

Stenographic Transcript  
Before the

Subcommittee on Seapower

COMMITTEE ON  
ARMED SERVICES

## **UNITED STATES SENATE**

HEARING TO RECEIVE TESTIMONY ON  
NAVY AND MARINE CORPS INVESTMENT PROGRAMS  
IN REVIEW OF THE DEFENSE AUTHORIZATION  
REQUEST FOR FISCAL YEAR 2022

Tuesday, June 8, 2021

Washington, D.C.

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7 U.S. Senate

8 Subcommittee on Seapower

9 Committee on Armed Services

10 Washington, D.C.  
11

12 The subcommittee met, pursuant to notice, at 2:30 p.m.  
13 in Room SR-222, Russell Senate Office Building, Hon. Mazie  
14 K. Hirono, chairwoman of the subcommittee, presiding.

15 Subcommittee members present: Senators Hirono  
16 [presiding], Shaheen, Blumenthal, Kaine, King, Peters,  
17 Cramer, Wicker, Cotton, Tillis, Scott, and Hawley.  
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1           OPENING STATEMENT OF HON. MAZIE K. HIRONO, U.S.  
2 SENATOR FROM HAWAII

3           Senator Hirono: Sorry. See, we haven't done this in  
4 so long, I forgot to turn on the mike. Thank you very much.

5           So, thank you for your service to the nation and for  
6 the truly professional service of the men and women under  
7 your commands. We are also grateful for our military  
8 families, for the vital role they play in the success of the  
9 men and women of our armed forces.

10          I also want to, once again, welcome now that we have  
11 another member here, welcome him and, once again, Senator  
12 Cramer. I look forward, of course, to working with all of  
13 you on this subcommittee.

14          And I have had the privilege of being the ranking on  
15 the subcommittee with Chairs Wicker and Purdue, and we  
16 worked very well together on this, really, bipartisan  
17 committee. So, I think we can find broad agreement with the  
18 subcommittee as we confront the issuing facing our sailors  
19 and Marines and their families.

20          The Navy and Marine Corps face difficult decisions as  
21 they seek to modernize the fleet, maintaining a technical  
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 way to get the Navy and the Marine Corps

1 the resources they need; however, we must make sure that any  
2 increase in resources do not come at the expense of  
3 important programs that families, including our military  
4 families face every day.

5 At today's hearing, we will explore our various aspects  
6 of the Department of the Navy's investment programs. These  
7 programs play a critical role in supporting and advancing  
8 our country's strategic interests around the world,  
9 including the Indo-Pacific Region, and at bases in my home  
10 state of Hawaii. With that in mind, the subcommittee plays  
11 a crucial oversight role as we work to improve our  
12 acquisition stewardship to ensure we are getting good value  
13 for every shipbuilding similar that we spend.

14 Late last year, former Defense Secretary Esper  
15 published I quote, the battle force 2045, end quote, an  
16 updated long-term shipbuilding plan, in which it called for  
17 achieving a Navy force even larger than the 355-ship Navy  
18 that has been adopted as national policy in Title 10, United  
19 States Code.

20 I do not think that this administration has taken a  
21 position on the Esper plan because we are still, I think  
22 operating under 355 ship plan arena or it may be even fewer  
23 than that. So, all know the Defense Department will not  
24 produce a Future Year Defense Program, or fiscal year DP, we  
25 have been promised that the Navy will deliver a 30-year

1 shipbuilding plan that is required annually by Title 10 of  
2 U.S.C.

3 This subcommittee is well aware of the Department of  
4 Navy's ongoing challenges facing our air and land, surface,  
5 subsurface, and maintenance programs. The Navy has been  
6 using multi-year procurement authority to modernize the  
7 fleet more efficiently, and Congress has approved the use of  
8 this authority to procure Virginia-class attack submarines  
9 and DDG 51 ABC destroyers; two platforms that had been the  
10 largest inventory shortfall, compared to the goals outlined  
11 in the 2016 force structure assessment.

12 It is especially troubling that the Navy budget would  
13 violate the terms of a multi-year contract for the DDG 51,  
14 and when Congress makes a multiyear commitment for such a  
15 program, we expect the administration will live up to its  
16 commitment to carry through the program. It is not enough  
17 for the CNO to make the DDG 51 destroyers, his number one,  
18 unfunded priority this year.

19 I wonder if the actions of the DDG 51 program reflect,  
20 in part, the fact that the battle force 2045 plan will  
21 propose cutting the goal for large surface combatants from  
22 104 ships in the CNO's previous plan to a level of 73 to 88  
23 ships in the new plan. And we hope to explore these issues  
24 today.

25 We are also well aware of the significant changes the

1 Marine Corps is contemplating in reorganize itself to deal  
2 with operations against near-peer competitors. And we  
3 should hear today how the realignment, outlined by the  
4 commandant in Marine Corps Force Design 2030 is reflected in  
5 the plans and programs in the fiscal year 2022 budget  
6 request.

7 I am also interesting in hearing from Secretary Stefany  
8 about the vital role our public Navy shipyards play in  
9 maintaining a ready and capable fleet. I am encouraged that  
10 the Navy has finally gotten serious about investing in the  
11 critical infrastructure that has been neglected for far too  
12 long.

13 I look forward to hearing from you this morning or this  
14 afternoon about how the fiscal year 2022 budget supports  
15 this plan. I also look forward to working with the Navy to  
16 ensure that the shipyard modernization program stays on  
17 track. As you well know, shipyard modernization has been a  
18 very near and dear issue for me and other members of this  
19 committee, so you will have questions on that.

20 Senator Cramer, I turn to you for your remarks.

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1           OPENING STATEMENT OF HON. KEVIN CRAMER, U.S. SENATOR  
2 FROM NORTH DAKOTA

3           Senator Cramer: Thank you, Madam Chairwoman, and  
4 witnesses for being here and for your service and your  
5 families.

6           Senator Hirono and I had a wonderful discussion a few  
7 weeks ago and I look forward to working with you, as well,  
8 Senator, to accomplishing important work of the Seapower  
9 Subcommittee, and, obviously, I am a natural choice. My  
10 state is, literally, the center of the North American  
11 continent. We have a monument to prove it. And we are  
12 perfectly positioned.

13           So, I have this, as I like to say, unique vantage point  
14 to observe our Navy and Marine Corps operating in all of our  
15 adjacent seas: the Pacific, the Atlantic, the Arctic, and  
16 the Caribbean. But, all joking aside, it is a critical time  
17 for our national security and the stakes are very high as  
18 you know.

19           Appropriately funding the Department of Defense in  
20 order to keep this nation safe and defend our interests is,  
21 without question, in my mind, the most critical  
22 constitutional duty of the United States Congress and it is  
23 one that I take very seriously and I am sure all my  
24 colleagues, do as well.

25           To this end, I thank the Chairwoman for calling today's

1 hearing to examine Navy and Marine Corps programs in the  
2 President's fiscal year 2022 budget request. But I must  
3 say, I am concerned, very concerned that President Biden's  
4 Defense budget request is wholly inadequate; nowhere near  
5 enough to give our Navy and Marine Corps members the  
6 resources, equipment, and training they need, quite simply,  
7 because this budget doesn't keep up with inflation. It is a  
8 cut.

9       There is plenty of evidence of the insufficiency of  
10 this budget within this subcommittee's jurisdiction; for  
11 example, this budget only procures eight battle force ships,  
12 of which just four are combatant ships. It's a cut of four  
13 ships, as compared to the 12 in the last shipbuilding plans  
14 projection for fiscal year 2022, including one fewer  
15 destroyer, which would result in a thirty-three-million-  
16 dollar penalty for breach of contract, which Senator Hirono.

17       The budget also proposes to inactivate 15 ships, buy  
18 six fewer F-35C Joint Strike Fighters, divest all 12 Mark VI  
19 Patrol Craft, cut the Navy and the Marine Corps munitions  
20 roughly 10 percent, and I could go on.

21       A budget like this sends China and our other potential  
22 adversaries exactly the wrong message; that we are not  
23 willing to do what it takes to defend ourselves and our  
24 allies and partners. And we should be worried about China  
25 for a multitude of reasons, but looking just at their Navy,



1 their fleet surpassed our fleet size target of 355 ships  
2 just last year and is steadily climbing toward 460 ships in  
3 2030.

4 That is an increase of 105 ships in 10 years, or an  
5 average growth of 10 ships per year; meanwhile, this budget  
6 support a status quo U.S. Navy of around 300 ships. There  
7 is no growth, in fact, the Navy is struggling to replace  
8 decommissioning ships with new ships on a 1:1 basis to avoid  
9 shrinking. This unacceptable situation is because the Navy  
10 is not being given the resources needed to grow.

11 My understanding is all the clever tricks have been  
12 tried. Unit manning is leaner than it should be.  
13 Maintaining an aging fleet has taken a toll on our repair  
14 yards and the marine environment is uniquely unforgiving, so  
15 new concepts, such as unmanned vessels must be technically  
16 mature before we can scale up.

17 A few specific areas I hope to cover today include  
18 Admiral Kilby, I am interested in the extent to which the  
19 seven cruisers slated for decommissioning could be  
20 maintained in a reduced status to enable each of these ships  
21 122 vertical launch system cells to remain available in a  
22 crisis.

23 Mr. Stefany, the last 30-year shipbuilding plan  
24 delivered in December projected rather aggressive submarine-  
25 building rates. In 4 different years, in the late 2020s and

1 the late 2030s, for instance, the plan called for three  
2 Virginia-class submarines and one Columbia-class to be  
3 built. I am interested in your assessment of the submarine  
4 industrial basis current performance.

5 And General Smith, the Marine Corps appears to be  
6 aggressively pursuing air defense, and missile systems in  
7 the Indo-Pacific. I am interested in better knowing how  
8 these systems can both, protect forward-posture Marines, as  
9 well as help combatant commanders deny maneuver space to an  
10 adversary. I look forward to the testimony of our witnesses  
11 today.

12 Thank you, Madam Chair.

13 Senator Hirono: Thank you very much for your very  
14 thorough opening statement. My goodness. I can see you are  
15 going to be a really fantastic partner in this effort.

