we are growing. We put a lot on their  
23 backs. They have got to learn how to train. They have got  
24 to build some of the standard operating procedures. But  
25 the capability that ship brings now in enabling us to do

1 lots of things in the future is also fairly eye-watering.

2 Senator King: Thank you. Thank you, gentlemen. I  
3 appreciate it.

4 Thank you, Mr. Chairman.

5 Senator Perdue: Admiral Kilby, I want to go back to  
6 the long-term plan. And I respect all these short-term  
7 constraints and the problems you have. But you guys are  
8 charged to do both. And I want to relate to the  
9 conversation we had yesterday briefly. In the 2016 Force  
10 Structure Assessment, the Navy stated to fully resource  
11 these platforms specific -- and I quoting -- demands with  
12 very little risk in any theater while supporting enduring  
13 missions, ongoing operations, and setting a theater for  
14 prompt warfighting response, the Navy would require a 653-  
15 ship force. Now, that 653 relates to the current  
16 shipbuilding plan of 355.

17 Secretary Modly said that -- he gave us sort of a hint  
18 in this Force Structure Assessment that is coming. He said  
19 publicly that a requirement of somewhere around 390 is  
20 probably going to be a number that could be an, in his  
21 words, achievable force level which the Navy could aspire.

22 I have a couple questions around this. It gets  
23 complicated. But from the 390 -- and I am postulating here  
24 -- if that is the new number, what is the 653 comparable  
25 number to the 390. If 653 relates to 355, what is the new

1 aspirational number at the top?

2           And the reason I am bringing that up, it goes back to  
3 we keep looking at this as a monolithic debate between  
4 China. This chart makes it look like there are only two  
5 near-peer competitors. That is not true. We are  
6 responsible today, given the operational requirements we  
7 put on our Defense Department, to have our Navy in places  
8 all over the world, the Indo-Pacific, as well as the  
9 Atlantic, Mediterranean, everywhere, and we see what China  
10 is doing there. We have to almost think about this in two  
11 theaters. Do we not?

12           And so the question I have is this. What is the  
13 number that corresponds to the 390? And could you also, as  
14 you answer that question -- you almost have to look at in  
15 equivalent units. We do not know how many DDGs versus  
16 carriers versus submarines versus the Columbia class. I  
17 mean, it is almost an equivalent unit conversation. But it  
18 is even more. But you said something yesterday that really  
19 resonated with me, Admiral. It is the lethality per boat.

20           And we know the INF has restricted us in terms of our  
21 ranges. That now is no longer the restriction. And you  
22 mentioned munitions and you talked about lethality being  
23 one of the top four priorities. Could you bring that in as  
24 part of the dimension around how we answer this question?  
25 And I am not beating you up again on being the messenger

1 about we do not have a shipbuilding plan. I am trying to  
2 get at give us some idea of what we are working towards so  
3 we can start working with the administration and other  
4 members to help you.

5 Admiral Kilby: Yes, sir. So let us just take that in  
6 a couple of different pieces. The 650 number or so is  
7 based on the combatant command demand signal for ships,  
8 which is high. All our combatant commanders want ships to  
9 satisfy their OPLANs.

10 Senator Perdue: And by the way, sir, just to be clear  
11 -- I should have said this. The 355 and the 653 were pre-  
12 NDS. I think it is a major point. And a follow-on  
13 question is, is that consistent with the NDS? I have a  
14 suspicion it is not, and I think we are seeing early  
15 indications from Secretary Modly that that might not be the  
16 case. Sorry to interrupt.

17 Admiral Kilby: So just breaking that down, 653 was  
18 the combatant commander operational plan requirement. If  
19 we just aggregated all of those together in a number, that  
20 is what it would be. When we produce a Force Structure  
21 Assessment, we look at the likelihood of having all those  
22 things happen at once. And we accept risk when we propose  
23 a force structure size -- that that will not happen all at  
24 once. And so 355 was a result of the 2016 Force Structure  
25 Assessment and a lot of other analysis from other groups

1 that looked at that and came up with a force mix that  
2 aligned to be able to counter the world and the most vexing  
3 problems we saw at that time.

