

**HEARING TO RECEIVE TESTIMONY ON NAVY  
SHIPBUILDING PROGRAMS IN REVIEW OF  
THE DEFENSE AUTHORIZATION REQUEST  
FOR FISCAL YEAR 2011 AND THE FUTURE  
YEARS DEFENSE PROGRAM**

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**THURSDAY, MAY 6, 2010**

U.S. SENATE,  
SUBCOMMITTEE ON SEAPOWER,  
COMMITTEE ON ARMED SERVICES,  
*Washington, DC.*

The subcommittee met, pursuant to notice, at 2:34 p.m. in room SR-222, Russell Senate Office Building, Senator Jack Reed (chairman of the subcommittee) presiding.

Committee members present: Senators Reed, Webb, Hagan, Sessions, Wicker, LeMieux, and Collins.

Majority staff members present: Creighton Greene, professional staff member; and Jason W. Maroney, counsel.

Minority staff members present: Pablo E. Carrillo, minority investigative counsel; David M. Morriss, minority counsel; and Christopher J. Paul, professional staff member.

Staff assistants present: Kevin A. Cronin, Hannah I. Lloyd, and Brian F. Sebold.

Committee members' assistants present: Carolyn A. Chuhta, assistant to Senator Reed; Nick Ikeda, assistant to Senator Akaka; Great Lundeberg, assistant to Senator Bill Nelson; Juliet M. Beyler and Gordon I. Peterson, assistants to Senator Webb; Perrin Cooke and Roger Pena, assistants to Senator Hagan; Sandra Luff, assistant to Senator Sessions; Erskine W. Wells III, assistant to Senator Wicker; Brian Walsh, assistant to Senator LeMieux; and Ryan Kaldahl, assistant to Senator Collins.

**OPENING STATEMENT OF SENATOR JACK REED, CHAIRMAN**

Senator REED. Well, let me call the hearing to order and welcome our witnesses—Secretary Stackley, Vice Admiral John Blake, and Lieutenant General Flynn—to the subcommittee this morning.

I want to also recognize my colleague and the ranking member, Senator Wicker, and my colleague and chairman and ranking member of so many committees, Senator Collins.

So, thank you all.

We are obviously, gentlemen, grateful for your service to the Nation and to the Navy and the Marine Corps. And we want you to convey our appreciation to the men and women of those services,

and their families, who serve so valiantly today and across the globe. So, thank you, and thank them.

This is the first hearing I've held as chairman of the subcommittee, and I particularly want to welcome Senator Wicker, who—Roger and I serve together as chairman and ranking member. And he and his staff have done extraordinarily good work. And I appreciate and look forward to continuing our efforts together.

Since the last time the subcommittee met, the Department has completed the 2009 Quadrennial Defense Review (QDR), and released an updated 30-year shipbuilding plan. We look forward to the witnesses' assessment of the QDR and the 30-year shipbuilding plan.

We'd like to hear how these documents have driven the services' fiscal year 2010 budget request, and how they support and describe this year's budgets decisions.

The Navy continues to be faced with a number of critical issues as it tries to balance its modernization needs and procurement needs against the cost of current operations. The shipbuilding budget remains at a level where it will be difficult, at best, to field the Navy we want and, indeed, even the Navy that we need.

We were very pleased to see the Department's decision to continue budgeting for two *Virginia*-class submarines per year. We believe that, when the Navy and contract team have been achieving effects like driving down costs and reducing construction-span times, it should be a model for other programs in the shipbuilding area.

we support the Navy's inclusion of the cost of the *Ohio* replacement SSBN in its budget documents. SSBNs will remain a vital leg of the nuclear triad for the foreseeable future.

These two decisions, building two attack boats per year and starting the Ohio replacement program, will yield significant stability to the Nation's submarine industrial base and provide the Navy with a more than capable submarine fleet for many years to come.

Unfortunately, the picture isn't as rosy everywhere. We continue to have significant concerns in the shipbuilding area. The most notable area of concern remains in surface combatant. The Navy has made strides in the Littoral Combat Ship (LCS) program. Since last year, the Navy has decided upon a winner-take-all acquisition strategy to procure the two fiscal year 2010 vessels, with fixed-price options for two ships per year for the next 4 years. However, we remain concerned about the ability of the competing shipyards to produce these ships on time and under the cost cap.

We look forward to receiving more analysis during the Navy's decisionmaking on large surface combatants. The restart of the DDG-51 program, following the truncation of the DDG-1000 program, is now underway. Although the Navy has said that the primary reason for making this change is a—of requirements, we know that the Navy was also concerned about the cost of the DDG-1000. We remain concerned about the cost of the DDG-51s, and intend to keep a close eye on this program, as well as DDG-1000.

As the Navy firms up its requirements and its understanding of its needs for fiscal year 2016 and out-year large surface combat-

ants, we look forward to your testimony providing the strategic linkage of threats, requirements, and resources.

The subcommittee notes the Navy's desire to utilize the DDG-51 hull form with the Air and Missile Defense Radar (AMDR) to fulfill these requirements. We are concerned with the amount of redesign for the DDG-51 that will be needed to accommodate the AMDR. And we have even greater concern that the radar may not be fully developed and tested in time to meet the construction schedule for the fiscal ship—first fiscal year 2016 ships.

Since this ship appears to be significantly different from even the restarted DDG-51, we look forward to hearing how the Department plans to use full and open competition, to the maximum extent practicable, for both the ship and the major systems on the ship in order to keep costs down while maximizing capabilities.

Specifically, we expect the Navy, per longstanding requirements of the subcommittee, to procure ships that utilize open architecture.

These are significant challenges, and we fear they have the potential to add great deals of instability to the Navy shipbuilding budget, even in the near term. If the Department of the Navy is unable to control its acquisition programs and drive out cost growth, the Navy will not be able to afford the fleet it needs to meet the requirements of the QDR.

The QDR heavily emphasized the need to overcome anti-access capabilities and strategies that might be employed by potential adversaries. It therefore approved continuing the Expeditionary Fighting Vehicle, or EFV. The EFV attempts to fulfill the Marine Corps' requirement to swim ashore from 20 to 30 miles at sea in armored vehicles and execute and amphibious landing. Unfortunately, the EFV program has been another poster child for troubled programs, with continuing cost, schedule, and performance issues. While we understand the requirement, we look forward to hearing how the Marine Corps plans to correct the problems in the program and deliver this needed capability.

In concert with this testimony on the Marine Corps' requirements for amphibious landing capabilities, we would like to hear from the witnesses this afternoon how the Department intends to meet the Marine Corps' naval surface fire support needs, particularly given the truncation of the DDG-1000 program that was intended to meet those needs.

We also welcome further information on our rate of production of big-deck amphibious ships. At our last hearing, Chairman Levin noted that the Department of the Navy has had trouble defining the requirements for the Maritime Prepositioning Force Future (MPF(F)) program. Since that time, the Navy has shifted away from a MPF(F) optimize for forceful entry operations, towards a new Mobile Landing Platform (MLP) produced and procured to enhance maritime pre-positioned squadron capability.

We'd like to hear the witnesses discuss this change and its impact on the Navy's ability to achieve its various missions, including humanitarian and disaster relief.

Finally, I'd like to note Secretary Gates' comments at the Air-Sea-Space Conference this week, that we must, in his words, "be willing to reexamine and question basic assumptions, in light of

evolving technologies, new threats, and budget realities.” This subcommittee will accept his challenge. The world and technology are changing rapidly, and the Navy must adapt to those challenges.

We will continue to work with the Navy and Marine Corps to ensure that our sailors and marines have not only the best equipment, but also the right equipment to succeed in today’s challenging environments. As you can see, there are some bright spots, but there are significant areas of concern.

We look forward to hearing your testimony today and dealing with the other issues that face the Department of the Navy.

And now I’d like to recognize Senator Wicker.  
Roger?

#### **STATEMENT OF SENATOR ROGER F. WICKER**

Senator WICKER. Thank you, Mr. Chairman. I appreciate your kind words of welcome. And I look forward to this hearing.

We have an outstanding panel, and I think they are to be commended for their selfless service to the Nation. And I think we’ll have a very interesting hearing.

The Chair has raised a number of issues, in his opening statement, that I agree need to be debated. The fiscal year 2011 shipbuilding budget funds nine ships, including two Virginia-class submarines, two DDG–51-class destroyers, two Littoral Combat Ships, one Amphibious Assault Ship, LHA, a Mobile Landing Platform, and a third joint high-speed vessel, at a total cost of \$13.7 billion in new ship construction.

Against the backdrop of President—of the President’s budget request for fiscal year 2011, Secretary Gates’ speech, that the Chair referred to, before the Navy League Symposium, on Monday of this week, makes our hearing today on the Navy’s shipbuilding programs particularly timely. Secretary Gates’ public comments force us to review longstanding assumptions about how our Navy and Marine Corps will project power globally and whether our long-range shipbuilding plans and budget are consistent with these needs, and adequate to meet them.

Given the President’s budget before us, I find some of Secretary’s Gates—Secretary Gates’ comments confusing. I hope our witnesses can help clarify some crucial issues. For example, Secretary Gates urged the Navy to revisit its plans to keep 11 carrier strike groups for the next three decades. And he questioned what kind of amphibious launch capability we really need to deal with the most likely threat scenarios. How do these comments square with the force structure requirements laid out in the Quadrennial Defense Review and the 30-year shipbuilding plan recently submitted to Congress, which call for 11 CVNs and about 33 amphibious ships?

Some of Secretary Gates’ comments raise questions, in terms of the budget for the coming year, and even more so for out-years. In his speech, Secretary Gates cautioned that he doesn’t foresee any significant top-line increases in the shipbuilding budget, beyond current assumptions. But, here are the facts: Right now, we spend \$15.8 billion on ship construction. According to the Navy’s 30-year shipbuilding plan, we need to spend \$17.9 billion per year to sustain current submarine and surface ship construction levels. So, what does this mean for the future of the Navy, if the Secretary

of Defense does not think additional funds will be available to meet the Navy's own plans?