16 Who would like to -- would you like to start --

17 Admiral Kilby: Yes, ma'am.

18 Senator Hirono: -- Mr. Secretary?

19 Yes?

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1 STATEMENT OF FREDERICK J. STEFANY, ACTING ASSISTANT  
2 SECRETARY OF THE NAVY FOR RESEARCH, DEVELOPMENT, AND  
3 ACQUISITION.

4 Mr. Stefany: Yes, ma'am.

5 We are very pleased to be here for your first in-person  
6 one of these and it is a pleasure for the three of us to be  
7 here. We will do one opening statement for the three of us  
8 combined, ma'am.

9 Chairwoman Hirono, Ranking Member Cramer, distinguished  
10 members of the subcommittee, on behalf of myself, Vice  
11 Admiral Kilby, and Lieutenant General Smith, thank you for  
12 the opportunity to appear before you today to address the  
13 Department of Navy's fiscal year 2022 budget request for  
14 seapower capabilities.

15 We would like to thank this subcommittee for your  
16 leadership and your support of shipbuilding, aviation, and  
17 ground programs, that support our forward-deployed naval  
18 forces.

19 As a maritime nation, our economic prosperity and  
20 security are linked to the world's oceans. The Navy and the  
21 Marine Corps team are the Nation's maritime force, forward-  
22 deployed each and every day, protecting the vital interests  
23 of our nation, supporting our allies and partners, and  
24 providing a credible and visible deterrent to our strategic  
25 competitors. Our goal is to prevent conflict, but should

1 deterrence fail, we are ready to answer the call, to fight,  
2 and to win.

3 The Department of Navy's 2022 budget balances  
4 readiness, capabilities, capacity, and people in order to  
5 advance key department priorities to defend the nation, to  
6 innovate and modernize our force, to increase resilience and  
7 readiness, and to build the workforce to compete and win.

8 As Secretary Austin highlighted in his recent testimony  
9 to the appropriation committees, the budget also reflects  
10 difficult funding decisions, necessary to ensure we have the  
11 right mix of capability that the nation needs most and  
12 supports investments in a modern, future force that can  
13 deliver integrated, all-domain naval power.

14 While difficult decisions are required, I would like to  
15 highlight some of the areas we were able to increase our  
16 investment in fiscal year 2022. The DOD prioritization is,  
17 first of all, the recapitalization of the Navy's portion of  
18 the nuclear triad. Then, meeting readiness needs today to  
19 field a credible, non-nuclear deterrent ready to fight  
20 tonight. Followed by investments in modernization needs for  
21 tomorrow's fleet and, finally, building the capacity of a  
22 Navy congruent with our budget controls. This ensures that  
23 we do not create a hollow force while we sustainably grow  
24 the fleet.

25 To that end, we continue to fully fund our number one

1 procurement program: the Columbia SSBN program to the  
2 updated, independent cost estimate to ensure that we deliver  
3 all the ships in this class in time to meet STRATCOM's  
4 requirements.

5 We are also investing in land-based test facility for  
6 the frigate program and for the unmanned surface vessel  
7 programs, and we are requesting advanced procurement funding  
8 for frigate to smooth out the plan to ramp-up to  
9 construction of two ships per year.

10 Although a different mix of ships from last year's  
11 projection for fiscal year 2022, this budget request does  
12 actually provide more funding and the same number of ships,  
13 as were proposed by the Department last year. To ensure we  
14 have a total force, a whole force, the fiscal year 2022  
15 budget invests additional funding in ship and aviation  
16 maintenance, a depot maintenance, and it reflects additional  
17 authorities to expand the OPM funding pilot, for ship  
18 modernization from just the Pacific fleet to now the entire  
19 Navy.

20 You will see an increase in our plan funding for SIOP  
21 shipyard optimization modeling and area planning efforts  
22 that will lead to major SIOP projects in the near future  
23 that will start with the dry dock recapitalizations at Pearl  
24 Harbor Naval Shipyard and Puget Sound Naval Shipyard.

25 With a focus on developing a naval force capable of

1 distributed maritime operations, as outlined in the CNO's  
2 navigation plan and the commandant of the Marine Corps Force  
3 Design, this budget provides investments to start the  
4 development of new capabilities in collaboration with our  
5 industry partners, such as a follow-on to the Virginia-class  
6 attack submarine, a next-generation air dominance family of  
7 aircraft, and a future, large as far as combatant. And it  
8 increases our ongoing development efforts for hypersonic  
9 weapons.

10 The budget funds key enablers to support distributed  
11 operations, such as our project overmatch, which is a  
12 seamless network that will leverage demonstrated progress at  
13 command and control in all domains, and facilitate the  
14 manned, unmanned teaming of the future that would be  
15 required for future warfare.

16 The budget continues investment in lethality and long-  
17 range fires, with a request for naval strike missiles that  
18 we will use on our ships, as well as part of the Marines,  
19 ground-based, Anti-Ship Missile Program, and it achieves  
20 real advances in communication networks and control with the  
21 networking on the move and the next generation of satellite  
22 communication programs.

23 So, I would like to thank you for the opportunity to  
24 appear before your subcommittee today and for the strong  
25 support that this subcommittee has always provided to our

1 sailors and Marines. We look forward to your questions.

2 Thank you.

3 [The statement of Mr. Stefany follows:]

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1 Senator Hirono: Thank you, Mr. Secretary.

2 In my opening statement, I referred to the fact that  
3 you are responsible for acquisition and assisting many,  
4 including maintenance matters. I would note that you have  
5 challenges before you in this tasking and the Navy has been  
6 experiencing delays and cost overruns in maintenance,  
7 availabilities in both, the private and public shipyards.

8 What has been done, under your leadership since last  
9 year, to improve the performance of ship-maintenance  
10 programs and keep individual overhauls from being late?

11 Mr. Stefany: So, yes, ma'am. Thanks for that we.

12 First of all, we have taken a systematic and data-  
13 driven approach to looking at how our shipyards are doing  
14 their availabilities and the maintenance of the work we have  
15 right now, we learned through the aviation model that we did  
16 a year or two ago, that when you look at actual drivers of  
17 maintenance delays, in you look at where the data is telling  
18 us those delays are, that is not always where we thought  
19 they were.

20 And so, by taking, what we call a plan to perform, an  
21 actual looking at all of at data of the availabilities we  
22 have done in the past at the shipyards both, private and  
23 public, and running through the data, we have been able to  
24 determine where we have bottlenecks or other choke points  
25 that we did not expect. So, we are using that information



1 to both, rightsize our availability, so on day one, we don't  
2 say optimistically say the ship will get done early, right;  
3 we get an actual schedule that we can stand behind, and then  
4 we are able to attack those bottlenecks up in holding us up.

5 And as a result, we have reduced the days of delay  
6 significantly from 2019 to 2020 and now into 2021, we are  
7 seeing ships coming out closer to on time from our  
8 availabilities.

9 Senator Hirono: Well, you say that you mentioned that  
10 you found some surprises when you analyzed what were some of  
11 the factors causing the delays such as, what was an  
12 unexpected revelation?

13 Mr. Stefany: So, I don't know if Admiral Kilby had a  
14 couple remarks?

15 Admiral Kilby: I would just add one thing, ma'am, is  
16 Secretary Stefany talked about an unrealistic expectation.  
17 So, planning to complete the avail, have the availed  
18 duration plan to be what it is, because if you plan it  
19 optimistically and that ship doesn't come out on time, other  
20 ships are backlogged waiting to come in.

21 So, that realistic assessment of planning is the main  
22 thing, as well as locking down the package 120 days in  
23 advance. And once you can do that, the shipyards can  
24 procure the material they needed to conduct that avail and  
25 they are not trying to chase that. So, there is a two-part

1 main efforts on that.

2 Of course, every avail is different, but ensuring that  
3 we load up those maintenance, projected maintenances  
4 appropriately, is what Secretary Stefany is alluding to.

5 Mr. Stefany: So, we would normally award like, for the  
6 private yards, a contract about 30 days in advance and we  
7 saw that doesn't give the time for the contractor to get his  
8 plan in place, his workforce up to speed. And so, we looked  
9 at the data and found where we award contracts at 100 or 120  
10 days in advance of when the work starts, that gives the  
11 right amount of time. We thought it was 30 days; it  
12 actually turns out to be 120 days to get the workforce in  
13 place and all the plans in place to start working on a  
14 continuous basis once the ship pulls in.

15 Senator Hirono: That is a very significant difference  
16 if you are estimating 30 days and it is actually 120 days.

17 Mr. Stefany: Not duration, ma'am. The start to--

18 Senator Hirono: I'm sorry.

19 Mr. Stefany: To award the contract, because we are  
20 doing competitive contracts on the private side, to award  
21 that contract and give them the shipyard enough time to get  
22 up to speed before we bring the ship in to start working.

23 So, giving them more time up front to plan --

24 Senator Hirono: That certainly makes a lot of sense  
25 that you would want to have realistic projections, as

1 opposed to optimistic ones.

2 Okay. Well, 5 minutes goes by fast, because I have  
3 about 20 more questions, but we shall proceed.

4 Senator Cramer?

5 Senator Cramer: Thank you.

6 Let's start with what I teed up, Admiral Kilby, in my  
7 opening statement. It was as recently as 2017 that the  
8 then-CNO, Admiral Richardson, mentioned that the Navy was  
9 looking at bringing back the capabilities to reload vertical  
10 launch systems at sea, due to an need to increase capacity  
11 of VLS.

12 A couple things. First of all, to what extent would  
13 VLS requirements be met over the next 5 years if the  
14 proposed budget request is enacted, including the retirement  
15 of seven cruisers, which, obviously, is a factor, and to  
16 what extent could the seven cruisers slated for  
17 decommissioning in the budget request be maintained, in a  
18 reduced capability, as I mentioned in the opening statement,  
19 and operating status to naval getting the ships underway to  
20 leverage their 122 VLS cells in a time of war.