4 So what has changed? We have a new National Defense  
5 Strategy. The Navy has a new operating concept of  
6 distributed maritime operations. The Marine Corps has a  
7 new operating concept of littoral operations in a contested  
8 environment. So we have worked very hard over the last  
9 several years, particularly I would say in the last 15  
10 months, to come together as a naval force to say how would  
11 we attack this very difficult problem that you have  
12 outlined on your graph.

13 So some trends that we have seen are we need to  
14 address the logistics part of this problem, not just  
15 unmanned, which we have talked about in previous force  
16 structure assessments. We are not ready to count those  
17 ships yet. We have not proven that technology. We owe you  
18 that test and certification plan. But we know we must go  
19 there.

20 This intermediary number of ships, these logistics  
21 ships, smaller amphibious ships, smaller logistics ships to  
22 support these two operating concepts could be, trending  
23 that we have looked at, places we need to go in the future.  
24 That does not necessarily reverse engineer all the other  
25 classes of ships we have had for the very consistent and

1 still current reasons that we see in the future that we  
2 need to have attack submarines, large surface combatants,  
3 frigates that are very capable, and aircraft carriers.

4 So all that together creates a force mix based on what  
5 we think we need to do to satisfy the National Defense  
6 Strategy. So all that study is what we are presenting to  
7 the Secretary of Defense and what we hope we come back with  
8 you shortly.

9 Senator Perdue: When will that be presented to him?  
10 When will we see that?

11 Admiral Kilby: I think it is an ongoing effort. I do  
12 not have a date for you on when --

13 Senator Perdue: That is when you marry the naval  
14 requirements to really support the NDS. That is something  
15 we have not seen.

16 Admiral Kilby: Yes, sir.

17 Senator Perdue: So that is the first time. I look  
18 forward to that. I would love to work with you guys on  
19 that.

20 Can you also add -- and I am over my time, but can you  
21 briefly add the lethality question to that? A single boat,  
22 if you increase its range and number of munitions, if that  
23 is possible -- does that not come into the calculus of how  
24 many total combatants you have to have?

25 Admiral Kilby: It does. And General Berger is very

1 consistent with us when we get together and talk as a naval  
2 force. He said you have to consider the adversary's  
3 position, what they have achieved, what we think they are  
4 going to achieve. So that lethality piece is a key mix,  
5 and sometimes we get caught on numbers of ships, which is  
6 very important, but the capability they bring is equally  
7 important. And the Navy has gone over the last several  
8 budget cycles, with the support of Congress, to increase  
9 the lethality of our ships.

10 Senator Perdue: So I am sorry. But that will be  
11 incorporated in this new force assessment.

12 Admiral Kilby: Yes, sir.

13 Senator Perdue: Thank you.

14 Senator Hirono?

15 Senator Hirono: So when you talk about increasing the  
16 lethality of the ship, does that also include the  
17 resilience of the ship, the survivability of the ship?  
18 Because the more stuff we put on the ship, the more  
19 expensive. So survivability. Is that also a concern of  
20 course?

21 Admiral Kilby: So I will start, ma'am. Lethality is  
22 a fundamental shift that the Navy and the Marine Corps have  
23 taken over the last couple of years based on the threat  
24 that, Senator, you talked about. So we went from a Navy  
25 that for the last 28 years, we have been focused on power



1 projection to support the war that we fought. Right? So  
2 shifting that to be a sea control force -- a sea control  
3 force means you have the offensive capability to push back  
4 the adversary's navies and other force joint elements. So  
5 that is a different mix of capabilities and platforms. So  
6 the survivability piece that we build in our ships I am  
7 very confident in, that those standards that are, one,  
8 characterized by our technical community but then built by  
9 our shipyards are key to our success in the future.