For example, the Navy's 30-year shipbuilding plan calls for replacement of 14 Ohio-class ballistic missile submarines and the multiyear procurement of two Virginia-class attack submarines per year. Because the ballistic missile submarines cost over \$6.5 billion each, and the Virginia-class submarines cost around \$2 billion each, these expenditures, alone, consume over 75 percent of the current shipbuilding budget. So, unless the Navy intends to increase its shipbuilding top line during this period, overall surface ship production would decrease to only two surface ships per year. Taking this into consideration, is a 313-battleship force merely lip-service?

On the LHA Amphibious Assault Ship program, I remain concerned about the aviation and surface lift requirements. In my view, both the F-35 Joint Strike Fighter and the V-22 Osprey programs present unresolved questions, in terms of their operational suitability on L-class ships.

For future LHA vehicles—vessels, why didn't the Navy invest in a more incremental acquisition strategy, which would have us integrate larger hangar space into that ship as the aircraft programs that require such space ripen, while we preserve a well-deck capability for surface assault?

With the many modern advances incorporated into LHD-8, I hoped a common hull design and maturity would create stability in the big deck amphibs. However, LHA-6 and LHA-7 will both be radically different from LHD-8. And I understand there are discussions about changing the design of the follow-on ship to the LHA-7. These changes impact our ability to be as efficient with every dollar as we possibly can.

With the Department of Defense pursuing a 33-ship amphibious fleet, as blessed by the QDR, rather than the Marine Corps' original requirement for 38 amphibious ships, I understand that the Department of Navy is accepting risks. So, we need to get this right. I hope our witnesses can help us with this issue, and identify the specifics of these acceptable risks.

I would also like to hear from the Marine Corps on updates with the long-delayed and challenged Expeditionary Fighting Vehicle, which the Chair mentioned, especially in light of Secretary Gates' comments on Monday.

From the Navy, I'd like to know how they intend to go forward with the third DDG-1000 destroyer, now that we've been notified of critical cost growth in that program.

In addition, I look forward to hearing from the witnesses about the Littoral Combat Ship, LCS, competition and the status of the Electronic [Electromagnetic] Aircraft Launch System, EMALS, program, which would be deployed on the U.S.S. Gerald Ford.

So, we have many issues to discuss today, and I look forward to the testimony of our witnesses.

And, again, thank you, Mr. Chairman.

[The prepared statement of Senator Wicker follows:]

[SUBCOMMITTEE INSERT]

Senator REED. Thank you, Senator Wicker.

We've been joined by Senator Sessions and Senator LeMieux.

And if someone wants to make a brief comment, I'll entertain it, but I think the normal procedure is to go to the witnesses and accept their statements for the record.

Thank you very much.

Senator REED. Secretary Stackley?

**STATEMENT OF HON. SEAN J. STACKLEY, ASSISTANT SECRETARY OF THE NAVY FOR RESEARCH, DEVELOPMENT, AND ACQUISITION**

Mr. STACKLEY. Yes, sir.

Mr. Chairman, Senator Wicker, distinguished members of Seapower Subcommittee, thank you for the opportunity to appear before you today to discuss Navy shipbuilding.

More importantly, thank you for the steadfast support for the Navy and Marine Corps program, and, of course, your constant support for our sailors and marines.

With the permission of the committee, I'd like to provide a brief statement and submit the more formal statement for the record.

Senator REED. Excuse me. You have unanimous consent.

Mr. STACKLEY. Thank you.

Today we are a battle force of 286 ships supporting global operations with, arguably, greater reach, greater command of the seas than any navies at any point in history. And while we take pride in knowing that our ships, aircraft, and weapon systems are unmatched at sea, as formidable as our technology may be, it is the skill, dedication, and resourcefulness of our sailors and marines that gives us our greatest edge. And it our responsibility to place in their hands the tools that they need to win the fight we're in and to return home safe. And, too, it's our responsibility to provide the capabilities and capacities to win the next fight.

The Chief of Naval Operations and the Commandant of the Marine Corps have outlined those capabilities in what has been referred to as the 313-ship Navy. And to this end, the fiscal year 2011 budget request includes funding for nine ships, a modest, but important, step towards meeting the CNO's and Commandant's requirements.

Important, because this year we increased Virginia-class submarine procurement to two boats per year. In 2005, then CNO Mullen challenged the Virginia program to put the Navy in a position to be able to buy two boats for \$4 billion in 2012. This year, with Congress's support, "two for 4 in 2012" has become "two for 4 in 2011."

Important, because in 2011 we increased DDG-51 production to two ships, which, alongside the Aegis modernization program, adds both capability and capacity to our fleet's sea-based missile defense.

Important, because with the competitive down-select to a single design for the Littoral Combat Ship program later this year, our 2011 budget request sustains an efficient build rate of two LCS ships per year for the winning shipyard. Congress's support for this revised acquisition strategy, which includes opening competition for a second builder in 2012, has been critical to the Navy's efforts to bring much-needed stability and improved affordability for this program.

Important, because, with this year's request, we increase our amphibious lift capability with procurement of an LHA-6 amphibious assault ship and our logistics lift capability with procurement of a mobile landing platform and a joint high-speed vessel. Additionally, a second JHSV is funded in "other procurement Army," for a total of 10 ships in fiscal year 11.

As we look to the near term, the Navy shipbuilding plan averages 10 ships per year, while balancing requirements, affordability, and industrial-based considerations in the next decade. Specifically, we have placed aircraft carrier procurement on a 5-year cycle, which will ensure our ability to sustain an 11-carrier force from the delivery of Gerald R. Ford, in 2015, through the year 2040. We sustained submarine construction at two boats per year, average, for the next quarter century. We've canceled the CGX program, because of technical risk and affordability concerns, and we will continue DDG-51 construction, leveraging a stable and mature design and infrastructure, while increasing the ship's air and missile defense capabilities through spiral upgrades to the weapons and ship sensor suites. We've restructured the maritime prepositioning force to provide enhanced yet affordable sea-basing capabilities.

In the second half of this decade, we will need to proceed with recapitalization of three major ship programs. We plan to commence procurement of the replacement for the LSD-41-class amphibious ships, following the definition of lift requirements.

We look to accelerate introduction of our next fleet oiler, the TAOX. The TAOX will bring greater efficiency and modern commercial design to our refueling-at-sea capabilities, while also providing critical stability to an important sector of our industrial base.

And most significantly, we'll procure the lead ship of the Ohio-class replacement, SSBN(X), in 2019.

The Navy's long-range shipbuilding plan fairly outlines the challenges we confront today. And for the long term in meeting our Navy's force structure requirements, operational, technical, manufacturing and fiscal challenges all come to bear as we impose upon the plan greater cost realism and budget realism. In the most pragmatic terms, in balancing requirements, risks, and realistic budgets, affordability controls our numbers.

And so, to this end, we're focusing on bringing stability to the shipbuilding program, adjusting our sights to find the affordable 80-percent solution, when 80 percent meets the need: working across our systems commands to improve the quality of our cost and schedule estimates that inform our requirements decisions; placing greater emphasis on competition and fixed-price contracts. We're continuing to improve our ability to affordably deliver combat capability to the fleet through open architecture. We're clamping down on contract design changes, and we have canceled high-risk programs.

Our goals for mounting today's force and recapitalizing the fleet affordably cannot be accomplished without strong performance by our industrial partners. So, it's essential that we have a clear understanding of the issues affecting their performance. So, we're building upon past studies this year, with assessment of our shipyards, the vendor base, and the design-industrial base, with an eye

towards capability, capacity, and productivity requirements needed by our Navy, near term and far term.

In the end, industry must perform. So, we'll work to benchmark performance, to identify where improvements are necessary, to provide the proper incentives, to reward sustained strong performance with favorable terms and conditions.

To meet our objectives, we must be smart buyers. We've gone far, in the course of the past year, to reverse the downsizing trend of the acquisition workforce. From supervisors of shipbuilding to the warfare centers, systems commands, and program executive offices, we've added professionals in the fields of systems engineering, manufacturing, program management, contracts, cost-estimating, and test and evaluation. And, of course, we've got much farther to go.

The objective is not merely to increase the workforce, but to restore core competencies that have slipped loose in the course of the past decade and a half of downsizing.

In sum, the Department is committed to building the fleet required to support the National defense strategy, to which the fiscal year 2011 budget request addresses near-term capabilities while also laying the foundation for long-term requirements. Ultimately, we recognize that, as we balance requirements, affordability, and industrial-base considerations, it is vital that we, the Navy and industry, improve affordability within our programs in order to achieve a balance that gives greater favor to requirements in the industrial base.

Mr. Chairman, thank you for the opportunity to appear before you today. I look forward to your questions.

[The prepared statement of Mr. Stackley follows:]

Senator REED. Thank you, Secretary Stackley.

And I presume that Admiral Blake and General Flynn's statements are sufficient, that are included in the record, or do—gentlemen, do you want to make comments?

Admiral BLAKE. Yes, sir.

Senator REED. Fine.

[The prepared statement of Admiral Blake and General Flynn follow:]

Senator REED. Let me just begin a 7-minute round, and I anticipate also having a second round, but—

Secretary Stackley and Admiral Blake, the Navy's surface ship plan is basically divided into three periods: The near term, mid term, and long term. It's my understanding that, when in the near term, the—one of the driving forces is the hull radar study, which—some people have concluded suggests the approach is to buy a heavily modified DDG-51, and then add the yet-to-be-developed Air and Missile Defense Radar (AMDR).

Just two questions. One is, If the AMDR is—which is currently being developed—is not ready for the fiscal year 16 ship cycle, what are your plans? Mr. Secretary or Admiral Blake?

Mr. STACKLEY. Let me start.

Prior to the hull radar study, we had initiated the AMDR, not a program at the time, but technology development, recognizing that this is the capability we believe we need to drive to, to be able

to bring the ballistic missile defense capability that the fleet needs in the back half of this decade.

So, that technology development was initiated a year-plus ago. And we made a conscious decision, at the front end, to leverage competition, to the extent practical. We have three very capable competitors for that systems development. And so, we are sustaining competition on the front end as we go through—today, technology development, going to ultimate system delivery.