21 Admiral Kilby: Senator Cramer, thanks for that  
22 question.

23 It is complex, as you would expect. The VLS cells that  
24 we looked at are only going to be meaningful if that ship  
25 can get underway and it has a meaningful combat system and a

1 meaningful radar to employ those missiles. So, it was our  
2 view, a tough decision, to recommend early decommissioning  
3 of those ships because of the challenges that we are having  
4 keeping them at sea.

5 Today, the USS Vella Gulf failed to sail for her  
6 deployment and she failed to sail for her last deployment.  
7 So, she was a month delayed last deployment. She's 2 and a  
8 half months delayed this deployment. She's one of those  
9 cruisers that is going to decom in 2022.

10 A way to keep them around, I think, in a cost-effective  
11 manner, would be to try not to man them, but to keep them in  
12 a condition where we could bring them back. In view of our  
13 competitors, I don't think that timeline will allow us to  
14 bring them back immediately, though you could, and we have  
15 in the past, brought back ships that are in this reserve  
16 status.

17 Depending on the timely requirement placed on us to  
18 bring it back will drive how much it costs to keep them in  
19 that status. So, if I need to keep a crew attached to that  
20 ship, that is going to drive ONS costs.

21 Senator Cramer: Sir, along the same lines, what is the  
22 status of developing a system to help surface combatants  
23 reload at sea?

24 Admiral Kilby: That system is underway. It is being  
25 developed by the N4 shop, our logistics shop. The challenge

1 is various sea states, so we are marching up for sea state  
2 zero to a higher sea state, but we think now we are still at  
3 the lower sea states.

4 So, conducting it at sea, because of the weight and the  
5 length of those missiles is going to be challenging,  
6 compared to some of our older missiles and when we had a  
7 strike-down crane attached to those systems. So, we do want  
8 to vigorously pursue that. I don't know that it will be  
9 underway; it will probably be in some lighterage stage or  
10 moored alongside another ship where we could transfer those  
11 munitions. But that is definitely something we are  
12 interested in, especially in the Pacific.

13 Senator Cramer: So, Section 227 of the current fiscal  
14 year's NDAA requires the Secretary of the Navy to complete  
15 an analysis of alternatives in the AOA, regarding the most  
16 appropriate surface vessels, and manned or unmanned, to meet  
17 applicable offensive military requirements.

18 Can you provide an update on how that AOA is going?

19 Admiral Kilby: Yes, sir. It is underway. I think we  
20 are looking at a wide variety of things. On one end, we are  
21 trying to validate in this AOA, the Navy's idea that we  
22 could have an unmanned magazine augments to man ships. And  
23 the idea, we would rotate those ships in conflict, allowing  
24 the manned ships to stay on station.

25 But we are also looking at other ships. That AOA is

1 not complete; it should be complete this fall. And I am  
2 interested in those results, too, but I think the hybrid  
3 force that we are pursuing is a more cost-effective way to  
4 produce a greater Navy, especially against a superior  
5 competitor. So, I am looking to those results, too. I  
6 think it is on pace and I think we will see those results in  
7 the fall, sir.

8 Senator Cramer: All right. Rather than asking my next  
9 question with the time remaining, I will just wait until--

10 Senator Hirono: Why don't you go ahead?

11 Senator Cramer: We have the time?

12 Okay. I guess I didn't notice Senator Peters had left.

13 So, Mr. Stefany, getting back into my opening statement  
14 regarding the aggressive shipbuilding, the 30-year plan,  
15 what, well, and I specifically mentioned the procurement of  
16 three Virginia-class and one Columbia-class. What is your  
17 assessment of the submarine industrial basis current  
18 performance and what would it take for them to meet that  
19 aggressive plan?

20 Mr. Stefany: Yes, sir. So, I will answer the two  
21 parts: the assessment of the industrial base and then what  
22 it would take to get there.

23 So, right now, I would say the submarine industrial  
24 base is in a place to do two Virginias, plus a Columbia.  
25 Ramping up, we would ramp that up from, in 2018, 2019, then

1 COVID hit, right, so we kind of took a step back in that.

2 In 2020, we weren't really producing at the two-per-  
3 year, plus-one rate, but in the last 6 months, I have seen  
4 that coming back and the industrial base is getting back to  
5 that cadence where I believe they soon will be in a two plus  
6 one, two Virginias, plus one Columbia capability.

7 In this budget, we have actually asked for \$50 million  
8 for some infrastructure capabilities, we call them APCO  
9 fixtures, that we found are a bottleneck and would be  
10 helpful to get to that "two Virginias, plus one Columbia"  
11 rate. And so, you will see that in the budget, that we have  
12 done that. I think that is the last infrastructure piece to  
13 get to the two-plus-one.

14 Now, in the future, to get to three Virginias, plus  
15 one, I don't believe the industrial base right now can  
16 handle that, but we did a study, which we will be glad to  
17 share with your staff, that we are looking at one and a half  
18 to \$2 billion of further investment by ourselves, plus  
19 industry, and an increase the workforce that would be  
20 necessary over a period of time to get to that state. And  
21 we have some details that we would be happy to share with  
22 you, but right now, I think the industrial base is set off  
23 of suppliers and the shipyards to get to that two-plus-one.

24 Three-plus-one is going to be a major investment of effort,  
25 capital, and workforce.

1           Senator Cramer: So, when can we expect the next 30-  
2 year plan and realizing it was to be provided by law?

3           Mr. Stefany: Yes, sir. Absolutely. It was absolutely  
4 our goal to have it to you, you know, within a few days of  
5 the budget. It is in the final, final, final chop cycle  
6 within the Department.

7           Any day now, sir. I, again, I apologize for all of us  
8 that we were not able to provide it before this hearing.

9           Senator Cramer: Thank you.

10          Senator Hirono: Thank you.

11          Since you were asked about the industrial base  
12 capability to build our submarines, are we going to be  
13 paying special attention, knowing how important our  
14 submarine fleet is to our national defense, especially with  
15 regard to near-peer competitors?

16          Anybody? Mr. Secretary?

17          Mr. Stefany: [Inaudible.]

18          Senator Hirono: Because there are workforce issues.  
19 There are all kinds of issues relating to the capability of  
20 building more submarines, isn't there?

21          Admiral Kilby: I will let Secretary Stefany cover the  
22 industrial components of that, but from a confidence and an  
23 imperative, I completely agree with you. Our submarine  
24 force is the best in the world.

25          Senator Hirono: Uh-huh.



1           Admiral Kilby: It is unparalleled, and that contains  
2 other elements, not just submarines, but our maritime patrol  
3 aircraft, our underwater rays, our SURTASS ships, all that  
4 ecosystem creates our capability in that domain, so we must  
5 preserve it. I think increasing the number of submarines is  
6 definitely a part of that and we have to get after that, as  
7 Secretary Stefany alluded to.

8           Senator Hirono: Yes. So, that means that we need to  
9 pay attention to the workforce needs, and all of the other  
10 attendant areas to our submarine capability.

11           On Webex, I would like to call Senator Wicker. Senator  
12 Wicker, where are you?

13           I think you are muted.

14           Senator Wicker: No, I am supposed to be on mute.

15           Can you hear me okay?

16           Senator Hirono: Yes, please proceed.

17           Senator Wicker: Okay. Good. Thank you, Madam Chair.

18           This budget, Mr. Stefany, is not only disappointing, it  
19 is dangerously inadequate and in my judgment, it is going to  
20 have to be reversed. And I know you have had to take your  
21 queues from the budget office, which has different  
22 priorities that are more significant, apparently, that are  
23 stressing domestic needs as more significant than military  
24 needs, but this is a dangerously inadequate cut in national  
25 defense.

1           The Navy's budget, based on this submission by the  
2 President, is an increase of 1.8 percent from the fiscal  
3 year 2021 enacted budget. Given that an expected 2.2  
4 percent inflation rate, predicted for 2021, this represents  
5 a decline in funding in real dollars.

6           With regard to shipbuilding, which is essential to  
7 keeping us competitive in the Pacific with a very aggressive  
8 Communist China, the shipbuilding cuts, is there is  
9 virtually no funding for amphibious ships, a reduction from  
10 two DDGs to one. Last year's Congress authorized a multi-  
11 ship procurement bundle for three LPDs and one LHA, but  
12 today contracts for LPD32 and 33 have not been awarded.

13           If this stays in place, and I don't think on a  
14 bipartisan basis, we can afford to keep it in place,  
15 purchasing one destroyer, as opposed to two, will incur a  
16 thirty-three-million-dollar penalty the Navy would have to  
17 pay for breaking its obligation under the multiyear  
18 contract. Not to mention what this would do up and down and  
19 across the United States to our industrial base.

20           Mr. Stefany, can you explain why advanced procurement  
21 funding contracts for LPDs 32 and 33 have been delayed.

22           Mr. Stefany: Yes, sir, Senator.

23           So, to update you on that authority that your committee  
24 provided last year, the Section 124 authority, we have  
25 finished negotiating with HII Ingalls, to document a

1 contract structure that could be put in place to implement  
2 the four-ship procurement that you are referring to. We  
3 just finished that up about a week ago.

4 And so, we have a handshake agreement on what that  
5 would look like if we were to actually enact it into a  
6 contract. And we packaged that up and we are sending it to  
7 the Department leadership for a decision, and to get that in  
8 place before the authority expires at the end of this year  
9 that you provided us.

10 And I will just let you know that the initial  
11 indications that we are hearing from the Department is that  
12 they would like to defer this decision so that they can make  
13 an overall, as they do their overall 2023 budget review this  
14 summer and fall of the overall force structure, I will work  
15 with Admiral Kilby and General Smith on the right mix of  
16 ships of the future, the commitment of four ships at once,  
17 they would like to defer that commitment until they are able  
18 to make that four-structure assessment.

19 So, right now, the indicators are that we are not going  
20 to be able to execute that, but it is not a done deal; it is  
21 going through the process within the Department for a final  
22 decision, sir.

23 Senator Wicker: You know, our uniformed military is  
24 constrained by our Constitution and the great principle that  
25 we have in this country that the military is under the

1 authority of the civilian government, and I would imagine  
2 that they feel constrained by what the elected leadership of  
3 our Executive Branch has given them to work with.