10 Mr. Geurts: Yes, ma'am. If I could just add to that.

11 So another way to think about survivability, you have  
12 got to be able to take a punch. It is also are there new  
13 technologies -- and we talked directed energy, we talked  
14 lasers -- to allow you to not have to use up your missile  
15 inventories to defend your ship. You can use other  
16 technologies that preserve your offensive capability and  
17 more cost effectively avoid your enemy's ability to attack  
18 you. So if they are spending \$10 million or \$100 million  
19 missiles to get after us and I can knock those down very  
20 cheaply and I can save my weapons, punch back, or make a  
21 move, that is how the two kind of play. So if you are  
22 survivable, you are more lethal. If you can survive and  
23 preserve your weapons, then you create new dilemmas for  
24 your enemy.

25 Senator Hirono: Admiral, I am glad that you

1       acknowledged that the unmanned ships that you are really  
2       exploring, that you are not ready to count those as part of  
3       the 355 ship inventory. Good. There is a lot more testing  
4       and proving we have to do.

5           I just have one short question for Secretary Geurts.  
6       Last year, your prepared testimony indicated that  
7       operations in a contested environment meant that the Navy's  
8       logistics fleet will need to include smaller, faster,  
9       multi-mission transports. And this year, your prepared  
10      testimony on page 13 says -- and I quote -- the Navy will  
11      commence with concept studies to evaluate the next  
12      generation medium-lift intra-theater amphibious platforms  
13      and logistics ships. End quote.

14           So does this mean that no progress has been made in  
15      implementing these concepts or sorting through  
16      alternatives, as you mentioned them last year?

17           Mr. Geurts: Ma'am, the way I would characterize is  
18      last year, since our 2016 FSA, we have not put the study  
19      that we needed to put into the logistics side of the fleet.  
20      How do we support this distributed operations? So as the  
21      Marine Corps and the Navy work together on the operational  
22      side to define better the requirement, we are now putting  
23      in place, working with industry, given that broad  
24      requirement -- I will say need. We do not have it down to  
25      specifications. What can we bring to the table from a

1 material solutions standpoint? And our 2021 budget has  
2 money in there so we can start delivering material ideas to  
3 consider.

4 So we have been working it from a study phase. We had  
5 no money in the 2020 budget. I just knew we were moving at  
6 it. We moved in the 2021 budget to put funding to get  
7 after it.

8 Senator Hirono: All right. Thank you.

9 Senator Perdue: Senator King?

10 Senator King: Admiral, you are the commander of the  
11 fort. You are in the GIUK gap. A hypersonic missile is  
12 launched from Murmansk. It will be to your ship in about  
13 14 minutes. Can you defend yourself?

14 Admiral Kilby: If I have a carrier strike group with  
15 me, I can. It is not just the Ford. It is the elements of  
16 the carrier strike group that make that up. So those are  
17 the flight 3 destroyers we are talking about and the  
18 capabilities to --

19 Senator King: Without getting into classified  
20 material, do we have a defensive system to confront a  
21 hypersonic missile traveling at 6,000 miles an hour?

22 Admiral Kilby: I believe we do, and I look forward to  
23 briefing you later on this month and both committees on  
24 those technologies, sir, at a higher classification level.

25 Senator King: Thank you. I think that is a very

1 important question in terms of the viability. To follow up  
2 on Senator Hirono's question, a ship is not lethal if it is  
3 on its way down.

4 Secretary Geurts, you mentioned directed energy, a  
5 much more economical rather than \$50,000 or \$100,000 or  
6 \$200,000 a shot for a bullet. Where are we in terms of  
7 research on directed energy? Are we at any place where it  
8 might be deployed on some of our larger ships that have  
9 large electronic capacity?

10 Mr. Geurts: Yes, sir. And we talked large surface  
11 combatant. Some of the reasons DDG flight 3's are quite  
12 capable -- we may need more capacity to generate energy.  
13 That is one of the things we are looking at.