As we did the hull radar study in the course of 2009, we attacked this a couple of different ways. First, we put together a core team to do the study, which comprised our warfare centers, our program offices, and our systems commands. And then we wrapped that with outside experts, in the form of the Applied Physics Lab, MIT Lincoln Labs to, one, identify the right technology for the threat; two, determine how much capability is required; and, three, look at the technical viability and feasibility of the schedules that we are driving to.

The outcome of that study, both the core team and the outside expert team that we brought to it concluded that 2016 was the feasible timeframe for AMDR—2016 ship for AMDR capability. So, that means that between now and 2016 we need to continue to monitor progress in that development before we put the 2016 ship under contract, with the intent of ensuring we're not tying ourselves down to concurrent development with ship construction.

So, we have a path that we have to plow, between now and 2016, to monitor progress in the competition, in the technology development before 2106. If we determine, as we approach that, that we cannot get there on that timeline, then we're going to have to revisit.

What we're not going to do is put immature technology into the 2016. At that point in time, we would keep a viable path going forward, where the development of the technology would pace the incorporation of the capability.

Senator REED. Thank you.

Admiral Blake, any comments?

Admiral BLAKE. I would just add, sir, that when we looked at the hull radar study, we looked at it from three perspectives: from the perspective of the hull, the combat systems, and the radars themselves. We determined that—in that study—that either hull could support the systems. We determined that the SPY-3, as well as AMDR, was the correct approach; it was the more capable, it was scalable, and we could do it that way.

And the third piece was, we looked at the lines of code that would be required as we looked at the DDG-51, and the—there was significantly less technical risk on the side of the DDG-51, as compared with any other hulls.

Senator REED. Thank you.

Just let me add a followup question, and that is, With this proposal of modified DDG-51, with the new radar for 2016, do you have a good understanding of the cost of the ships, the total cost, both the hull modifications and the new radar and fighting combat systems?

Secretary Stackley?

Mr. STACKLEY. Yes, sir. Let me just start with the baseline. So, we start with the baseline ship. The last ship under construction and contract right now is DDG-112. We're going into the restart with 113, -14, and -15 at the two building yards. We have a solid estimate for that baseline. And when we look at the 2016 ship, first we deal with core capabilities. So, the core capabilities would be the upgrade to the AMDR, bring in SPY-3, and then it's the support systems that go with the sensor suite upgrade. So, we're talking power and cooling.

The 30-year report does not lay in the costs for those upgrades, because we're going through the 2012 timeframe to put together, frankly, in concert with a requirement from last year's NDA, the technology roadmap that gets us there.

So, we have rough estimates today. We're refining the estimates as we look at the candidate technologies. Again, that would lead to a 20-POM 12 for a 2016 ship.

Senator REED. Okay.

Let me also ask—raise another question. This goes to continually looking back at alternative approaches. At some point, if the proposed modified DDG-51 plus the new radar gets so expensive, do you look back at going the other way, if you will, taking the DDG-1000, and modifying that ship to be more capable? Is there a point at which you begin to look at alternatives?

Mr. STACKLEY. We took a hard look at that with the hull radar study, and there are several factors that work against that approach. One is the core combat system itself, and what it would take to modify the DDG-1000 core combat system to match what we have today, out in the fleet, with the Aegis and the advanced-capability builds that we have associated with the Aegis program. And the other is the basic platform itself.

Senator REED. Admiral Blake, do you have any comments?

Admiral BLAKE. I would only add, sir, that—I would go back to the point I mentioned earlier about the lines of code. It was such a significant difference, when you looked at the DDG-1000 versus the DDG-51, as I—it was in the range of two to one—that, because of that, it was felt that it was significantly less technical risk, and therefore, that would be the more prudent path to go down.

Senator REED. Thank you.

And let me ask on final question in this round before I recognize Senator Wicker. And that is, with respect to DDG-1000, Secretary Stackley, it has breached the Nunn-McCurdy line, so there's a technical review underway. My understanding is, the principal cause of that is the truncation of the program from seven ships to three ships. And can you comment on that?

And, second, what effect will this have on the program, as it exists today, the truncated program?

Mr. STACKLEY. Yes, sir. Let me start with the—the baseline for the DDG-1000 program was struck at milestone B when it was, at that point in time, a 10-ship program. And when you look at the criteria for determining the procurement acquisition unit cost, you have both an R&D component, as well as a procurement component. So, the program has a healthy R&D stream that preceded procurement. And so, when you go from a 10-ship program to a 7 and then, ultimately, to the 3-ship program, that R&D front end

basically gets divided into 3 ships and becomes a significant burden on the average unit cost.

That became the mechanism that triggered the Nunn-McCurdy critical breach. And we're going through the process, right now, to meet the criteria for certifying continuation of the program, where we have five criteria that we need to certify. We are more than midstream through that process. 4 June is our requirement to certify, or other, back to the Hill. And as you indicated in your remarks, the driver for this particular program has to deal with the quantity impact on the average unit cost.

Senator REED. Thank you very much, Mr. Secretary.

Senator Wicker, please?

Senator WICKER. Thank you.

Gentlemen, in your joint statement, on page 4, the testimony reads, and I quote, "The Navy remains firmly committed to maintaining a force of 11 carriers for the next three decades." Firmly committed. The statement goes on to say that for a 33-month period, after the inactivation of the Enterprise and before the commissioning of the Gerald R. Ford, the Navy will utilize a congressional waiver for a 10-carrier fleet and then, after that, will maintain an 11-carrier force through the continued refueling program, et cetera.

By contrast, I mentioned, in my opening statement, that I hoped that you would help overcome some confusion that I have with regard to the Secretary of Defense and his speech on Monday. He said, "Considering that the Department must continually adjust its future plans as the strategic environment involves." He mentions two things, one of which is aircraft carriers. And the Secretary said this: "Our current plan is to have an—11 carrier strike groups through 2040. To be sure, the need to project power across the oceans will never go away. But, consider the massive overmatch the U.S. already enjoys. Consider, too, the growing antiship capabilities of adversaries. Do we really need 11 carrier strike groups for another 30 years, when no other country has more than one?"

The QDR came out in February, Secretary Stackley. What has changed in the strategic environment to cause the Department of Defense and the Secretary of Defense to seemingly make such a dramatic departure from the QDR in a very important speech on Monday?

Mr. STACKLEY. Sir, let me be careful not to reinterpret the Secretary of Defense's speech, but try to address your question.

As described, both in my opening remarks, and I think you have hit on it, as well, we have some very significant challenges before us in the Department of the Navy's shipbuilding program, regarding meeting our force-structure requirements, for the 313-ship Navy, which includes 11 carriers, and doing it affordably, within the budgets that we have today within the fiscal yearDP and, equally importantly, beyond the fiscal yearDP, when we project what it's going to cost.

So, the message that Secretary Gates has been very consistent with the Department of the Navy on is affordability of the Navy's shipbuilding program; that to achieve our 313-ship plan with realism associated with future budgets, we've got to come after affordability. And we're doing that across the board in each of the areas

that he highlighted in his speech. It's carriers, but it's carrier strike groups, which include support ships. It's the future Ohio-class replacement, and combatants, as well as amphibs.

So, I view his remarks in the framework of budget realism. We have to improve affordability to hit our numbers, in terms of force structure. And we've got to find that balance.

Senator WICKER. Are you making—so, you're making a distinction between carriers and strike groups?

Mr. STACKLEY. He used the term "carrier strike groups," which, when I hear "carrier strike group," I the "carrier and its escort ships."

Senator REED. Can I intervene for one sec?

There's a vote on. I would propose to run over and vote.

And Senator Webb will be recognized immediately after Senator Wicker. And I will warn people that you're on your way, Senator.

Thank you.

Senator WEBB. Thank you, Mr. Chairman.

Voice: Just one vote.

Senator WICKER. Okay. We certainly need to be mindful of cost, Mr. Secretary. But, the Secretary of Defense said, "Do we really need 11 carriers?" I'm just asking, Have you had a conversation with the Secretary of Defense since he made these remarks on Monday?

Mr. STACKLEY. No, sir.

Senator WICKER. Did you participate at all with the Secretary in formulating his remarks on Monday?

Mr. STACKLEY. Not with—no, sir.

Senator WICKER. I see.

General Flynn, did you participate with the Secretary? Did he show you the speech before he made it?

General FLYNN. No, sir.

Senator WICKER. And Admiral Blake?

Admiral BLAKE. No, sir.

Senator WICKER. Okay.

But, as far as the three of you are concerned, the Navy remains firmly committed to maintaining a force of 11 carriers for the next three decades.

Admiral BLAKE. Sir, as you noted in our statement, the Navy does remain firmly committed to the—to 11 carriers. And, as you also noted, it is the law.

The second point I would make on that is, if you were to ask the Chief of Naval Operations today if he noted any—he would note for you that there has been no decrease in the demand signal for carriers from the combatant commanders, either now or as we look ahead to the foreseeable future.

Senator WICKER. I see.

Well, let me, then, move on to one other thing, and I'll turn it over to Senator Webb for the first round.

The Secretary went on to say, on Monday, about how nice it was, and a real strategic asset, during the first Gulf war, to have a flotilla of marines waiting off Kuwait City, forcing Saddam's army to keep one eye on the Saudi border and one eye on the coast. Then he goes on to say, "But, we have to take a hard look at where it would be necessary or sensible to launch another major amphibious

landing again.” And then, further on, “On a more basic level, in the 21st century, what kind of amphibious capability do we really need to deal with the most likely scenarios?” And then, “How much?”

General Flynn, I’m not trying to get this panel into a debate with the Secretary of Defense. But, as far as the question of asking ourselves these questions, I thought we asked the questions and then developed the QDR. Where might it be necessary or sensible, or in what scenarios, General, might it be necessary or sensible, to launch another major amphibious landing again?