4 I dare say they, if they told the truth, they would say  
5 that this is just a disaster for our national defense.

6 General Smith, does the Marine Corps still need large  
7 amphibious warships like the LPD and the LHAs?

8 General Smith: We do, sir, very much.

9 Senator Wicker: And how are they helpful in the  
10 Pacific?

11 You know, we had a hearing of the full committee this  
12 morning talking about our competition, with regard to a very  
13 aggressive China, under the leadership of the Communist  
14 Party of China.

15 How do the large amphibious warships, like the LPDs and  
16 the LHAs, help us avoid conflict in areas like the Pacific?

17 General Smith: Sir, both the big-deck amphibs, the  
18 LHAs, LHDs which carry F-35 aircraft and helicopters,  
19 combined with those LPDs that carry the ground forces and  
20 the long-range fire forces, are, in fact, a credible,  
21 conventional deterrent. Those forces that are forward-  
22 deployed on a daily basis in competition with our peer  
23 adversaries are an actual force that is there; meaning, the  
24 saying is virtual presence is actual absence. You have to  
25 be forward-deployed with allies and partners. You have to

1 be forward with a credible, lethal, combat capability that  
2 can deter, because our goal is to deter that conflict.

3 When those ships are not available, we are not there,  
4 and when we are not there, adversaries will step in and fill  
5 that void.

6 Senator Wicker: Admiral Kilby, we have had discussions  
7 among the bipartisan members of the Armed Services Committee  
8 about the new budget numbers on, basically, eight ships  
9 versus 12 ships. The ship for Austal has been cut. One of  
10 two destroyers has been cut. Only one oiler out at NASCO,  
11 and this 1.8 increase overall, which amounts to a decline in  
12 real purchasing.

13 If this Congress, if this Legislative Branch, the House  
14 and Senate, exercising its power of the purse, could reverse  
15 this and give you those ships back, which we had planned to  
16 do for years now, would you be in a better position in the  
17 Pacific to meet the challenge?

18 Admiral Kilby: The simple answer is yes, sir. The  
19 ships we have, we have to have a mix of ships for our force.

20 All the ships we are procuring in today's budget are  
21 needed. The Flight III destroyer provides an added  
22 capability as an air-and-missile-defense command ship. And  
23 in the amphibious ships, the LPDs are much more capable than  
24 our traditional LSDs. So, all of those ships have a role,  
25 as General Smith laid out.

1 I think the budget request you see before you is what  
2 we tried to create, where we tried to create the best mix of  
3 capabilities and platforms and follow the prioritization  
4 that was laid out in our opening statement. So, Columbia  
5 was number one and the increases in funding, necessitated  
6 hard choices for us.

7 Senator Wicker: Why do you think the Chinese are  
8 investing so aggressively in their naval--

9 Senator Hirono: Senator Wicker?

10 Senator Wicker: Yes?

11 Senator Hirono: As much as we would love to continue,  
12 I but I am going to move on to Senator Blumenthal.

13 Senator Wicker: That is about fine.

14 Senator Hirono: Thank you for your understanding.

15 Senator Wicker: I thank you very much, Madam Chair.  
16 Thank you.

17 Senator Hirono: You're welcome.

18 Senator Blumenthal?

19 Senator Blumenthal: Thanks, Madam Chair.

20 Vice Admiral Kilby, there is no question in your mind  
21 that we need the Virginia-class submarine to maintain our  
22 undersea dominance?

23 Admiral Kilby: No question in my mind, sir.

24 Senator Blumenthal: Is there any question in your mind  
25 that we need to build two Virginia-class submarines this

1 year, as part of the budget request?

2 Admiral Kilby: No question in my mind, sir.

3 Senator Blumenthal: I agree wholeheartedly, and if you  
4 haven't been, I suspect you have, to Groton, seen the kind  
5 of production machine that they have there; it is truly,  
6 extraordinarily impressive. And I think it is due to the  
7 decision-making in the Pentagon, as well as to their  
8 managerial expertise. So, I thank you for all of you and  
9 others' service in that regard. Thank you.

10 And I want to commend, as well, the budget proposal,  
11 alongside the Navy's decision earlier this year to exercise  
12 the option to build a tenth Virginia-class submarine, which  
13 is a testament to the importance of this technology to  
14 maintaining our undersea dominance. Thank you.

15 Lieutenant General Smith, I am concerned about the  
16 Assault Amphibious Vehicle program and wonder if you could  
17 explain to me the practical uses for this weapons platform  
18 in the combat world that you foresee that is likely to be  
19 encountered by the Marine Corps.

20 General Smith: I can, Senator.

21 And the first thing when we are talking about this  
22 vehicle, the amphibious assault vehicle, is that we, the  
23 leadership in the Marine Corps, starting with me, are  
24 responsible for the deaths of eight Marines and a sailor  
25 that shouldn't have happened, and nothing I can say today

1 will amend that. Inexcusable in every regard.

2 That amphibious assault vehicle will be replaced by the  
3 amphibious combat vehicle, which is our new vehicle, but  
4 those vehicles, as soon as we can build all of the  
5 amphibious combat vehicles, the new one, to replace the old  
6 one, those vehicles provide our mobility from ship to shore  
7 under any conditions. They also provide our ability to  
8 operate ashore, once ashore.

9 The vehicle is optimized for shore. It is a ship-to-  
10 shore connector, in and of itself, and it allows us to have  
11 operational maneuverability throughout the first island  
12 chain and, really, globally, when we are unable to bring the  
13 larger connector, such as the landing craft air cushion and  
14 landing craft utility from large amphibious ships to shore.  
15 So, that ability to immediately come ashore and protect  
16 combat power is vital against a peer threat.

17 Senator Blumenthal: Wouldn't the program be limited by  
18 the kind of access that is provided on the shore; in other  
19 words, we may or may not be operating in a world where there  
20 are beaches or accessible areas and most of our airlift  
21 these days is by air. Most of our delivery of stuff is by  
22 air, correct?

23 General Smith: Sir, we try to mix it and we do mix it  
24 with delivery via our air means, such as the CH-53s, soon-  
25 to-be the kilo model in our KC-130s, but also our NV-22s.



1 But we do need that ability, sir, to go from ship to shore  
2 in any condition, and what we do is we depend on our  
3 amphibious Navy ship captains to place us in a position  
4 where the beach grading, et cetera, allows us access.

5 And it is fairly significant, sir, when you do the  
6 island studies, where we actually can come aboard a land  
7 platform, using that amphibious combat vehicle, which is  
8 wheeled.

9 Senator Blumenthal: Just, finally, are there areas of  
10 kinetic warfare right now, where you think the AAV would be  
11 useful?

12 General Smith: So, the AAV is suboptimized for peer  
13 adversary because of the limited weapons systems that it  
14 carries. So, again, to the sooner we get the amphibious  
15 combat vehicle, which is the newer version, which will have  
16 the ability to control drones, the ability to control  
17 longer-range weapon systems, when partnered with it, those  
18 are highly useful against a superior competitor.

19 But the AAV, as it exists now, sir, is a vehicle by  
20 which we move troops and provide them some protection  
21 landward.

22 Senator Blumenthal: Thank you.

23 Thank you, Madam Chair.

24 Senator Hirono: Senator Scott, please proceed.

25 Senator Scott: Thank you, Madam Chair.

1 I thank each of you for testifying today.

2 General Smith, can you tell me how the re-envisioning  
3 of the Marine Corps is going and, in particular, how you  
4 expect this is going to help Marine Corps readiness to  
5 confront Communist China.

6 General Smith: I can, Senator.

7 So, General Berger's vision of what the threat would  
8 look like in 2030 required us to reshape the Marine Corps to  
9 be a force that was able to, what we say is sense and make  
10 sense of what is happening, and, specifically, in the Indo-  
11 Pacific; meaning, that today there are about 27,000 Marines  
12 in the Pacific, about 20,000 are west of the International  
13 Date Line on any given day. Those forces are the inside  
14 force.

15 We exist inside the weapons-engagement zone of our  
16 adversaries and we are in close contact with our adversaries  
17 on a daily basis; that is competition. When you can  
18 observe, gain custody of targets, hold those targets at risk  
19 with things like our ground-based anti-ship missile, and  
20 when we can pass that data to our allies, pass the data to  
21 our Navy partners, Air Force partners, Army partners, that  
22 is a challenge for an adversary who is out there who seeks  
23 to control terrain.

24 The re-envisioning of the Marine Corps requires us to  
25 be at the size and force that we can maintain as ready. We

1 can't afford to keep excess. So, the commandant made some  
2 incredibly difficult, internal decisions to divest of  
3 certain units in order to make the units that we retain much  
4 more capable. We have tried to pay for this out of our own  
5 total obligation authority that you provide us.

6 And so, those actions have taken place and we are now  
7 in the building phase of procuring things like our data  
8 radar, our Naval Strike Missile on a robotic vehicle, our  
9 amphibious combat vehicle that takes us into the next  
10 generation of warfare against a peer competitor.

11 Senator Scott: So, if you got more funding, you  
12 wouldn't be doing this, is that what you are saying, you  
13 would not be downsizing the number forces.

14 General Smith: What I would say, sir, is funding is  
15 always, what I would say, sir, is with additional funding,  
16 we would accelerate those other things that we are doing,  
17 such as procuring the Navy missile and the ROGUE vehicle,  
18 which is a robotic, Joint Light and Tactical Vehicle, we  
19 would be accelerating the funding of the Ground/Air Task  
20 Oriented Radar.

21 So, the force-sizing construct or the size of a unit or  
22 the number of units is less important than their capability,  
23 and I would, any additional money that we were to receive, I  
24 would place it into those programs that are already  
25 successful and accelerate that. The standard military term

1 is you reinforce success. When you get an opportunity, you  
2 run with that with that additional funding:

3 Senator Scott: So, what threats in the Indo-Pacific  
4 are you trying to address? What do you think are the  
5 threats that you are going to have to address?