14 I could also tell you -- and I had an old saying, you  
15 know, laser engineers all lie because I have been putting  
16 lasers on airplanes and stuff for a long time, and we have  
17 always been 2 years away from it for the last 30 years.

18 We are now putting them on ships. I was out on the  
19 USS Dewey. We got laser dazzler. They are going on fleet  
20 ships that will be forward deployed.

21 Senator King: These are destructive lasers. These  
22 are not little green spots.

23 Mr. Geurts: So we start with dazzlers. Right? So we  
24 are going to do that. So that is one element. So we will  
25 get that out there. That actually is a very useful

1 warfighting capability. On the Portland, we are putting a  
2 laser on there so we can go test it at high power. And  
3 then we have got on our destroyers now another laser coming  
4 forward that we can integrate with a combat system.

5 So we are beyond now proving that the technology  
6 exists. We are putting it on ships now. The trick is how  
7 do you integrate that into the combat system and how do the  
8 sailors on that ship fight that system in the right way.  
9 And that is the learning we are doing by putting it on  
10 fleet ships and getting it out there on the water.

11 Senator King: A similar question about a technology  
12 that always seems to be 2 years away. Where are we on  
13 railguns?

14 Mr. Geurts: That one is still out there. We are  
15 testing kind of trying to get to our goal of how fast can  
16 we shoot over a period of time. We are testing out at  
17 White Sands right now. We have got a test set up there.  
18 Seeing some promising results. That integration of that  
19 system is a little more evasive that we are going to have  
20 to continue to work through there.

21 Senator King: But the work, the R&D, is being done.

22 Mr. Geurts: The R&D is being done.

23 And then there is kind of a third area what I will  
24 call hypervelocity projectiles. So can I use 5-inch guns  
25 with new projectiles that allow me to create very effective

1 low-cost ways to take down an enemy's higher-cost  
2 hypersonic type weapons. I think there is promise in  
3 there. We are doing a lot of testing in that realm as  
4 well.

5 Senator King: We always think of our competition and  
6 great power competition as ships and bullets and guns and  
7 troops, but I think a lot of the competition is in R&D and  
8 innovation. We have got to be the most innovative and  
9 agile because we are in an entirely different competitive  
10 situation than we were even 10 years ago.

11 Mr. Geurts: Absolutely. If you look at our 2021  
12 budget, I mean, it is a lot of pressures. Our R&D is up.  
13 That came at a price in some of our procurement, and that  
14 is the trade we made so we can get ourselves modernized and  
15 pivoted towards kind of the new technology.

16 And then separately -- and I am happy to come brief  
17 you in a lot more detail -- rebuilding, restructuring our  
18 S&T enterprise and creating much faster, cleaner pathways  
19 to get new ideas whether they are from the fleet or from a  
20 small business or a non-traditional academic, creating a  
21 pathway to bring those into programs much more quickly than  
22 long, laborious, valley of death journeys that many have  
23 had to go so far.

24 Senator King: I thank you and compliment you for that  
25 because that is essential. Time is the other factor in

1 this competition. Thank you very much.

2 Thank you, Mr. Chairman.

3 Mr. Geurts: Yes, sir.

4 Senator Perdue: Admiral Kilby, it is easy from the  
5 outside to look at statistics. I do not mean to do that  
6 but I have a question about the Columbia class because I am  
7 afraid of the gap between the extended life that we are  
8 putting on the Ohio class and the time frame of bringing  
9 the Columbia class on. That potential gap is what I am  
10 going for.

11 In light of recent lead ship presentations, the  
12 performance is not very good. And I know that was before  
13 the three of you were in your jobs. But a total of \$8  
14 billion more than the initial budget was required to  
15 construct these ships. Each lead ship experienced cost  
16 growth of at least 10 percent, and three of them had 80  
17 percent of more cost revisions up. It is funny. None of  
18 them went down. That does not happen in the real world  
19 either, by the way.

20 Each lead ship was delivered to the fleet at least 6  
21 months late. This is what I am concerned about, is time.  
22 And of the eight lead ships delayed, more than eight were  
23 delayed more than 2 years.