General FLYNN. Senator, one of the key things, I think, that the Secretary said is, you know, “We can’t define ourselves by the past.” And I don’t believe we determine whether our amphibious and power projection capabilities are by the events of the past. The heroic battles of Iwo Jima and Inchon and even what we did during Desert Storm are in the past. And as we look to the requirements of the future and what is demanded by the new security environment, I think we need to go to more recent history and take a look at the amphibious withdrawal from Somalia; the ability to project power into Afghanistan with Task Force 58; the noncombat evacuation of Lebanon, which was made possible by the fact that we had the ability to come ashore if we had to; the numerous partnership engagements that go on around the world right now; to the use of naval forces to prevent conflict, as well as the responses humanitarian crisis and disasters around the world. And that’s how we’re looking at defining the requirement. And we believe that we need to take advantage of new operating concepts, which I believe we are in what you see, and the new plan now is to use the sea base as an operating base, and also to use the sea as maneuver space.

So, we’re changing our operational concepts. We’re going beyond things of the past. So, major assaults, as they were planned in the past, are not, probably, going to happen in the future. But, other operations are, and they’re going to be defined by using the sea as a base of operations and, also, the sea as maneuver space.

Senator WICKER. Major—no major assaults are likely. What about major amphibious landings?

General FLYNN. Sir, I think that’s—those are still a possibility in the future. But, assaults, as they were envisioned in the past, are—what comes to mind most often is battles like Inchon and Iwo Jima—they’re probably not going to happen in the future.

But, the ability to project power—and we believe the minimum requirement is to be able to project at least a two-brigade capability—is still a viable requirement, and one that we size the force to do, sir.

Senator WICKER. Thank you.

Let me just consult about how much time we have on this vote.

[Pause.]

Senator WICKER. I think what we’re going to have to do is recess. I think, probably, Chairman Reed will be back in just a moment or two, because there was only one vote. But, for now, we’ll recess, subject to the call of the Chair.

[Recess.]

Senator REED. Let us reconvene.

Senator Webb.

Oh. At this point, I'd like to recognize Senator Collins, if you're ready, Susan. If not, then I will—

Senator COLLINS. Thank you, Mr. Chairman.

Senator REED. Catch your breath.

Senator COLLINS. Mr. Chairman, you know that I really should be right up there by you, given my seniority. But, I'm delighted to be a member of your subcommittee, and look forward to working very closely with you on these issues—

Senator REED. Likewise.

Senator COLLINS.—which we care a lot about.

Secretary Stackley, I want to follow up on an issue that the Chairman raised about the Nunn-McCurdy cost breach for the DDG-1000 program. I think it's important, for the record, for all of us to reemphasize that this breach was caused by the reduction in quantity. It was not due to poor performance by the contractor. Is that correct?

Mr. STACKLEY. Yes, ma'am. To restate what I stated earlier, the trigger here was the—frankly, the R&D costs for the total program that now get borne by three ships. That triggers a critical breach. The performance issues, or performance question associated with—there's actually several major contractors involved.

Senator COLLINS. True.

Mr. STACKLEY. Shipbuilder, combat systems—

Senator COLLINS. You can imagine the one I am most interested in.

Mr. STACKLEY. Yes, ma'am. But, when we evaluate, we take a look at total cost of the program.

This program has gone to great lengths to ensure that the maturity of the design is high before we get into construction. And, frankly, when we looked at reducing the number of ships, we went to great lengths to try to align the construction effort to a single location to gain efficiencies for a three-ship build and to leverage all that you can in one location. So, the efforts for the three-ship construction programs, when you look at the procurement unit cost as opposed to the R&D piece of it, we've been keeping that contained.

Senator COLLINS. I recognize that the process to recertify the DDG-1000, in light of this breach, requires significant analysis. And you indicated to the Chairman that you're about halfway through that process. I am concerned, however, that these delays are going to have an impact on program schedule, on program cost, and on the maintenance of the workforce, unless it comes to a closure soon. Could you give us some better understanding of how soon you think the process will be completed, and when the second and third DDG-1000 ships could be put under contract?

Mr. STACKLEY. Yes, ma'am. Let me start with the schedule. 4 June is the hard-and-fast date that we need to meet for certification. And that's a pretty well understood date for all the Nunn-McCurdys, frankly. And we're driving to that date. And we will have all the issues addressed to support that schedule.

With regards to construction contracts, in fact, Bath Ironworks has construction contracts for both DDG-1000 and -1001. So, since the original program had production split over two shipyards, BIW had a piece of 1001 when that ship was contracted with Northrop

Grumman. As the contract has moved north, they still have a core piece of their work share on 1001. We have a proposal in hand for the balance of the ship, under a fixed-price proposal, and we are negotiating those details so that when we come out of the Nunn-McCurdy process, we can quickly conclude the contract actions that are necessary.

In the interim, we have existing material procurement contracts, so that we can keep material orders on schedule, without causing disruption for those ships' construction schedules, to keep—as I was saying, to keep the costs contained.

Senator COLLINS. Mr. Stackley, in Secretary Gates' speech on Monday, he talked about the need for the Navy and the industry to find ways to build ships more economically. One way to do that is for the Navy to make greater use of multiyear procurement contracts. As the Navy looks at the restart of the DDG-51 line, are you giving consideration to the use of multiyear procurement contracts?

Mr. STACKLEY. Absolutely, we are. We've used two multiyears in the past, with the DDG-51 program, that provided great benefit. We are not ready yet—the initiation of the restart—to go right into a multiyear.

We do owe Congress an acquisition strategy. And in formulating that acquisition strategy, we will be addressing an approach that considers multiyear, perhaps in 2013.

Senator COLLINS. Finally, I want to pick up on an issue that the Ranking Minority Member raised, and that is about the adequacy of the shipbuilding budget. The Congressional Budget Office has estimated that, in order to achieve the level of shipbuilding that is set out in the 30-year shipbuilding plan, that you would need about \$4 billion more a year than what the Navy is budgeting. The Navy, I believe, is assuming an annual investment of about \$15.9 billion to meet the long-term goals of the plan. But, CBO has testified that the shipbuilding plan would cost \$20 billion a year. And that was even based on a smaller plan than what the Navy ultimately embraced.

What is your reaction to the CBO's estimates of what it believes would be the true costs of carrying out the plan?

Mr. STACKLEY. Yes, ma'am. A couple things. First, the Navy has great respect for the CBO's works. And so, we spend time sharing data and information to understand our respective assumptions so that, where there are differences in our estimates, we can address them head-on.

In the CBO's report, in looking at a 30-year plan, the numbers that you quoted stretch out across the full 30-year plan. And if you break it down into near term, mid term, far term, I think CBO would agree that our differences in the near term are not to the extent that you've described; they're on the order of single digits of percent differences. So, in terms of the fiscal year DP and the near term, we are—we're not exact, but we are relatively close. And now what we have to do is understand our differences and attack those differences.

Now, it grows in the longer term. And we do have concerns with the projected costs and budgets in the longer term. And that's why we're spending a great amount of effort today going after, not just

requirements, but capabilities to meet the requirements to find more affordable solutions for our ship programs.

So, their—what the CBO has highlighted is a risk in our 30-year program that is pronounced in the far term. And what we intend to do is use the time we have now to try to address those risks, as well as understand our differences. We have different assumptions on things like escalation that, when you compound an escalation assumption over 30 years, it becomes pretty extreme on the back end.

So, we respect their analysis. We sit down, side by side, to understand the differences. We believe we're fairly close in the near term, and are tackling the issues in the near term. And we see the risk in the long term. And we are working on that on the R&D side, in terms of defining requirements and capabilities.

Senator COLLINS. Thank you.

Thank you, Mr. Chairman.

Senator REED. Senator Webb?

Senator WEBB. Thank you, Mr. Chairman.

General, let me start off by pointing out that all three of you graduated from the Naval Academy. Is that correct?

Mr. STACKLEY. Yes, sir.

Admiral BLAKE. Yes, sir.

General FLYNN. Yes, sir.

Senator WEBB. Did you ever think there would be a time, when you were a midshipman, when you would be testifying before a chairman who graduated from West Point? [Laughter.]

That's a rhetorical question, Mr. Chairman. That's a—[Laughter.]

When I ran the Guard and Reserve programs, I spent most of my time with the Army, so I guess turnabout is fairplay here.

I'd like to pick on a couple of points that Senator Wicker made. I think they are really important for us to get a clear idea of what this administration is doing, in terms of setting goals, on the one hand, and then hearing contrary information, on the other.

It is the administration's position that the Navy should grow to 313 ships. Is that correct, Secretary Stackley?

Mr. STACKLEY. Yes, sir.

Senator WEBB. Okay. I just want to make sure of that.

I had some real concerns with Secretary Gates' comments. I have great respect for him. I know that he, like you and all of us, is looking for efficiencies, in terms of shipbuilding programs and these sorts of things. But, this quote that Senator Wicker mentioned, it goes to a fundamental misunderstanding that I have seen repeated over and over again, through different cycles, about why we have a Navy.

When someone says that there is a massive overmatch between our Navy and other navies around the world, I think it's a misstatement of why we have navies or how different countries field military forces. You don't field a navy to fight another navy. You field military forces to protect your essential national interests.

And our Navy, as I believe all of you would agree, is vital to the strategic posture of the United States and to deterring malevolent behavior in a wide range of hotspots around the world that is an additional requirement, in terms of potentially fighting another

navy, and it's also a requirement that we cannot ignore as we periodically, including right now, become committed to long-term engagements on the ground.

And I think it would be a very serious mistake to cut back the defense budget or to alter the defense budget in order to fund ground forces that are in Iraq and Afghanistan, hopefully temporarily, in terms of the whole cycle of how our country operates, and, at the same time, do that at the expense of these vital shipbuilding programs that take years and years to put into place and are the envy of every other country.

Anytime a large emerging country decides that they want to become an international power, ask yourself what they do. They build up their navy. They try to build aircraft carriers. The Chinese are trying to build an aircraft carrier right now. So, let's be very, very careful, in terms of what we do affecting our long-term viability.

Admiral, I'd like you to, just for the record here, tell us how long it takes to design, build, test-run, and actually put to sea an aircraft carrier.

Admiral BLAKE. From the—

Senator WEBB. From the inception of the concept.