6 General Smith: Sir, the biggest threat is the inside  
7 sense and make sense force is the Marine Corps is, in fact,  
8 the forward-deployed force with our Navy partners; we are  
9 there every day, sir. And the ability, before this command,  
10 I came from the III Marine Expeditionary Force. I was the  
11 commander of Marine forces in Japan. So, my backyard was  
12 the South China Sea.

13 Every day that we are out there, sir, we are, in fact,  
14 gaining access, maintaining access, building allies and  
15 partners, and it does matter, sir. Whether it be through  
16 the Philippines, Thailand, Malaysia, Indonesia, Singapore,  
17 obviously, Australia, Japan, Korea, that is what we do on a  
18 daily basis, sir, and if you are not there, adversaries will  
19 step in and fill that role.

20 And the pressure on our allies and partners, when you  
21 aren't shoulder to shoulder with them is significant. I  
22 wouldn't speak for Admiral Aquilino, but we are a force that  
23 is of use to the nation every single day, as long as we are  
24 forward-deployed. That is what you your young Marines sign  
25 up to do, my son being one of them, they want to be out and

1 about. They want to be forward.

2 Senator Scott: And, General, I would also add, this  
3 new concept presents an opportunity where Marines are going  
4 to hazard ships. It is not in their traditional role. So,  
5 there is an opportunity with this new force mix and this  
6 construct to employ Marines differently.

7 General Smith: That is very key, Senator. What we do  
8 is distribute maritime operations, we support that. So,  
9 when we, from shore, using very highly mobile and lethal  
10 units can place an adversary ship at risk and cause them to  
11 maneuver differently, that frees up the fleet commander.  
12 Admirals like Admiral Kilby can maneuver much more freely  
13 when I can hazard you from shore.

14 Thanks for pointing that out, Jim.

15 Senator Scott: Admiral Kilby, can you talk about how  
16 you assess the size of the Navy right now and if we have the  
17 right equipment and the right size force to combat our  
18 anticipated threats.

19 Admiral Kilby: Yes, sir, just being mindful of time,  
20 we have done many studies over the last 5 years that say we  
21 need a larger Navy. The Navy we can afford now is roughly  
22 300 and 305 ships, as pointed out in the opening statements  
23 by Senator Hirono and Senator Cramer.

24 So, if we are going to pace the adversary, we need to  
25 have a bigger Navy. Our job is to create the best Navy we

1 can for the budget we are allowed and we try to do that.

2 Senator Scott: All right. Thank you.

3 Thank you, Madam Chair.

4 Senator Hirono: Okay. We are in the middle of --

5 come back -- I keep forgetting to turn on my mike.

6 We are in the midst of voting. If you need to go and  
7 vote and would like to come back, please do so.

8 Senator King?

9 Senator King: Thank you, Madam Chair.

10 Admiral, I have the enviable position of being able to  
11 advocate parochially, but also in the national interest.  
12 And as you know, one of the principle concerns I have with  
13 this budget is the striking of a DDG from the multi-year  
14 procurement.

15 Number one, it strikes me as a terrible precedent and  
16 signal to the American industrial base to breach a multi-  
17 year, which has already been assumed, contracted for, and  
18 moving forward. That would actually cost the Government  
19 something like \$30 million just to do that.

20 You were just testifying about the need for a larger  
21 Navy and the shift toward China. The Pacific is a very big  
22 ocean and naval power is our most-important way of  
23 projecting power. So, talk to me about the decision to cut  
24 that DDG, breach the multi-year, and I will talk with you in  
25 a moment about the industrial base, but please, share your

1 thoughts.

2 Admiral Kilby: Yes, sir. We have spoken before about  
3 this specific ship and what it brings. There are three  
4 principle things that come with this new ship: a new combat  
5 system, a new radar, and the ability to perform the roles of  
6 the air and missile defense commander at a higher, more  
7 meaningful level because of the capabilities of all of those  
8 things.

9 Senator King: Just the Flight III?

10 Admiral Kilby: The Flight III, yes, sir.

11 And so, it is important. It was largely an  
12 affordability decision and a regret from the Navy that we  
13 could not afford that second ship.

14 Senator King: And I take it, I think I understood that  
15 this is the highest priority on your unfunded priorities  
16 list; is that correct?

17 Admiral Kilby: That is correct, sir.

18 Senator King: One of the problems we have, and I point  
19 this out with regard to Bath Iron Works, but I suspect this  
20 chart would work for Ingalls and other people. And what you  
21 see here is literally, a photographic of the industrial base  
22 and these are the employees. And what happens is at the end  
23 of the current multi-year, the industrial base disappears.

24 Now, this is DDX. The problem we have is this trough,  
25 which is getting the industrial base from full construction

1 of DDG Flight IIIs to DDX, which isn't even designed yet.  
2 And the problem is, and I live 8 miles from this yard, you  
3 cannot turn it on and off, this capability. When welders  
4 leave and go somewhere else, they are gone, and so I urge  
5 the Navy to be thinking about this and, in fact, I believe  
6 we should restore that ship, but also talk about advanced  
7 procurement for three ships in 2023 and beginning the  
8 process of a new multi-year, because, otherwise, the  
9 industrial base wastes away and then, as I say, you can't  
10 turn it off and on.

11 Share with me your thought about the importance of  
12 maintaining the industrial base.

13 Admiral Kilby: Yes, sir. I will defer to Secretary  
14 Stefany, but from my position, it is vitally important.

15 We have done a lot of work over the last 4 years that I  
16 have been in the Pentagon, looking at the number of  
17 shipyards over time and the number has generally gone down,  
18 with the exception of Austal, which has been a plus-up in  
19 the right direction. So, I think you are spot-on here.

20 I do want to talk about a different--

21 Senator King: Let the record show the witness just  
22 said I was spot-on. I want that to be--

23 Admiral Kilby: I do want to talk about a different mix  
24 of ships and go back to something Senator Hirono, I believe,  
25 brought up, in that this force composition is important.



1 So, distributed maritime operations means I distribute my  
2 force widely, so more widely than I can now in a  
3 concentrated strike-group-centric manner.

4 So, the idea that we are going to have less large  
5 surface combatants is bolstered by the idea that I have more  
6 frigates, which are roughly equivalent in combat capability  
7 from a sensor perspective, and a combat-systems perspective,  
8 to a flight, to a DDG today. So, that composition of that  
9 force is what is going to be required to have distributed  
10 maritime operations complement it.

11 Senator King: But even as the frigates come online,  
12 you still see a role for the DDGs, don't you?

13 Admiral Kilby: Yes, sir, absolutely.

14 Senator King: I mean, that is the workhorse right  
15 there.

16 Admiral Kilby: Well, I just want to double-down. The  
17 DDG Flight III will have an unparalleled combat system and  
18 sensor capability. The rationale behind DDGX is to create a  
19 platform that can be modernized in the future, where we can  
20 add things like directed energy and other things, because I  
21 am going to be really challenged to do that on a Flight III  
22 DDG, because I have really used all of that power to drive  
23 the radar and the sensors attendant to it now.

24 So, it is really a view to the future that I am  
25 creating a platform that can be modernized.

1           Senator King: Mr. Secretary, your thoughts on this  
2 issue?

3           Mr. Stefany: Yes, so, Senator King, two things. One  
4 in the near term, both Bath and Ingalls, as you point out,  
5 have come out of COVID and they really are performing well,  
6 and I worry about breaking the momentum, right. There is a  
7 momentum thing as the workforces get their act together,  
8 Bath can now actually--

9           Senator King: Bath has hired a thousand people in the  
10 last year.

11          Mr. Stefany: Right. And they have come out of that  
12 strike and they are actually, you know, both, you know, our  
13 cost and scheduled performance are much improved over the  
14 last couple of years, so I don't want to break that  
15 momentum.

16          Going forward, yes, we, the Navy, absolutely want to do  
17 another multi-year procurement, very similar to the one we  
18 just did for 2023 to 2027, but then beyond that, we are  
19 working to feather in DDG 51 and DDGX, so we don't get the  
20 stark, you know, go from the light green to the dark green  
21 on your chart; there is a feathering that has to happen as a  
22 transition there.

23          And we will definitely show you our thoughts there and  
24 work with your staff on laying out that feathering approach,  
25 if that makes sense to you, sir.

1 Senator King: It does. But part of it is continuing  
2 the momentum on the Flight IIIs.

3 Mr. Stefany: Absolutely, sir. Absolutely.

4 Senator King: Thank you, Madam Chair.

5 I yield back.

6 Senator Hirono: Senator Hawley?

7 Senator Hawley: Thank you, Madam Chair.

8 Thanks to the witnesses for being here. Mr. Stefany,  
9 Vice Admiral Kilby, let's start with the F/A-18, if we  
10 could. I see that the Navy has cut funding for 12 of the  
11 Block III F/A-18 in the 2022 budget. My understanding of  
12 the justification of this is saying that the F/A-18 service  
13 life modification program will give additional service life  
14 back to the platforms that are in service.

15 My question is, I understand the Navy is planning for  
16 its first Block III SLM squadrons to become operational in  
17 2024 and 2027, respectively, is that correct, and if so, is  
18 this still on schedule?

19 Admiral Kilby: We are experiencing challenges with  
20 SLM, in that the aircraft we inducted, indicated a certain  
21 level of work, which we are finding is really less than what  
22 is required to bring those aircraft through the program.  
23 So, I think we will definitely continue with SLM in the  
24 future because of the capabilities it brings, but we need a  
25 mix of aircraft to pace the threat. Nothing beats an FA, a

1 Flight III Super Hornet today, but our predictions is, into  
2 the future, those things will degrade in their ability to  
3 command the battle space.

4 So, we need to deliver on those 78 remaining aircraft  
5 in Block III configuration. We need to continue with the  
6 SLM program. We need to deliver F-35s, and then we need to  
7 work on next-generation air dominance so we can stay ahead  
8 of the adversary at a very macro level.

9 Senator Hawley: Mr. Stefany, do you want to add  
10 anything to that?

11 Mr. Stefany: The only other part would be the F/A-18s  
12 we have, getting the mission capability rate. Eighty  
13 percent was our goal. Those were actually above 80 percent,  
14 and so we have more of our current aircraft capable. That  
15 is also one more factor in the F/A-18 equation overall.

