

**OPENING STATEMENT OF U.S. SENATOR JACK REED  
CHAIRMAN, SENATE ARMED SERVICES COMMITTEE**

ROOM SD-G50  
DIRKSEN SENATE OFFICE BUILDING  
Tuesday, May 25, 2021

*To conduct a confirmation hearing on the nomination of  
Frank Kendall III to be Secretary of the Air Force,  
Heidi Shyu to be Under Secretary of Defense for Research And Engineering, and Susanna Blume  
to be Director of Cost Assessment and Program Evaluation Department of Defense*

*(As prepared for delivery)*

**REED:** The Committee meets this morning to consider the nominations of Mr. Frank Kendall III to be Secretary of the Air Force, Ms. Heidi Shyu to be Under Secretary of Defense for Research and Engineering, and Ms. Susanna Blume to be Director of Cost Assessment and Program Evaluation. On behalf of the Committee, I want to thank each of you for your willingness to return to public service.

Mr. Kendall, I would like to welcome your wife, Ms. Beth Halpern, and niece, Sophie Kendall. I know that each of the nominees have additional family members who would have liked to have been here this morning but, because of the pandemic restrictions, they are watching from home, so we thank them for their continued support of your service to our nation.

I thank former Secretary of Defense Ash Carter for joining us today via WebEx to introduce both Mr. Kendall and Ms. Shyu. And I also thank former Deputy Secretary of Defense Bob Work, who will introduce Ms. Blume this morning via WebEx.

As we consider Mr. Kendall's nomination, I note that he has a wealth of experience in aerospace and defense policy spanning several decades, including his most recent role in government as Under Secretary of Defense for Acquisition, Technology, and Logistics in the Obama Administration.

Mr. Kendall, if confirmed as Secretary of the Air Force, you will lead the service during a major transformation as we strengthen our ability to deal with near-peer competitors. In addition to balancing the size and modernization of the Air Force, you must also continue to implement guidance establishing a Space Force.

After two decades of high operating tempo and continuous overseas deployments, readiness remains a challenge. The next Secretary's efforts in improving the force structure and supporting our Airmen will be crucial. The Air Force is on the threshold of modernizing several critical capabilities, including the bomber force, the ground-based intercontinental ballistic missile force, and the Advanced Battle Management System program. But modernization can only be successful if the Air Force retires legacy platforms. Force structure realignments and the divestment of certain platforms have long been among the most contentious issues facing this

Committee and Congress, and there are near-term risks as we balance modernization against size. However, the number of aircraft we buy does not necessarily represent the service's readiness.

Mr. Kendall, I would ask that you share with the Committee this morning how you would plan to address this challenge.

Ms. Shyu, you have had a distinguished career at the junction of cutting edge technology and defense policy, serving most recently in government as the Assistant Secretary of the Army for Acquisition, Logistics and Technology. If confirmed as Under Secretary of Defense for Research and Engineering, you will be responsible for managing the Department's investments in key modernization priorities outlined in the National Defense Strategy – such as quantum computing, hypersonics, biotechnology, and microelectronics.

In order to maintain our technological lead over China and Russia in these technology areas, there are several pressing challenges that you will need to address. First, you will need to advocate for investments in modernization programs while the Department works through many near-term development and readiness issues, which will require close working relationships with the Under Secretary for Acquisition and Sustainment and the Services, relationships that were strained during the previous administration. You must also establish appropriate protections to mitigate undue foreign influence in our universities and defense contractors, balancing the control of information related to defense technologies, while embracing the open innovation that has been the engine of scientific and technological progress.

Perhaps most importantly, you will be charged with overcoming the Pentagon's so-called "Valley of Death" – ensuring that the Department is able to turn research innovations into real operational capabilities. This will require strengthening connections between research and engineering activities and the Service acquisition programs and defense prime contractors. It will also include investing in, and protecting, the people and infrastructure at organizations like DARPA, the defense labs, and test ranges.

Ms. Shyu, this is a position created by this Committee, reflecting our acknowledgment that effective high-level leadership is needed to guide DOD's critical modernization activities. I hope you will share your views on your role regarding these challenges at this important moment for the Department of Defense.

Ms. Blume, if confirmed as Director of Cost Assessment and Program Evaluation, or CAPE, you will provide independent analytic advice on all aspects of defense programs, including alternative weapon systems and force structures, evaluation of defense programs' performance, and the cost-effectiveness of defense systems. Your many years of analytic experience at the Defense Department and, most recently, the Center for a New American Security, will serve you well in this role.

Like the other nominees present today, you will face considerable challenges. In the near term, you will need to work with the Congress to improve the quality and timeliness of reporting critical data on acquisition programs. Hopefully, you can work to establish new, streamlined

methods for data sharing that reduce bureaucratic burdens and allows Congress to play its important role of oversight.

In the longer term, CAPE will need to improve the ability to estimate operation and sustainment costs for major weapons programs, which represent the lion's share of costs for these systems. You will also need to work with the Comptroller and other officials to develop ways for accurately estimating and reporting on the growing slice of the Pentagon's budget spent on contracting for services.

Further, you will be responsible for balancing the need for rigorous cost estimates with the need to move quickly and use tailored acquisition approaches. This will depend on strengthening DOD's workforce and capacity for conducting independent, rigorous, and objective cost and schedule estimates, and assessments of program risk, based on solid analytic methods, tools and data.

These challenges will require thoughtful, resolute leadership. Ms. Blume, I would ask that you share with the Committee how you would plan to overcome them.

Thank you, again, to our nominees. I look forward to your testimonies.

Let me now recognize Ranking Member Inhofe.