Admiral BLAKE. I'm not sure about the—when the—first start with the R&D piece, sir. But, I would tell you that we need dollars up front for at least 7 years. We put the carriers—we've just shifted them from 4½- to 5-year cost centers. And so, that means we need that—those cost centers there in order to be able to get the ship from design all the way to put it out in the fleet.

The other concern I think you have to look at is the industrial base. Because when you design a carrier or—that is a—an extremely unique—it's a unique asset, and you must make sure that, when you put that out there, that you are supporting the industrial base, which, as we know, has many fragile points in it.

So, from the beginning to the end, it is something that we have to definitely take into account. And that was one of the things we took into account when we moved the cost centers from 4 and a half to 5 years.

Senator WEBB. So, from the beginning of a design concept to actually putting that ship out to sea in harm's way, we're talking how many years?

Admiral BLAKE. I believe it's 7, sir.

Senator WEBB. About 7 years or—

Mr. STACKLEY. I can take that, sir.

Senator WEBB.—Secretary Stackley?

Mr. STACKLEY. Yes, sir. For a clean-sheet design—so—for a clean-sheet design, you're probably talking, from the start of the design to the ship operating—I'm going to tell you it's about a 17-year period, for something—

Senator WEBB. It's considerable—

Senator WEBB.—like a carrier.

Senator WEBB.—considerable amount of time. And anyone who's visited one of these shipyards and seen, literally, the generations of expertise that go into how you lay down an aircraft carrier—where you put your wiring—I mean, all these sorts of things—can understand that this is a—something that has been passed down from generation to generation. It's very difficult to recreate, once

you lose the workforce or you get away from the concept. That's why it's so difficult for other countries to match what we have.

So, my comment today, Mr. Chairman, is basically just a note of caution, in terms of how dangerous it would be for us to waver from this essential part of our strategic makeup.

Thank you, Mr. Chairman.

Senator REED. Thank you, Senator Webb.

Senator LeMieux.

Senator LEMIEUX. Thank you, Mr. Chairman.

I want to follow up on the colleagues of Senator Webb and Senator Wicker on the issue of the 313-ship plan, and ask when you expect the Navy will reach that plan.

Mr. STACKLEY. Yes, sir. The 30-year report lays out both the structure of the 313-ship Navy, in terms of numbers versus types of ships, where we stand today, at 286 ships, and our—both our buy plan—our procurement plan and our decommissioning plan—so, the puts and takes and what the total force structure looks like over the next 30 years. We hit a number of 320 at about 2020.

So, when do we actually hit 313? It's the end of this decade. And then we're challenged to stay at that number. We're challenged to stay at that number because of the competition within the budget for, frankly, the higher-class replacement program, and then to be able to sustain our force structure as the ships that we built in the 1980s and the 1990s, at high rates, meet their retirement age.

Senator LEMIEUX. And is the Navy prepared to be flexible in the decommissioning of ships if the new ships that were required to get to 313 don't come online, as expected?

Mr. STACKLEY. We have to be careful that we do that well in advance. So, when we look ahead, at surface combatants in particular, and recognize that the Arleigh Burke-class, that we procured at three to five per year in the 1990s, will be decommissioning at a rapid rate in the 1920s and 1930s, we need to look at extending their service life in order to hold up our force structure, because we won't be able to recapitalize at the same rate we bought those on.

So, right now, the 51 program is entering a midlife modernization—DDG modernization program. And at the front end of that, we're taking a hard look at the material condition. We're baselining those ships. We are emplacing sensors and putting a surveying program in place, so that when we get to the more capable Flight IIA 51s going through modernization, we can do the necessary things to extend their service lives.

Senator LEMIEUX. Okay. Well, that's good to hear. I mean, no one wants our sailors to be operating on a ship that's not safe or not up to par. But, at the same time, if the ship is still seaworthy and can still perform its mission, if we're having challenges adding new ships to get to the 313 level, it makes sense to do the things you just spoke about.

Let me ask you a question specifically about the readiness level and our 313-ship plan, specific to this administration's announcement last year of its plan—new plan for ballistic missile defense in Europe and for it to be more reliant upon our Aegis-class ship force, with the cruisers and destroyers. Based upon that change, do

we have a sufficient cruiser and destroyer fleet in order to meet that mission?

Admiral BLAKE. Sir, if I could take that question?

Senator LEMIEUX. Yes, sir.

Admiral BLAKE. What you see now is the Navy's approach to the BMD challenge, which we are currently addressing—is that we currently have, in the fleet, a—21 ships that are BMD-capable. By the end of the current fiscal yearDP, we will have 27 ships that will be BMD-capable and available for tasking.

The Navy's approach has been sort of threefold. We've looked at it from the acquisition of BMD kits in order to make ships that are currently in the inventory capable of performing the BMD mission. The second approach we've taken is to build the BMD into the ships, from the keel up, which we have also put in the plan. But, the challenge there is, as you know, it takes us 5 years in order to go from the time we start the work until we deliver a ship. So—and we have demand signal today that is out there that needs to be met in a quicker way. And the third approach we are taking is, we are looking at what we call Aegis Ashore, in which we would put the BMD capability ashore. And we are looking at that in—beginning in the 2015 timeframe.

So, it's a three-pronged approach, if you will. We will go with kits, we will go with ships from the keel up, and we will go with a program we're calling Aegis Ashore.

Senator LEMIEUX. And in—along that three-pronged program, the number of ships that we have and the number of ships that are in that effort—it's sufficient, in your mind?

Admiral BLAKE. It is currently sufficient to meet the COCOM demand signal. The challenge we are facing is the rotation as we put those units out there, because we have to put them on station for a certain period of time. And we have missions on both the East and West Coast of the United States, where we have to put ships out for both.

And, in fact, we just recently—one of the West Coast units did the mission in the Mediterranean—was the U.S.S. Higgins. She had actually been over there on the BMD mission, and then she—as she was on her way home, she responded to the Haiti event, in which they had the earthquake, and then she then went back through the canal and went home. So, we—and we are able to do that, moving ships from both coasts.

But, yes, the short answer to your question is, yes—

Senator LEMIEUX. Okay. Thank you.

Admiral BLAKE.—we believe we have the levels.

Senator LEMIEUX. We're going to hear, I understand, soon, about the announcement on the common hull for the 55-ship Littoral-class. Do you know when that announcement is due?

Mr. STACKLEY. We received proposals in April. We are going through proposal evaluation. We have a series of internal reviews that will need to be conducted. We engage, as necessary, in discussions with the offerers. We're targeting a down-select decision this summer.

Senator LEMIEUX. This summer.

Mr. STACKLEY. Yes, sir.

Senator LEMIEUX. It's—you know, we're scheduled to get those Littoral-class ships at Mayport, in Jacksonville. And, at the same time, we're decommissioning the frigates. So, there's a concern, as—which I'm sure our aware, that we're going to have a huge gap as those frigates come offline and Littoral ships come online. So, you know, urgency in getting that done is important to, certainly, my State.

Mr. STACKLEY. Yes, sir.

Senator LEMIEUX. Mr. Chairman, that's all I have.

Senator REED. Thank you very much, Senator LeMieux.

Senator Hagan.

Senator HAGAN. Thank you, Mr. Chairman.

Thank you.

Despite the shortage of amphibious operational capabilities, the Navy continues to decommission the aging amphibious fleet in order to reduce the operation and maintenance expenses. Admiral Blake, what are the Navy's plans to retire the vessels from the existing amphibious fleet within the next 10 years?

Admiral BLAKE. The—when we looked at the plan and we developed the 30-year shipbuilding plan, we looked at two factors. The first was affordability; what we could afford. And the second was a view toward the future; how we were going to be able to get capabilities out into the fleet.

The—specifically, to the amphibious ships, the current large-deck amphibious ships, which we have in the budget for decommissioning, were—originally had service lives of 20 years. They were subsequently extended, and they are coming to the end of those service lives.

What we have seen is that, as those ships come to the end of their service lives, we have had a challenge in order to keep on maintaining those vessels.

Recognizing the affordability issues we had, it was determined that, in order to be able to provide a capability in the future for the amphibious force, we were going to have to look at decommissioning those ships as they came—as they are currently listed in the 5-year defense plan.

So, the overall approach was, if we were to not decommission those ships, then we would have to pressurize both our manpower and our OMN accounts—that's the ops and maintenance accounts. And if we were to do that, then we would be taken down a path of—because those accounts would be pressurized, we would have to look into our other accounts in order to be able to cover that, because we have already, if you will, reallocated the manpower and the ops and maintenance dollars in order to meet other emerging issues.

I'll give you an example. Manpower that would come off those ships would then be reapplied to our increase in the 10th Fleet, the Cyber Fleet. It would also be used to meet additional COCOM demand from organizations such as SOCOM—Special Operations. We've gotten demand signals to put additional folks out there.

So, what I would tell you is, while it was not easy to make that decision in order to be able to put those ships out within the current fiscal yearDP, we felt it prudent in order to be able to build the future force of the fleet, specifically on the NFP side, because

I would tell you, if you pressurize both the manpower and OMN accounts, the only place we're able to go afterwards, at that point, is our procurement accounts. And our procurement accounts are made up, principally, of the aircraft and shipbuilding accounts. So.

Senator HAGAN. I think you said that the original life cycle was 20 years, but you've extended it—

Admiral BLAKE. That's correct.

Senator HAGAN.—to what?

Admiral BLAKE. I'll have to take that one. I'll get you the exact number on the years.

[The information referred to follows:]

Senator HAGAN. And then—and, Admiral Blake and General Flynn, if the requirement for amphibious capabilities is 38 ships, and the agreed level of acceptable risk dictates a need for 33 ships, will the Navy and Marine Corps have the ability to fully support the combatant commander requirements, when, I believe, only 29 ships will be available in 2011?

Admiral BLAKE. That—as I was—

Senator HAGAN. Yeah.

Admiral BLAKE.—stating earlier, it was a matter of affordability. If you look at the shipbuilding plan within the fiscal year DP, you're absolutely correct. I believe it's in—in '11, we get down to 29 ships, and then we build back up. And so, it was an issue, from the Navy perspective, of affordability, risk, and getting that future capability out there in our procurement counts.