16 Senator Hawley: I got it.

17 You did say, though, Admiral, the SLM program is  
18 currently behind schedule; is that right?

19 Admiral Kilby: I said the aircraft that are being  
20 inducted as we, I was in Boeing about 2 months ago and when  
21 I walked the line and looked at aircraft, the two aircraft  
22 that we modeled the program after actually indicated were  
23 better material condition than we are finding of the  
24 aircraft that we are bringing in now, which requires the  
25 artisans at Boeing to do more work and in Texas.

1           So, we want to make sure we get that additional service  
2 life. We don't want to suboptimize that program, so we need  
3 to bring them back up to specification.

4           Senator Hawley: Got it. Very good.

5           Mr. Stefany, let me ask you about the aircraft  
6 carriers. Has the Navy done an analysis to show how  
7 aircraft carriers can be used and their air wings can be  
8 used to help defeat a potential Chinese offensive against  
9 Taiwan in the initial days or weeks of any such contingency  
10 there.

11          Mr. Stefany: Yeah, we have actually done a number of  
12 analysis on that, and actually, Admiral Kilby was in the  
13 middle of those analysis teams, so it is probably more  
14 effective for him to provide the update on that.

15          Admiral Kilby: I would just say this composition,  
16 another aircraft is super important to us, which we just had  
17 a great example of its capability of Friday, which is the  
18 hookup of MQ-25 T1 and passing of gas, a dry hookup and  
19 passing of gas, so thank you for that. That will increase  
20 the capability of the air wing, increase the range of the  
21 air wing, allow fighters to do fighter business, and return  
22 tanking to this new aircraft that will be significant in  
23 importance.

24          But the problem isn't static. We have to continue to  
25 watch the adversary and adjust our program to be capable

1 against it. So, the advances they make, we have to  
2 acknowledge and create an air wing that is very capable.  
3 Fortunately, the aircraft carrier isn't the weapon system;  
4 the air wing is.

5 So, we have a long history of updating air wings to  
6 produce the kind of combat power we need, and we need to  
7 focus on that.

8 And as you have read in some of the Navy's recent  
9 document, it is a shift from power projection to power  
10 projection and sea control. And sea control allows you to  
11 control sea space, to employ strike groups, to have the  
12 effects to do what you intimated sir.

13 Senator Hawley: Very good.

14 Would you be willing to share that analysis, some of  
15 this analysis that you have done with my office in the  
16 appropriate setting with the appropriate controls?

17 Admiral Kilby: Yes, sir.

18 Senator Hawley: Yeah, thank you. I look forward to  
19 that.

20 General Smith, let me come to you. The naval strike  
21 missiles and technical Tomahawks I see at the top of the  
22 Marine Corps 2022 unfunded priorities list. Give me a sense  
23 of how funding those, at the levels listed on the unfunded  
24 priorities list would help the Corps stay on or ahead of  
25 schedule, when it comes to fielding incredible sea denial

1 capability.

2 General Smith: Thank you for that, Senator.

3 So, the unfunded priorities list, the reality is what  
4 we are trying to do is additionally fund from our 2022  
5 budget. We want to accelerate that success.

6 We had a successful test of the Naval Strike Missile on  
7 a Remotely Operated Joint Light Tactical Vehicle last  
8 November. The folks down at Raytheon in Tucson fought  
9 through COVID, they are working hard to produce that  
10 missile. That is the exact same missile that the Navy  
11 fires, so we fire the same missile.

12 And so, there is about an 18-month lead time on that  
13 missile, which is why we need to procure them now, because  
14 when we finish the ROGUE vehicle testing, if we waited to  
15 procure until then, we have to wait 2 more years, and time  
16 is the ultimate gift to the adversary.

17 What those missiles do for us are both, Tomahawk, at  
18 long-range, and the Naval Strike Missile in this setting, at  
19 a hundred miles-plus, is as far as we can go if the  
20 classification levels, here, those enable, as Admiral Kilby  
21 said earlier, enable our forces to deploy in small, very  
22 mobile units ashore, and hold adversary targets at risk;  
23 meaning, deny sea to them, which is what we do. We're the  
24 sea-denial force in support of our fleet commanders.

25 And when you are an adversary commander, a ship

1 commander, and you think you can sail within 200 or let's  
2 just say hundreds of miles of a shore and then you, we would  
3 say get your bell rung by multiple inbound missile, and you  
4 have to rethink how you maneuver, that provides flexibility  
5 to the fleet commander and it is vital. It is the thing  
6 that you have to respect, because no one wants to lose a  
7 capital ship.

8 Senator Hawley: Yeah, very good.

9 Thank you very much, General.

10 Thank you, Madam Chair, or Mister Chairman, now.

11 Senator Cramer: [Presiding.] Thank you, Senator  
12 Hawley.

13 Chairwoman Hirono has gone to vote. I have voted.

14 It is time to start a second round of questions. I  
15 have no idea how many people are in the queue, other than me  
16 and Senator Hirono, but Senator Hawley, if you had more  
17 questions, this would be your best opportunity if you are  
18 willing to.

19 Senator Hawley: Well, since you mentioned it.

20 Senator Cramer: I will yield to Senator Hawley.

21 Senator Hawley: I will be brief, because I have to go  
22 vote, but let me just ask another question or two. Let me  
23 ask about this year's budget decommissioning seven cruisers.

24 This goes back to you, Admiral, and to you, Mr. Stefany.

25 The seven cruisers decommissioned, each of which I



1 understand has 122 VLS cells. I understand the Navy is also  
2 planning to decommission four of the Ohio-class, guided  
3 middle submarines over the next several years, each of which  
4 has over 150 VLS cells.

5 So, my question, is how does the Navy plan to account  
6 for this decrease in vertical launch capacity across the  
7 force and to what degree can things like containerized  
8 munitions on non-surface combatants help to offset the loss  
9 of capacity?

10 Admiral Kilby: Yes, sir. I will start.

11 This hybrid force, and we have produced an unmanned  
12 campaign plan which lay us out the case for unmanned vessels  
13 in the air, on the sea, and the undersea, which is what we  
14 think will help change the force posture, the ability for us  
15 to bring power to bear.

16 So, let just take the surface domain. In the case of  
17 the unmanned surface, the large, unmanned surface vessel,  
18 the idea that it would be an adjunct magazine, that I could  
19 stimulate that magazine from a ship and set up kind of a  
20 chainsaw, where I can replace that magazine with a lesser  
21 capability of that unmanned magazine, and that will sustain  
22 the ability of that ship, rather than take that ship and  
23 that combat system and that sensor offline to reload, as  
24 Senator Cramer talked about. So, that is the idea here, to  
25 augment the force, to do manned and unmanned teaming.

1           To, in the case of the air domain, allow air platforms  
2 to go beyond the endurance of a single human being. That is  
3 the place where you have to go, fully recognizing the  
4 challenges of testing those capabilities out and having  
5 confidence in them to replace, supplement the force in the  
6 manner that I described. That is the theory of the case  
7 behind the unmanned campaign plan.

8           So, challenging what those cruisers, I am a cruiser  
9 guy. On my ships, I have only been on two destroyers, and  
10 the rest have been cruisers, so I love them. I do  
11 acknowledge the challenges to keep a ship that was designed  
12 for 30 years, extend to 35 years at sea.

13           And as a commander of a strike group, I want to have  
14 confidence in my ship that it is going to be there when I  
15 need it, and on my deployment in 2017, my cruiser was  
16 offline for one-third of the deployment because it needed  
17 tank-top repairs. That is the reality of it.

18           It is different than the past when we decommissioned  
19 ships because their combat system wasn't capable. Now we  
20 are finding that we can upgrade the combat system better,  
21 faster, but we have a challenge with water under the keel,  
22 HMA modernization, tank tops, and all the things that are  
23 plaguing us. So, we are at that point in these ships who  
24 have served us well and ably for their entire life.

25           Mr. Stefany: I was just going to add on the submarine

1 side, those guided-missile submarines, they are at the end  
2 of their life. They can't be extended. The Virginia  
3 payload module or the Block V Virginias, two of them are  
4 under construction. A third one is about to start  
5 construction, are the replacement for that undersea missile  
6 capability.

7 There is a few years of risk in gap in there, but that  
8 is why it is vitally important we talked before about the  
9 submarine, two Virginias per year, getting up to three,  
10 eventually, to get that undersea missile capability in our  
11 hands, as well.

12 Admiral Kilby: And just one factoid, the Virginia goes  
13 from a regular Virginia, which is 12 missiles to 40. So,  
14 that is a huge increase with the Virginia payload module for  
15 capability, and that submarine can do a lot of things for  
16 the combatant commander.

17 Senator Cramer: Okay. Thank you Senator Hawley.

18 So, starting with this second round of questions, I am  
19 going to come back to you, General Smith, with what I was  
20 talking about in my opening statement, which we weren't able  
21 to get to in the first round, regarding the course of  
22 seemingly aggressive pursuit of ground-based, air-defense,  
23 and missile systems to support its desire to operate as a  
24 stand-in for us in the Indo-Pacific.

25 In addition to providing protection for forward-

1 postured Marine forces, these systems can also help the  
2 combatant commander deny, maneuver space to an adversary,  
3 where transitory sea- and air-based systems may not reach.

4 Can you update us on these programs and then I will  
5 also ask what is your estimate of the ability of these  
6 systems to defeat missile silos the enemy may launch against  
7 stand-in forces, both in terms of capability and capacity.

8 General Smith: I can, Senator.

9 So, very quickly, just this fall coming up, Admiral  
10 Kilby and I, along with the other forces, will go under the  
11 leadership of the Army to think on Project Convergence 2021,  
12 and in that experiment that we will have down at the Yuma  
13 Proving Grounds and the China Lake Area, we will use one of  
14 our data radars, Ground/Air Task Oriented Radar, to pass  
15 data to I will be careful in the classification setting, to  
16 a larger Navy system that has the ability to bring down  
17 things at very long ranges.