24 So what comfort should we have in the Columbia class?  
25 I think it is the third largest program -- the second or

1 third, anyway -- in DOD. And they are going to carry 70  
2 percent of the nuclear payload of the triumvirate well into  
3 this -- for most of this century.

4 So the question is, what confidence should we take  
5 away from the new direction in terms of our supply chain,  
6 our vendors? We went to 17,000 15 years ago, vendors for  
7 submarines, down to 3,000. And whether it is you or the  
8 Secretary, either one.

9 Admiral Kilby: Yes, sir. I will start and just  
10 assure you that I have happened to be back in the Pentagon  
11 for a couple budget cycles in a row. Columbia remains our  
12 number one priority. It is me when I put together the  
13 budget. It is me when we consider issues. And it has got  
14 our single focus to ensure that ship deploys in 2031.

15 Senator Perdue: Now that you have been in and looked  
16 at it, are you pretty confident it is on target to do that?

17 Admiral Kilby: Yes, sir. But I think we need to  
18 watch it, and we need to keep the structure we have and the  
19 focus and prioritization to meet that commitment for our  
20 nation. So that will continue.

21 I just wanted to give you our assurance this is not a  
22 recent change in our behavior. That consistency helps us  
23 look at issues and work with Secretary Geurts and the  
24 staff. We have been up to visit Groton and all the  
25 facilities down in Newport News. I have been there, and



1 the CNO has been there. So it has got our attention.

2 Senator Perdue: So the consistency of funding I know  
3 has been there. Two things. One is tell me how CRs affect  
4 that consistency of funding each year because I am  
5 concerned about the supply chain base, the productive base  
6 that is actually going to help you do the 2031. And then  
7 as a carry-on to that, how confident are we that the  
8 maintenance facilities are going to be able to handle the  
9 new Columbia class?

10 Admiral Kilby: So I will ask Secretary Geurts to help  
11 me here. But what I wanted to tee up for him before that  
12 is the single focus and consistency on this program and our  
13 acknowledgement that we have to meet that commitment.

14 Senator Perdue: Good. Thank you. So he passed you  
15 the CR question.

16 Mr. Geurts: Yes. So we will need to start  
17 construction at full speed --

18 Senator Perdue: This year.

19 Mr. Geurts: -- this year. And so you already have a  
20 legislative proposal for us to get incremental funding  
21 authority for the first two ships. We are negotiating  
22 those right now with Electric Boat. I feel very confident  
23 where we are sitting right now. So we will be ready to  
24 roll. If we are in a CR, then --

25 Senator Perdue: Even if we do that, if we are in a CR

1 in the fourth quarter of this year -- it looks very likely  
2 at this point -- will that not delay that?

3 Mr. Geurts: I am confident the Department will bring  
4 this on as an anomaly, given its importance. And so I ask  
5 the committee's support in working that through and  
6 approving that as an anomaly, should we get in that case.

7 In terms of what allows me to feel more comfortable  
8 about Columbia than other lead ships, a couple different  
9 things. One, the design maturity of this. One, I would  
10 say Jim has not changed the requirements on the ship for a  
11 long time. We have steady requirements. We have steady  
12 funding, two really good ingredients.

13 The third is we are not going to start construction  
14 with a design we have not completed. So we are on path to  
15 have 83 percent of the detailed design complete before we  
16 start construction. To put that in perspective, in  
17 Virginia, it was 43 percent; in Ford, it was 27 percent.  
18 So we will have the highest -- in my opening remarks, when  
19 I say the highest degree of design completion before  
20 construction start.

21 Now, what did concern me when we talked Virginia was  
22 were we going to overload the industrial base by trying to  
23 do too much too fast. And that was how we restructured  
24 that multiyear because the one thing that could still cause  
25 us issues is if we overload the waterfront. We have put in

1 detailed reviews before start construction of any of the  
2 Virginias in the multiyear, and we have negotiated terms in  
3 the contract that we can move those construction starts and  
4 deliveries around to make sure that we do not have a hard  
5 conflict because, again, Columbia will be the priority.