General FLYNN. Senator, as you look at that, you know, we agreed that the floor was 33 ships. And one of the key issues is, when we put the plan together, there are—were key assumptions and parameters there about the availability of new ships.

Cost is one thing, and I think we need to strike a balance between that and capability. When you get around 29 ships, you do—you are challenged, not only in meeting your larger requirement, but you are challenged in meeting your day-to-day requirements. And since the plan was written, you know, we believe that's—what's needed before you—we continue with those decommissionings is an operational assessment of what that will mean to our capabilities, because some of the assumptions as to when new ships would come online may no longer be valid.

Senator HAGAN. The 2011–2015 shipbuilding plan calls for procuring the 11th and the final San Antonio-class landing platform dock amphibious ship in 2012. In 2017, the 30-year shipbuilding plan calls for the start of procurement of a replacement for aging landing ship dock amphibious ships. Secretary Stackley—or, all of you—can the LPD–17 design be used as the basis for the LSD replacement? And would the procurement of a 12th LPD–17 in 2014 or 2015 support keeping the production line open while transitioning to the start of the LSD replacement?

Mr. STACKLEY. Yes, ma'am. Let me start that. In general terms, the Navy would look for reuse of design and common hull forms to improve affordability of any new program.

The timing for the LSD(X), I mentioned in my opening remarks, is ahead of need. The LSD–41 and -49 class do not exit the service until the mid 2020s. We look at concerns with the industrial base. So, we have pulled that replacement program as early as we can

without pushing some other requirement out that's, frankly, more urgent, on a schedule basis. So, we have the LSD(X) just outside of the fiscal year DP. And this year and next year, we are going through the definition of the requirements to determine, Exactly what is the lift fingerprint that the replacement ship has to provide? And does that, in fact, line up with an LPD-17 hull form? If it turns out that the LPD-17 is more capability than what the LSD(X) is, then we have to do the affordability and trades review to balance off, What's the cost of a new start versus the cost of reuse? And affordability, capability, requirements, and schedule is all going to be brought to the table in that review, and frankly, that debate.

Senator HAGAN. Let's see. Thank you. Let me go to one more.

The Navy originally estimated the cost of building the Littoral Combat Ship sea frames at approximately \$220 million per vessel. And I understand that Secretary Mabus has been a champion for acquisition reform; however, the current LCS sea-frame procurement costs have more than doubled. And will the Navy be awarding this as a fixed-price contract? And what risk would the Navy face in the event that the winning shipyard is unable to build these—the first 10 of these ships within the contracted cost?

Mr. STACKLEY. Yes, ma'am. It is a fixed-price contract that's out for bid.

Senator HAGAN. For 10 ships?

Mr. STACKLEY. Specifically, it's a fixed-price incentive contract. Two firm fiscal year 2010 ships, and then two-per-year options in 2011 through 2014, for a total of 10 ships.

And part of the review of the proposals—there is a pricing portion, but there's also a technical portion. And inside of the technical portion, there's an evaluation of the bidder's ability to meet their proposal, in terms of management and production. So, we evaluate that exact issue in the course of—prior to awarding to the winner.

Senator HAGAN. And what happens when their costs come in over?

Mr. STACKLEY. On the fixed-price contract, it's in accordance with the terms and conditions of the contract. So, they propose a target. We have what you—what's referred to as a "ceiling," where the ceiling limits the government's liability. And between the target that they propose and the ceiling, the cost is shared in accordance with what's referred to as a "share line."

So, they—

Senator HAGAN. I understand in the '70s we had a serious situation where we had to do a substantial financial bailout. And I was just curious if—we obviously are looking into that when all these contracts with one bidder are signed.

Mr. STACKLEY. There's a lot of learning that took place in the '70s. And our intent is not to repeat that experience, which is why cost realism is an important part of the evaluation process. We do not award based on what they bid. We award based on evaluated cost.

Senator HAGAN. Thank you.

Senator REED. Thank you, Senator Hagan.

Senator SESSIONS.

Senator SESSIONS. Thank you.

Thank all of you for your work.

And, Secretary Stackley, we appreciate the difficult choices all of you face in the Navy, with budgets that show not much growth from the President for defense when we're increasing personnel in the Defense Department. And I believe, as Admiral Blake indicated, that puts pressure on procurement. That's just the way it's always been. And—but, sometimes, when we've got good programs that need to be completed, it's unthinkable to not complete them in a sound way.

Secretary Stackley, yesterday Defense News reported that Secretary Mabus, the Navy Secretary, in his remarks to the Navy League on May 5th, stated that, "Energy efficiency, both in the manufacturing process and in the final product, would increasingly be a factor in judging program performance, as well as in the contract awards."

Earlier, he said, in October of last year at an energy forum, "First, we're going to change the way the Navy and Marine Corps awards contracts. The lifetime energy cost of a building or a system and the fully-burdened cost of fuel in powering those will be a mandatory evaluation factor used when awarding contracts. We're going to hold industry contractually accountable for meeting energy targets and system efficiency requirements." And he goes on to emphasize that more.

And in September of '09, he said, "One of the drivers, for me, is the affordability of being able to operate the force. We no longer have the luxury to say, 'It's a good deal on price,' or, 'Let's buy it.' We have to get our arms around lifecycle costs."

Do you agree that that's the right way to purchase a ship, or anything, but—any vehicle, but a ship, particularly? That you want to know not only how much it costs today, but how much fuel it will use and how much it will cost to operate that? Is that a factor that should be given weight in the process?

Mr. STACKLEY. Sir, we—the Secretary has outlined his goals for energy, and we are putting a lot of effort into not just meeting his goals, but building the path to get there.

When we look at how we procure our ships, we bring total ownership cost into the equation, and we evaluate not just—we look at not just the procurement costs, but we look at, again, the ownership costs throughout the life of the program, which includes energy, it includes manpower, it includes maintenance, and modernization considerations, in addition to the upfront procurement cost.

Senator SESSIONS. Well, I think you said that you agree with the Secretary. Is that right?

Mr. STACKLEY. I would always agree with the Secretary, sir. [Laughter.]

Senator SESSIONS. Well, that's—well, I—especially when he's correct, as he is in that statement. But, I didn't hear you say, precisely, that you are at that level now. He said, "We're going to—first thing we're going to do is fix this energy matter."

So, I'm asking you, today, when you look at the Littoral Combat Ship competition, is that effectively being evaluated in the bid process? It certainly seems that it should be.

Mr. STACKLEY. We took a look at—inside of the larger category of ownership cost, we took a look at—we considered it as an evaluation factor, compared the two designs, and arrived an evaluation inside the technical portion of the LCS award criteria that would address improvements to total ownership costs, which would include energy, as well as maintenance and modernization.

Senator SESSIONS. Well, the fact that that is a very long and complex answer makes me nervous, because my analysis of it is that it does not do just what the Secretary said.

And I would offer, for the record, Mr. Chairman, a report from the Congressional Budget Office that's analyzed this particular question.

[The information referred to follows:]

Senator SESSIONS. The way I read the report, it's pretty clear to me that the Navy has not sufficiently calculated the fuel costs of this ship. Has the—in calculating the comparative fuel costs of the two ships—

That's what you mean by those words you gave us, doesn't it? You compare the cost of one ship, in its normal operating procedure, and you compare the cost of the other. Correct? Is that what you mean?

Mr. STACKLEY. We look at total ownership cost, which includes all the factors, including energy. Yes, sir.

Senator SESSIONS. Well, let's focus on the energy part of cost. Do you consider how much it costs to run one ship, and you consider the cost of the other one? That's what it means, does it not?

Mr. STACKLEY. Yes, sir.

Senator SESSIONS. And have you calculated and reduced to dollar amounts the estimated fuel cost of operating these ships, each one, through the life cycle?

Mr. STACKLEY. We've looked at the different ways in which the Navy would operate the ship, because, clearly, fuel costs are dependent upon how you would operate the ship, and ran the respective analyses for the two different designs.

Senator SESSIONS. Well, I'm well aware of that, but that's—it would be part of how you would calculate it. So, have you calculated it through to dollar-and-cent figure so you can compare actual cost?

Mr. STACKLEY. Yes, sir. In accordance with the different ways in which we would operate the ship inside the total—

Senator SESSIONS. How much do you calculate LCS-1 and LCS-2? What are the figures for each?

Mr. STACKLEY. I would not provide those in an open forum, because the respective figures that were used—that we have used are proprietary. However, we have provided that information, through other means, to the CBO in forming their report.

Senator SESSIONS. Well, as I read the CBO report, it would conclude the Navy inadequately scored that. But, do I hear you saying that you have an actual dollar-and-cents figure that you've used in evaluating the lifecycle cost that—now, that the Navy has and is applying to this ship?

Mr. STACKLEY. To be exact, we took a look at the total ownership costs for the two competing designs. We looked at maintenance, modernization, manpower, and fuel consumption.

When we look at fuel consumption, we have to consider the different ways in which the Navy would operate the ship. And then we looked at the total ownership cost, side by side, for the two different designs, considering different categories for the way the Navy would operate—

Senator SESSIONS. Surely, you would have to reduce this variable speed to some sort of factor that you could evaluate, in terms of dollars and cents. That's what CBO said.

Mr. STACKLEY. Well, what—

Senator SESSIONS. It's been done before, hasn't it?

Mr. STACKLEY. Yes, sir. So, as you read through the CBO report, what they point out is, one, there's a range, in terms of the percent of the total ownership cost that's made up by fuel. And there's also a range for how much of an impact the different mission type of operations have on that percent. And within that range, you could have one design being better than the other, and vice versa. So, in fact, the outcome of the analysis for total ownership cost is highly sensitive to the way that the Navy would operate the ships. And depending on which—

Senator SESSIONS. I couldn't agree more. But, have you calculated that?

Mr. STACKLEY. Yes, sir.

Senator SESSIONS. You would agree, would you not, that if you didn't properly calculate that, then it could be unfair to one competitor or another?