18 So, our primary role is to sense, make sense, and pass  
19 data, gain, maintain custody of targets.

20 Those forces that are distributed to launch anti-ship  
21 missiles, to sense what is going on, to pass data, have to  
22 be protected from air threats. We haven't had a real air  
23 threats since World War II.

24 What our challenge is, Senator, and I will be extremely  
25 candid with you, sir, is that we have to be highly mobile.

1 If we are not internally, organically transportable, via our  
2 RC-130s, or C-53s, our Ospreys, and our L-class Navy ships,  
3 and the future, Light Amphibious Warship, then we lose value  
4 to the combatant commander.

5 So, the balance for us, sir, is, range, it is physics,  
6 the range of a missile system that is an anti-air weapon and  
7 the size. When you start getting into a missile system that  
8 is, you know, let's just say beyond 13 feet, that is a  
9 challenge. And so, we are currently spending money on our  
10 MADIS, Marine Air Defense Integrated System, and on what we  
11 would call GBAD, Ground Based Air Defense, trying to find  
12 the sweet spots are between range and lethality and  
13 mobility. And that is a wicked problem for us to solve and  
14 we have not yet solved it.

15 Senator Cramer: Is there anything you would want to  
16 add to ensuring the integration of the Marine Air Defense  
17 System into the theater. I mean, you touched on it, but I  
18 am wondering if you wanted to elaborate at all.

19 General Smith: Sir, MADIS remains the only system that  
20 has brought something down against a hostile threat. You  
21 know, our shipboard MADIS system is now, we acknowledged  
22 that it had good effect against Iranian drones. That system  
23 is highly capable, but we need longer ranges in the expanse  
24 of the Pacific and there comes a point when the system's  
25 size limits what you can carry, and obviously, the size of

1 the missile system that you can carry limits the range.

2 I just met with, I won't use the name here, but I just  
3 met with a couple of industry partners on how to extend that  
4 range or put a different missile system onto that vehicle  
5 and it is a challenge, sir, it is. At some point, that is  
6 kind of our F-150 pickup truck and it is rated for so much  
7 weight, and when you start buying a 350 dually pickup truck,  
8 that doesn't fit in the garage. So, we are struggling  
9 through that conundrum right now, sir, with our Navy  
10 partners and with our industry partners.

11 But we are committed to protecting those forces and  
12 then being able to do something in a more offensive manner  
13 for that combatant commander to break up air formations, but  
14 that is certainly a secondary mission for us, sir.

15 Senator Cramer: Excellent. And I might let you know  
16 that I have left this room twice since this started and the  
17 first time I managed into the CNO and the second time to the  
18 commandant. I told them, you are both doing great.

19 But anyway, Admiral Kilby, this budget request includes  
20 divestment of all 12 of the Mark VI, as I have mentioned,  
21 patrol craft. As I understand it, they are less than a  
22 decade old, and I know you have talked some about this, but  
23 they are obviously highly capable compared to others of the  
24 small craft, and they are the last remaining small,  
25 combatant craft in the Navy's inventory.

1           Related in January 2016, two U.S. Navy river patrol  
2 boats accidentally strayed into Iranian waters near Farsi  
3 Island in the Arabian Gulf. Obviously, we all remember that  
4 well.

5           Iranian militia forces captured both command boats and  
6 the 10 American sailors onboard. After a day of intensive  
7 diplomacy, Iran released the boats and their crews. Navy  
8 officials said these Mark VI boats were part of the solution  
9 and would provide a needed upgrade to our littoral forces.  
10 Can you explain the decision to divest?

11          Admiral Kilby: Yes, sir. I don't dispute anything you  
12 said; it is all accurate. The decision to divest of the  
13 Mark VIs was a fiscal decisions to align the force to great  
14 power competition. So, we wanted to keep the thing, that  
15 doesn't mean that the Mark VIs aren't valuable. We viewed  
16 them as less valuable than the capabilities and things we  
17 needed to invest in. So, it is really a fiscal decision,  
18 right.

19          We want to field the most capable force we can against  
20 the pacing adversary, which is China. So, in order to do  
21 that, we, every year, through our cycle, look at our  
22 inventory and say, are we positioned, are carrying these  
23 assets going to provide that force, that aggregate force we  
24 need? And in the decision of the Mark VIs, we decided to  
25 divest of them so we could pursue other things against

1 China.

2 Senator Cramer: There is a lot of that going on  
3 throughout the forces.

4 Mr. Secretary, anything you would want to add to that?  
5 I suspect you probably have lived with this quite a bit.

6 Mr. Stefany: No, it is exactly that. That  
7 prioritization that we do every year with ourselves, with  
8 the Marine Corps, and the Navy, and how valuable is this to  
9 the fight with China; that is the ground rule that  
10 everything else falls under.

11 Senator Cramer: I have nothing further. Thank you.

12 Senator Hirono: [Presiding.] Thank you.

13 Senator King, would you like to start your second  
14 round?

15 Senator King: Thank you, Madam Chair.

16 Mr. Secretary, with regard to the DDX, which we were  
17 talking about the DDGX, I hope that you will work in  
18 consultation with the major yards to try to get as far into  
19 the design process as possible. Where we have gotten in  
20 trouble, as this committee has observed with the Ford, for  
21 example, is doing R&D while we are building, and to the  
22 extent the requirements and design can be finalized, then  
23 the yards can do a lot better job in terms of on-time  
24 construction and on-budget construction.

25 And it seems to me that that would start with



1 consultations on what the Navy is thinking about for  
2 capabilities and what the yards can produce. And I am not  
3 talking about negotiations; I am really talking about  
4 discussions on those issues.

5 Admiral Kilby: Yes, sir. So, the CNO identified the  
6 top-level, what we will call the top-level requirements, the  
7 very high level requirements in December of this past year,  
8 and after that we said, okay, now we need to bring industry  
9 in and have those discussions before we get into the actual  
10 design of the ship.

11 And so, over the last couple of months, we have brought  
12 both, Bath, and Ingalls shipyards in, as well as the  
13 electrical control system kind of companies in to start  
14 having those conversations this year before we start in 2022  
15 to actually start the preliminary design of the ships. So,  
16 while we may have been a little slower than industry might  
17 have wanted us, we wanted to get those, at least the top-  
18 level ideas in place, now bring the industry in and start  
19 having those discussions before we start to design the  
20 ships, sir.

21 Senator King: And getting the design close to final  
22 and the requirements close to final before the contracting  
23 process allows the bidders to give you a better bid because  
24 they don't have to have so much uncertainty built into their  
25 bid.

1           Mr. Stefany: As we are going through the design  
2 process over the next few years, we want them to be together  
3 as teammates, right. And both shipyards will know all of  
4 the details before we put out the request for proposal to  
5 actually build the ship, right. So, they are teammates, and  
6 then, of course, they will compete to actually build the  
7 ship, but our idea is, we are altogether as one team for the  
8 next few years as we design this new ship.

9           Senator King: Admiral?

10          Admiral Kilby: Secretary, if I could ask, sir, I  
11 participated in a meeting also with HII and Ingalls about a  
12 month ago where we brought them in a classified setting and  
13 laid out the case: here is the adversary; here is where  
14 they are going; here is the pace that they are going at it;  
15 here is the things that Flight III bring us; here is the  
16 things we want to transfer to Flight III to that new hole;  
17 here is the logic behind the case I laid out to you on why  
18 we need to transition to a ship that has more service-life  
19 allowance for the future. And it was a great interchange of  
20 discussions.

21          So, I think we are on the path to do that, but I think  
22 we must continue that and we have seen great success with  
23 things like the frigate program, where we had this ability  
24 to go back and forth with industry in a much more rapid rate  
25 than we have in the past, to inform that decide.

1 I think DDGX will be a little bit different than the  
2 frigate, because it will require a new hull form, and I  
3 think a new power-generation system, an integrated power  
4 system to provide that reserve in the future. And that is  
5 where we will really have to be lockstep as we work  
6 together.

7 Senator King: Well, if you are looking for an advanced  
8 ship with an enormous power capability, I would commend to  
9 you the Zumwalt. That has--

10 Admiral Kilby: That is a lot of ship, sir, yes.

11 Senator King: There is a huge potential there.

12 Okay. General and Admiral, in the past years, we have  
13 had a problem with losing aviators and a shortage of fighter  
14 pilots, particularly.

15 And I just wanted to inquire, I will start with you,  
16 General, how you are doing with retention of pilots,  
17 recruitment, did COVID hurt, help, like, where do you stand  
18 with regard to pilots?

19 General Smith: Sir, candidly, not where we should be.

20 Lieutenant General Mark Wise--

21 Senator King: Is your mike on?

22 General Smith: It is, sir. Let me get a little  
23 closer. Sorry, sir.

24 Lieutenant General Mark Wise, he has our deputy  
25 commandant for aviation, I speak about this often with the

1 commandant. We are short on TAC Air pilots on jet pilots.

2 I wouldn't say COVID had a significant impact, sir, but  
3 what has had an impact is, it takes a while to get through  
4 flight school, obviously. We call it the pool. You go when  
5 weather conditions or any kind of a fuel issue or if you  
6 have a training aircraft that is down, there is an OBOGS,  
7 On-Board Oxygen Generation System, if that is down, we work  
8 through that. That can delay, and that will cause a pool or  
9 a backup in the production of pilots.

10 We also, obviously, are competing with, as always, with  
11 the airlines, who have a relatively inexhaustible, we would  
12 argue an inexhaustible budget to pay bonuses. That is a  
13 challenge for us, sir, and in all candor, we get a little  
14 bit of feast or famine, sir.

15 You know, young Marines sign up because they want to  
16 get out and they want to fly. They want to get hours. And  
17 they either don't get enough or if they are deployed, they  
18 are quite--

19 Senator King: It is interesting you should say that,  
20 because several years ago, Senator Cotton and I had a sort  
21 of informal focus group with a group of military pilots  
22 about this issue. And we were trying to inquire, you know,  
23 what are the problems, and we expected money and bonuses and  
24 lifestyle.