6 Having said that, Virginia is the thing that gives us  
7 the best chance of success because we have stood up the  
8 workforce. It is an experienced workforce, and we are  
9 taking all of that into Columbia.

10 Senator Perdue: Thank you.

11 And the maintenance of those two boats, Virginia and  
12 Columbia, going forward?

13 Mr. Geurts: Yes, sir. So, again, we have a lot of  
14 common equipment between Virginia and Columbia. So in that  
15 shape, we will be in pretty good shape. And a lot of  
16 commonality on the missile side. But we have got to,  
17 again, continue to focus on it so that we have -- a lot of  
18 the SIOP we are doing is putting in place the structure at  
19 the shipyards so that they can both take the Virginia  
20 payload module. So we have had to extend facilities and  
21 dry docks for the longer Virginia payload module, as well  
22 as Columbia. We are on track for that right now.

23 Senator Perdue: Senator Hirono?

24 Senator Hirono: No. Thank you.

25 Senator Perdue: Senator King, do you have another?

1           Senator King: I do not think I am an advocate one way  
2           or another on this, but I have always been a little nervous  
3           about the winner-take-all structure of the frigates. What  
4           is your thinking? I know there has been some discussion  
5           about it, but it just strikes me that if one yard gets all  
6           20 and in terms of timing, in terms of risk, in terms of  
7           competition, it might make some sense to divide that  
8           contract. Where are you guys on that now?

9           Mr. Geurts: Yes, sir. So as part of the competition,  
10          without getting into great levels of details, prior to that  
11          RFP are provisions for a technical data package. And as  
12          part of the NDAA, we have got to be in a position to  
13          recompete that contract after the 10th ship. And so in my  
14          thinking, the first priority is run a good, fair, credible,  
15          defendable competition to pick the right ship for the  
16          fleet. We are on or ahead of our schedule with that. I am  
17          feeling comfortable with that.

18          As we then choose that, we will look to see what a  
19          follow-on strategy may be.

20          Senator King: Dividing the contract is still an  
21          option is what you are saying.

22          Mr. Geurts: What is that, sir?

23          Senator King: Dividing the contract is still an  
24          option?

25          Mr. Geurts: Potentially. My preference and where I

1 think the Navy is really sitting, though, is it will not be  
2 kind of like LCS and pick two different designs.

3 Senator King: Oh, yes.

4 Mr. Geurts: So there are certainly advantages like in  
5 DDG-51, having two yards being capable of producing it and  
6 creating competition like that. We are just in the  
7 Columbia years where we are trying to keep the DDG-51 line  
8 running. We are trying to bring up the frigate line. We  
9 are trying to produce Columbia. We are trying to attack  
10 the Virginia. It may be an affordability issue of how soon  
11 we could bring on a second yard because unless you get  
12 significant quantity, it will not be cost effective.

13 Senator King: Are all the frigate competitors  
14 different designs currently?

15 Mr. Geurts: They are all based on parent designs, but  
16 they all have unique designs.

17 Senator King: Thank you.

18 Admiral, do you have any thoughts on that?

19 Admiral Kilby: My only thought, sir, is the frigate  
20 from a requirements perspective is a key component of the  
21 future for us. You know, that ship -- the way we have  
22 worked with the acquisition community and industry is we  
23 are introducing a lot of common equipment that already  
24 exists like a smaller version of the advanced missile  
25 defense radar I think is an exemplar of that. So key for

1 us in the future to this greater force that works together,  
2 and I think because of the size of it, we will be able to  
3 build more of them potentially and help this operating  
4 concept called distributed maritime operations.