Mr. STACKLEY. What I would definitely agree to is that there's a degree of uncertainty around the estimates. And so, within—when you say, "not properly calculating it," I would say that the Navy's estimate is not so much of a point estimate as it is a number plus or minus a certain percentage of uncertainty. And so, I would not suggest that we've been unfair to one or the other, based on that calculation.

Senator SESSIONS. Mr. Stackley, I'm—not been able to follow those answers. It's awfully complex to me. It would seem to me that you would—if you were buying an automobile, and one got better gas mileage than another one, you would calculate, over the expected life of that car, how many you spend on fuel in each one. And are you saying that you have done that in this case, in this competition, and that you are prepared, at some point, to make that public?

Mr. STACKLEY. Two things. One, you say, "within the competition." The analysis that you are referring to is not a part of the award criteria.

Senator SESSIONS. Oh.

Mr. STACKLEY. Okay?

Senator SESSIONS. So—well, then are you going to make it a part of the award evaluation, or not?

Mr. STACKLEY. No, sir. What we have as a part of the award criteria is how to improve upon total ownership cost. When we do the analysis of total ownership cost, which includes fuel, and we put side-by-side comparisons between the two designs, then the outcome of that analysis is entirely dependent on the assumptions you make with regards to how the Navy would operate the ship, where

the range of operations is entirely within what the LCS would be called to perform.

Senator SESSIONS. Well, the CBO, faced with those circumstances, came up with a range, did they not?

Mr. STACKLEY. Yes, sir.

Senator SESSIONS. And the range was something like 8 to 18.

Mr. STACKLEY. It was 8 to 11 percent for a frigate type of combatant, which would include an LCS.

Senator SESSIONS. And they estimated a moderate range would be 11. That was their guesstimate—that was their estimate of what the—

Mr. STACKLEY. Yes, sir.

Senator SESSIONS.—fuel cost should be. Have you—do you use that figure, or a different one?

Mr. STACKLEY. We used the baseline figures that we have for the two designs. The other information that the CBO pointed towards was the operating regime of the ships, where they would nominally spend 95 percent of their time at 16 knots or less; 5 percent of the time north of that speed. So, you have a range of variability of 5 percent inside of the CBO's numbers, driven by the way you operate the ships, for a cost factor that's 11 percent of the total ownership cost.

Senator SESSIONS. Well, I would—

Thank you, Mr. Chairman.

I would just say that this is a very serious matter. And I would expect—I'm not able to follow your answers. And my concern is that you're not adequately accounting for differences of fuel. And I intend to follow it. I hope that you conduct this correctly. But, if not, I think we would not have had a fair competition.

Thank you, Mr. Chairman.

Senator REED. Thank you, Senator Sessions.

And we'll begin the second round.

And I want to commend Senator Wicker and my colleagues for raising the issue of Secretary Gates's speech. I mean, he really challenged us to look very closely at cost of procurement systems. But, I want to make the further that that just doesn't apply to shipbuilding; that applies across the spectrum: aircraft, ground systems, et cetera. We're in an age in which the operational environment includes the budget, and we have to be conscious of that. But, I thank you, Roger, for mentioning that, for bringing it up.

Senator SESSIONS. I join with you, Mr. Chairman, in sharing those comments and thanking Senator Wicker for his.

Senator REED. Thank you.

Let me just raise a few questions, then turn it over to Senator Wicker.

The Ohio-class replacement program is underway; the first steps. I think it's a sensible—indeed, very sensible program that we have to follow through. But, Admiral Blake, in terms of the—what the Navy is doing, the tradeoffs, in terms of design, looking ahead at what this platform will look like, which will be reflected, first, in the R&D aspects and requests for funding, and then in procurement, how are you working to make this affordable, as well as effective?

Admiral BLAKE. Sir, what we started out with was, we took the original Ohio program, which we did many years ago, and we used that as the model in order to determine where we were going to go with the Ohio replacement. So, we used that, if you will, as the framework in order to determine when we thought we needed to start the R&D process, which, as you know, started in the 2010 budget. And then, we went forward from there.

The second piece we determined was, based on the service lifes of the ship, when would we be required to bring the Ohio replacement into service? And that was then determined to be 2019.

So, what we did was, if you will, a two-step process. We started with the R&D piece, up front, and then we determined when construction had to start. And then, of course, you had the advanced procurement that you would have to put in place. And that was the idea, so that the first Ohio replacement would arrive, and we would meet the requirement to meet the mission. That was the entire process, as we drove towards it.

Senator REED. But—I understand the timeline—but, what are you doing in—first, in—well, let me rephrase the question.

I think there's a temptation, when you're looking at a new platform, to make it capable of doing everything. That's expensive, typically. So, there's always this tradeoff between capability and expense. I—how are you dealing with those two issues?

Admiral BLAKE. Well, one of the ways we're looking at it is, we're looking to see, first of all, what capability you want to have in the vessel.

Let me use the D5 program as an example. We determined that, based on the success of the D5 program, that we should take the D5 program and put an extension program in place so that we would be able to utilize that system and the reliability and security that it gave us out into the 2042—2040 timeframe. And so, what we—we also felt that—if you go back in history and you look, you'll remember that the previous program, the C4 program, was a less capable system. And the D5 was then designed, if you will, in the late '70s, early '80s.

So, if—what we determined was, in order to minimize risk, we would go to the D5 program, as opposed to starting up, since we have not, for the—since the late '70s, early '80s, done any missile design work, with respect to a SSBN weapon system. And therefore, we would continue down the path of using the D5.

So, the idea was to keep it within an affordability, because—if you go back in history, if we hadn't gone down that path, then we were going to have to rebuild the infrastructure, the design, and everything else, because we have not done that in several decades. So, the idea was to make it affordable and to make it less risky. And that was—that's one example, if you will.

Senator REED. Thank you, Admiral. Just—

Mr. STACKLEY. Can I add to that?

Senator REED. Secretary Stackley, just your comments, briefly, on my questions. But—to the tradeoff between capacity and affordability. And is there a normative, sort of, price in your head for per-ship, now? Or is that—it's too early?

Mr. STACKLEY. Yes, sir. First, we have done an analysis of alternatives leading into the R&D ramp for the Ohio replacement. We

looked at a large number of variations on a couple of concepts, where you start with a—the Ohio itself, you take a look at what we’ve learned from Virginia, and you look at variations on the Virginia, and then what you have left, beyond that, is clean-sheet design.

Take a look at, What are the core requirements that the replacement boat needs to provide? And then you look at opportunities—opportunities either from the standpoint of affordability or capability.

And right now, we are going through tough discussions on capabilities versus requirements versus cost, leading up to a milestone decision this summer with AT&L. So, that process—I mean, this is absolutely key for the next decade, because we are going to build the Ohio-class replacement, it is going to be a very expensive platform, and it is going to meet our National security requirements.

Once we head down a certain path, we have to ensure it’s the right path, because we won’t get a restart opportunity and we won’t have the ability to back out. So, we’ve got to get it right, up front.

So, we’re muscling through this now. We have estimates that are on the table, in terms of both the R&D stream and the procurement stream. So, if you look at the 30-year report, what it says—it’s a \$6- to \$7-billion boat, and that’s simply taking the Ohio and escalating it out to the 2019 timeframe, when we will procure the first replacement boat.

That gives us great concern, because of the amount of pressure it puts on, not just shipbuilding, but all procurement, as well as the R&D leading into it. We don’t want to cut ourselves short on R&D, because we want to get it right. We need to look at both affordability and capability in this effort. But, we have to take a look at the total program and see what we can do to, not just keep it under control within the budget, but, when we get out there to execute, make sure it doesn’t escape us.

Senator REED. Thank you very much, Mr. Secretary.

Let me ask a question, then yield to Senator Wicker. And I might have one more question.

But, going back to the decision about the DDG-51 versus the DDG-1000, the DDG-1000 was developed with the principal mission of close-fire support for forceful entry—principally, the Marine Corps. Then the Navy made a decision that they could do that by other means, and the more pressing need was missile defense, which—the DDG-51 seemed to be more capable. Part of that decision, I’m—understand—is the thought that the Navy could essentially adopt and Army system, the non-line-of-sight launch system, NLOS.

And now it appears that the Army is getting ready to abandon developing that system, forcing you to have no system, or to adopt the cost of that system, rather than bootstrapping on the Army.

So, I’m just—Admiral Blake, if NLOS is canceled, which it appears close to be, what’s your backup plan? But, more importantly—and I’d like everyone to comment on this general topic—you know, what are you going to do to ensure close-fire support for forceful entry of marines?

Admiral BLAKE. Well, sir, first of all, for the NLOS program, the NLOS was looked at, from the Navy perspective, to go on the LCS. It was going to be part of the surface package, the surface modular package that was going to go on there. And it was going to be used—one of the missions it was going to be used for was for the “swarming boat” issue.

What we are doing right now is, because of the Army’s announcement that they are potentially looking at terminating the program, we have been—we are going back and evaluating as—for that particular module, with—if, in fact, that program is terminated, and it is decided that the Navy would not go down that path, then, What would be—What would we have to do in order to meet the key performance parameters for that particular module on the LCS?

Senator REED. Thank you. That helps a great deal, clarifying. But, it—can I assume, then—and, Mr.—Secretary Stackley, you might comment—that the close-fire support would be provided, not by destroyer, but by the LCS? Is that the operational concept, Mr. Secretary?

Mr. STACKLEY. No, sir. There’s a—naval surface fire support capability, or requirement, is met by what’s referred to as a “triad.” First, there’s organic artillery, there is air, and then there’s naval surface fires. So, that triad is intended to meet the overarching, or capstone, requirement. And we look at—you started with the DDG-1000—we look at the contribution of the advanced gun system on the DDG-1000 to the overall requirement. And we look at other surface ships—basically, 5-inch 54, which is common to the DG-51 and the cruiser—and with the NLOS, we look at a capability that the LCS could further contribute to that campaign problem.

Senator REED. General Flynn, since your marines are going to have to make the forceful entry, you have the last word on the whole topic and NLOS, too.