25 The most significant thing they told us is, we want to

1 fly. We want hours in the air. That is why we went into  
2 this field. We don't want to be behind a desk.

3 And it was interesting, some of them said, look, I  
4 don't want to be a general; I want to be a pilot, so don't  
5 put me in this track where I have to have so many hours at  
6 the Pentagon or wherever. And I thought that was a very  
7 interesting observation.

8 General Smith: Sir, about being a general, I wholly  
9 concur.

10 [Laughter.]

11 General Smith: You really don't.

12 But the point, what you will see, sir, is a shift over  
13 time. The young pilots, they will head out and they just  
14 want to rack up hours. They just want to fly.

15 I just hosted at the barracks for a parade. Lieutenant  
16 Colonel Nicole Mann is one of our astronauts and she's got a  
17 couple hundred carrier landings. She's now one of our  
18 astronauts.

19 But that will change over time, and that if they really  
20 want to do that at some point, but when you get a little  
21 older, you have a family, Senator Hirono's point, and you  
22 may not wish to deploy quite as much, you will get the  
23 reverse; hence, the feast or famine. Maybe I don't want to  
24 be deployed this much because my kids are in school.

25 So, we are trying to deal with all of them

1 simultaneously, and I will defer to Jim. I know we are  
2 over. It is a challenge.

3 Admiral Kilby: We have the same challenges General  
4 Smith laid out. I just wanted to bring up one other aspect  
5 to this.

6 The way the threat is advancing, we have to increase  
7 our investment in live, virtual, constructive environments,  
8 and that allows us to replicate the threat at the numbers  
9 that we would be challenging to fly adversary aircraft at.  
10 So, that will, again, stimulate and train our pilots and our  
11 air crews better to be more proficient. It doesn't replace  
12 time in the cockpit in the air, but it supplements it in a  
13 way that they are better prepared. And we train and we  
14 generate those forces in a realistic manner, so they are  
15 prepared to go to the fight.

16 Senator King: I am way over time, but just a final  
17 point. I hope whatever platforms you are working on,  
18 Marines, maybe cyber is a major consideration. There is no  
19 question in my mind that if there is a conflict, and we  
20 certainly hope there isn't one, it will start with a massive  
21 cyberattack and trying to blind us and disable our,  
22 particularly, command and control.

23 So, I assume, Mr. Secretary, that is a high priority in  
24 terms of the requirements and the design requirements for  
25 anything that we are buying.

1           Mr. Stefany: Yes, Senator King. Cyber and space are  
2 two, frankly, warfare areas, as with our domains where  
3 everything has to work in as well as the normal, undersea,  
4 sea, and air.

5           Senator King: May I just have -- one other point.

6           I hope when you are acquiring these new platforms,  
7 whether it is an airplane or a ship, you are buying the  
8 intellectual property, as well as the hardware so that in  
9 the future, we can make our own parts. I foresee the day  
10 where every Navy ship has a 3-D printer onboard so that it  
11 is, you know, for want of a shoe, the horse was lost. For  
12 want of a horse. And if you can print your own parts  
13 instead of waiting for a manufacturer to [Inaudible.]

14          Mr. Stefany: Yes, sir. My legal team, that is the  
15 number one thing that they are working on right now. And we  
16 will be happy to work with your staff on it if any language  
17 or something like that might help us out there, sir.

18          Senator Hirono: I know that Senator King has raised  
19 the issue of ships being able to make their own parts, 3-D  
20 printers, et cetera, and it makes a lot of sense from the  
21 standpoint of things can't come to a halt because the ship  
22 is in the middle of an ocean and they need a part.

23          At the same time, one of the concerns I would have,  
24 and that point is, what that would do to the supply chain  
25 and their ability to stay afloat.

1           So, I understand all the complexities that you  
2 gentlemen have been raising. One of the things that I and  
3 others of this committee very much support is the need for  
4 modernizing the public shipyards, and we are very glad that  
5 the Navy does have a shipyard modernization plan, it is just  
6 that it is not adequately funded, as in so many other  
7 aspects.

8           So, Mr. Secretary, does the Navy's fiscal year 2022  
9 budget fully fund this shipyard modernization plan?

10          Mr. Stefany: So, yes, ma'am. In order to modernize  
11 the four naval shipyards, we have a four-step approach,  
12 right. First, we do a 3-D modeling of the shipyard. We  
13 actually build a 3-D computer model like if it were a ship  
14 or a plane, and that first thing we do, lay it out, and then  
15 the engineers get in and look at how to optimize that  
16 shipyard for the flow of material and work through the  
17 shipyard through a 3-D modeling process.

18          That first step is finished for Pearl Harbor and is in  
19 process for the other three shipyards.

20          The second step, once we get the model done, is to do  
21 what we call an area development plan that lays out all the  
22 work that needs to happen at that shipyard to do what the  
23 model said is needed.

24          Senator Hirono: Uh-huh.

25          Mr. Stefany: The third step would then, would be to



1 create individual military construction projects for each of  
2 the things in that plan.

3 And then the fourth step would actually be to do those  
4 military construction projects.

5 So, for fiscal year 2022, yes, I would say we are fully  
6 funded to do all of that: the 3-D modeling of the three  
7 remaining shipyards, and then for Pearl Harbor, to do the  
8 area development plan and get that completed and get into,  
9 what is called the DB-1391 documents and get those finished  
10 by the end of 2022. So, for the 2022 budget, yes.

11 For the longer term, I think we sent a report to  
12 Congress a couple of years ago that said it was going to be  
13 roughly a billion dollars a year for the next 20 years to  
14 make it all happen. And that is one of the many topics that  
15 we are discussing in the 2023 review that is going on right  
16 now.

17 But I am committed. I know Acting Secretary Harker is  
18 committed to fully fund that as we go forward. This is a  
19 top priority for us.

20 Admiral Kilby: If I could add, Secretary Stefany.

21 Ma'am, we increased the funding for SIOP in the 2022  
22 budget. I realize you are only seeing one year of the  
23 budget, but the commitment to get after the dry docks, which  
24 are the first order of business at all of those shipyards,  
25 we are still coming through this. It has been, you know, if

1 you are talking about Columbia, it is a one in a generation  
2 recapitalization program.

3 This SIOP is a once in a century capitalization plan on  
4 top of it. So, we have got to do it and we have to do it  
5 right. And we understand that the class maintenance plans  
6 for, particularly, our Virginia-class submarines, are the  
7 drivers for that, which is the impetus to create the P209,  
8 which is the dry dock in Hawaii.

9 Senator Hirono: In Hawaii, uh-huh.

10 Admiral Kilby: I expect as we get through these  
11 projects, we are going to see the dry docks are going to  
12 maybe cost more than we anticipated in the original plan.  
13 We still need to do it. It doesn't obviate the need to go  
14 do that.

15 I am hopeful that when we go through the modeling that  
16 Secretary Stefany alluded to, there may be some efficiencies  
17 gained there and if we can sustain that funding and roll it  
18 over for the 20 years, we can complete the plan, but we have  
19 to maintain discipline and focus on it.

20 But we did increase the funding in 2022 as an  
21 acknowledgment of this and the importance of it.

22 Senator Hirono: So, I appreciate the process of doing  
23 the modeling so you know what the huge or the big-ticket  
24 items, with regard to modernizing our public shipyards, but  
25 this aspect of infrastructure has been ignored for so long

1 that I would think that you already have a whole list of  
2 smaller projects that should be funded and can move along.

3 I appreciate the commitment to the dry dock that we  
4 need to have; otherwise, Hawaii, Pearl Harbor will not have  
5 the capability to deal with Virginia-class submarines. And  
6 I believe Senator King has a dry dock situation in his  
7 state. So, we need to have those proceeding, and as we had  
8 our discussion with regard to Pearl Harbor, the production  
9 facility should pretty much be in alignment with the  
10 building of the dry docks so the efficiencies can be  
11 increased.

12 A number of us have already made comments about the  
13 fact that the Aegis destroyer multi-year contract is being,  
14 is not being followed. So, basically, we all know what the  
15 advantages of a multi-year contract is and we know that we  
16 are now going to have to pay a penalty, which, of course, is  
17 far less than the 1.7 billion that we would have to find to  
18 replace or to put this ship back into the budget.

19 But I do think that whatever you all have to do to  
20 comply with the multi-year contract needs to happen because  
21 Mr. Secretary, you did acknowledge that when we violate the  
22 terms of a multi-year contract, it will make the job harder  
23 for those of us who actually support these kinds of  
24 contracts when you come before us the next time for a multi-  
25 year contract.

1           Mr. Stefany: Yes, ma'am. I view that a multi-year  
2 contract is a commitment between the Navy, Congress, and our  
3 industry partner, whatever company is involved. And we did  
4 not, at all, take lightly the breaking of the contract that  
5 we are going to have to do here. And it was, as we talked  
6 about before, it was the, you know, the last choice, the  
7 hardest choice that we had to make in this budget, but the  
8 top line pushed us to a place we just could not afford that  
9 second destroyer.

10           Senator Hirono: The only other time this happened was,  
11 again, the Navy and Congress came to the rescue by basically  
12 replacing early 2022 aircraft.

13           Mr. Stefany: Yes, ma'am.

14           Senator Hirono: But that is a far cry from \$1.7  
15 billion to replace the destroyer.

16           So, if everyone is through?

17           Senator King: Madam Chair, I think you and I should  
18 acknowledge that our states are largely surrounded by  
19 water--

20           Senator Hirono: Yes.

21           Senator King: -- but the senator from North Dakota is  
22 here out of pure virtue.

23           [Laughter.]

24           Senator Hirono: We had a little chat about that and  
25 the --

1 Senator Cramer: I can actually see all four --

2 [Laughter.]

3 Senator Hirono: Yes, our agreement is that he will  
4 just do whatever I ask him to do. So, that is that. So,  
5 that is now on the record.

6 Thank you very much, Gentlemen, for your testimony, and  
7 for working with us.

8 This hearing is adjourned.

9 [Whereupon, at 3:58 p.m., the hearing was adjourned.]

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