5 Mr. Geurts: Sir, if I might. You know, the Ph.D.  
6 level on this for all together is -- whereas I see all the  
7 studies we have done since 2016, it talks to having a  
8 broader variety of capabilities and potentially platforms.  
9 And so you are not sending a high end platform to do a low  
10 end job or a low end platform to do a higher end job. The  
11 Ph.D. level acquisition approach we are working our way  
12 through is how can I provide these two and the fleets they  
13 represent a wider variety of capabilities but do that at an  
14 affordable cost that can maintain a supplier base.

15 And so I think there are elements to it. That is  
16 going to be what we are going to have to really work hard  
17 together over the next couple years. So we cannot just  
18 have one-trick ponies, but we can have 57 different ponies  
19 all completely unique. What we have done to kind of  
20 separate the combat systems and put common systems across  
21 our platforms helps. It helps from a maintenance  
22 standpoint. It helps from a training --

23 Senator King: And it is interchangeable and modular.

24 Mr. Geurts: Yes, sir. And so I would say the theme  
25 for Admiral Kilby and I and General Smith and I is better

1 integrating requirements and acquisition planning so they  
2 are not done in hand-off, you know, kind of in vacuums  
3 where it is transactional because we can create better  
4 acquisition outcomes by -- creating much more integrated  
5 teams looking at that frigate is a good example. I think  
6 as we add these new types of ships, we have got to be very  
7 thoughtful as we approach that.

8 Senator King: You will be happy to know that Plato  
9 would agree who said that justice consists of doing what  
10 you are best fitted for.

11 Mr. Geurts: Yes, sir.

12 Senator King: We are talking about that for the Navy.  
13 Thank you.

14 Thank you, Mr. Chairman.

15 Senator Perdue: I love being around Ph.D.'s like you  
16 all the time.

17 Gentlemen, thank you for your testimony today. Unless  
18 we have any other questions, we have a few for the record  
19 that I would like you to respond to. But I want to close  
20 with this.

21 We are sitting with the U.S. Navy right now that is 55  
22 ships by my math short of our number one peer competitor,  
23 and that does not count what Russia is doing beneath the  
24 seas with the Sev technology and putting as many boats as  
25 there are in the water.

1           Admiral, I know you are going to be with us later this  
2 month talking about aircraft carrier efficacy in a  
3 classified environment. I look forward to that. In that  
4 conversation, I would really hope that we could get to the  
5 offensive strategy of the Navy as well. I have heard a lot  
6 of conversation today about how we defend. And I hear this  
7 a lot from the Navy. And it is centered around the  
8 aircraft carrier capability. I get that. I am not  
9 challenging that at all. But I am concerned about that we  
10 are so out-sticked today in terms of range, in terms of  
11 quantity of munitions, and so forth that it adds a  
12 dimension to this quantitative review that we are throwing  
13 up on the chart here that we are headed toward a world in a  
14 very short period of time in the planning period that we  
15 have to build these big ships of 15 years of being 80 ships  
16 in deficit just to China. So this is a big equation. I  
17 appreciate you guys being on the wall. We look forward to  
18 working with you and use us as a resource.

19           Yes, sir. Senator King?

20           Senator King: Mr. Chairman, I would add there are  
21 disturbing indications in various parts of the world that  
22 China and Russia are starting to cooperate.

23           Senator Perdue: Well, they are already members of the  
24 Shanghai Cooperative Organization, as are two other nuclear  
25 powers. There are four nuclear powers.



1           Senator King: That takes that chart and makes it look  
2 a lot worse.

3           Senator Perdue: Yes, sir. And two of those we  
4 consider allies. So this is a very dangerous world out  
5 there.

6           And thank you guys. This is a -- I hate to use it.  
7 It is a sea change, but this is a real change in attitude.  
8 We see it here. We want to make the continuity of funding  
9 and the continuity of this relationship work. This  
10 subcommittee is charged to do that. So tell us what we  
11 need to do. We will provide the oversight. I am not happy  
12 that we do not have the shipbuilding plan. I understand  
13 the circumstances, but we will have that conversation later  
14 this afternoon. Thank you all for being here. I  
15 appreciate it.

16           [Whereupon, at 11:47 a.m., the hearing was adjourned.]

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