General FLYNN. Sir, over a year ago, we agreed that the solution—and this was at the same time that we were looking at the DDG-1000 program—we agreed to look to a joint analysis of alternatives, to determine a way ahead for naval surface fires. A key part of that, as Secretary Stackley said, is our belief, in the triad, that no single leg of the triad can meet all the demands of it. And we see naval surface fires as providing both volume and accuracy as a key part of that triad.

As part of the joint AOA, we looked at 71 alternatives, and we came down to the six most promising. One of them was the NLOS system. If it proved promising, it would have to have an extended range. But, that was one of the alternatives. And that was one of the areas that we were also looking at to capitalize on the Navy’s building of the LCS platform.

If NLOS proves not to be effective, then the only other option that’s available right now is the development of a 5-inch round—extended-range round—for use off the DDG-81 and higher-class hull forms. And that really needs to be a POM 12 issue, because right now there is no naval surface fire, with the exception of the DDG-1000, in the program or record. So, the next promising thing to look at, or the most viable, appears to be the extended 5-inch range. And that would meet the requirement.

Senator REED. Thank you very much, General.

Senator WICKER.

Senator WICKER. Mr. Chairman, first a housekeeping matter.

During Senator Sessions' line of questioning, he referenced an April 28, 2010, letter from Douglas W. Elmendorf, director of the Congressional Budget Office. I'm not sure we got that inserted by unanimous consent, so I'd ask unanimous—

Senator REED. Without—

Senator WICKER.—consent that—

Senator REED.—objection—

Senator WICKER.—it be inserted.

Senator WICKER.—it will be included in the record. And any other statements of the members will be included in the record, without objection.

Thank you very much.

Senator WICKER. Thank you very much.

Now, General Flynn, with regard to this decommissioning of the LHA-4 in 2011 and LHA-5 in 2013, in advance of their expected service life, is it your understanding that that decision is still an open question? Or it's—or, let me put it is way. Is—in your view, is there still an opportunity for that decision to be reversed?

General FLYNN. Sir, I—the way I'd answer that is, I believe that it's important that we have to balance what was in the plan, in the 30-year shipbuilding plan. And has anything changed since the 30-year shipbuilding plan that would warrant going back and taking a look at that decommissioning of vessels? The key thing, I think, that needs to be done is, What is the operational impact, based on what was assumed or what was counted on in the plan? Has anything changed? If nothing's changed, and deliveries will be met, and capabilities will be there, I don't think that's a reversible decision.

But, the reality is, sir, it's not just the funding requirements. Maybe in the current budget year we're beyond—we're across the line of departure. But, in the future budget year, I do think we need to take a look at the delivery of new ships and when they're going to be operational-ready, because there was an assumption made in the plan that those ships would be ready and deployable at a certain period of time.

And we've had some challenges with the delivery of the new class of LPDs. It all comes together, when you take a look at the lift-carrying capacity of the fleet to do that. So, I'd be an advocate for an operational assessment, to see what impact that would have.

Senator WICKER. Okay. Well, now—so, where are we, then, in the decision about making an operational assessment? And how involved would such an assessment be?

General FLYNN. Sir, I think that how involved that assessment would be is to take a look at what demands you have for day-to-day operations and to see if the inventory can meet those demands. And that's—

Senator WICKER. It's fair to say the Marine Corps was opposed to these two decommissionings?

General FLYNN. Sir, I think it'd be fair to say that the Marine Corps would like to see an operational assessment of the impact of those decommissions.

Senator WICKER. Where are we on that, Mr. Secretary?

Mr. STACKLEY. The—let me describe that the decom plan that you see in the report to Congress, that pulls the LHA-4 and -5 out, that was done in concert with the PB11 budget build and QDR. In terms of an operational assessment for changes, since that was put together, I'm not aware of one.

Senator WICKER. Would you be vigorously opposed to such an idea?

Mr. STACKLEY. I think we should always be reassessing our plans, based on changes that have occurred since the prior plan was built. I mean, I think it's our responsibility to be constantly reviewing changes.

Senator WICKER. Be possible to decommission the first one and make a different determination, with regard to the -5, wouldn't it?

Mr. STACKLEY. It's—

Senator WICKER. Not supposed to occur—

Mr. STACKLEY. I think we talked about—

Senator WICKER.—til 2013.

Mr. STACKLEY. General Flynn talked about passing a line of departure on the LHA-4. I think we have passed the line of departure, because you're talking about manpower that simply is not in the budget for a big-deck amphib. So, that one is—I believe, is passed.

Senator WICKER. So, we've not passed the line of departure for the LHA-5. Is that correct?

Mr. STACKLEY. The manpower accounts have been adjusted to assume decommissioning of the LHA-5 in 2013. That's inside of the FYDP. To change that plan, you'd have to change those manpower assumptions in POM 12, and that would have its attendant impact.

Senator WICKER. But, we've not passed the line of departure, have we?

Mr. STACKLEY. No, sir. That's a 2013 budget impact associated with, not just manpower, but also O&M associated with maintaining the ship past its current decom date.

Senator WICKER. Okay. General—

Admiral BLAKE. Sir, I would add one point to that—

Senator WICKER. Please.

Admiral BLAKE.—that although—the—if you look at the entire number of ships that are being decommissioned, when you decommission those large-deck amphibs, they are not being either scrapped or put for foreign military sale, they're being put in an inactive status. So, should a national emergency require them being brought back out into the active fleet, that, of course, could be accomplished.

The second thing I would point out is—as Mr. Stackley pointed out, was that if you were to pressurize the accounts and in order to bring those ships back in, specifically with respect to manpower and the ops and maintenance accounts, we would likely have to go, in order to find the offsets to cover those costs, in our procurement accounts.

Senator WICKER. Thank you. That was helpful.

General Flynn, how do we arrive at the 38 number on amphibious ships to really meet our needs? And what risks do we take when we go down to 31 or fewer?

General FLYNN. Sir, to give you an idea, or to—the 38-ship requirement was based on, What would it take to be able to conduct an amphibious assault with a two-brigade-sized force, with each brigade needing 17 ships in the assault echelon. So, that gives you a total of 34, with four somewhere in the maintenance cycle.

To give you—and also, that number pretty much does also—would support the steady-state demand for day-to-day operations that we see from the COCOMs.

To give you an example of the utility of 31 ships: Over 70 percent of the amphibious fleet at the end of January, during the Haiti operation, was at sea. So, that gives you an idea of the utility of the ships. So, as you get lower and you go down, then—for example, when you go down to 29, if you did the same thing with 29 ships, 80 percent of the amphibious fleet would be at sea, because we had nine ships supporting three different expeditionary units, and you had seven ships off the coast of Haiti, with nine in maintenance and six others available for deployment. So, that gives you an idea of the utility of the ships, as well as their use.

Senator WICKER. For accomplishing your mission, any drop between 31 would be an unacceptable risk. Is that correct, sir?

General FLYNN. Sir, I believe, from some of the operational analysis that I've seen, we'd be challenged to meet some of our presence requirements.

Senator WICKER. All right.

And then, I think people would be disappointed if I didn't talk about the well-deck issue. Mr. Secretary, we had a lengthy discussion last year. The idea of inserting well deck back in the LHA-7 has seemingly been put to rest. Is that correct?

Mr. STACKLEY. Yes, sir.

Senator WICKER. I'm interested in the way ahead. And I'll tell you, it's wonderful to have such access to General Conway and Admiral Roughead on a one-to-one basis. There seems to be an interest in adding the well deck back for future ships because of the increased weight of the equipment now.

And so, General Flynn, do you support putting well deck back in for future LHAs?

And, Secretary Stackley, is the Navy considering adding a well deck back to the follow-on to the LHA-7?

General?

General FLYNN. Sir, a couple of point on that. When the LHAs were first designed without the well deck, they were part of a larger program. They were also part of—MPF Future was still one of the considerations. So, whenever you think about the—you know, the requirement for amphibious ships, we also had to take into account what the program was at the time when that was first laid in.

So, without the well deck, we also had—MPF(F) was also a viable program. That is no longer is affordable, and we've made some adjustments there. So, in order to keep with the—with the number of amphibious ships that we're likely to see in the future, it's important that you have as much flexibility as you can, I think, in the ship designs. And that is why we've been working with the Navy and with Mr. Stackley to take a look at the feasibility of add-

ing the well back—well deck back into the ship that is currently programmed for fiscal year16.

Senator WICKER. Okay. Well, we're looking at the feasibility. Do you advocate that, at this point?

General FLYNN. Yes, sir. We believe that we do need the well deck back in to provide the flexibility, not just because of the added weight of some of the equipment, but also the utility of the ship to meet—you know, the size of the fleet's not going to get any bigger than 33, for sure, in the immediate future. So, the more flexibility you can have in the ships that you have, the better off you're going to be.

Senator WICKER. How close are we to a decision in that regard, sir?

General FLYNN. Sir, I—it's a POM 12 issue that we're working through right now, as to which design would be the most feasible, sir.

Admiral BLAKE. Sir, as a result of the—we had Navy and Marine Corps warfighter talks, earlier in the year. And as a result of those talks, it was determined that we would look at the feasibility of the well deck in the 2016 ship. And that is the current discussions that are going on between—

Senator WICKER. Fiscal year 2016?

Admiral BLAKE. Yes, sir. The '16 ship. And that is the current discussion that is going on between the Navy and the Marine Corps.

Senator WICKER. Mr. Secretary, do you have anything to add?

Mr. STACKLEY. Just to cap it off. As we talked about last year, there's desire—the discussion emerged, before last year's hearing, regarding the well deck; and the timing, in order to try to insert a well deck for an fiscal year11, ship, it just was not feasible, either in terms of cost or schedule.

So, what we have been doing in the meantime is taking a look at alternative approaches to getting back to a well-deck big deck for the next LHA, LHA-8, which is a 2016 ship. And we're looking at—called a mod-repeat to the LHD-8. We're looking at LHA-7-based—LHA-6-based design with a well deck. And then, we're looking at something a bit beyond that that provides a hybrid of capability between the LHA without a well deck and the well deck itself.

So, we are active, right now, looking at those type of alternatives, so that when we come forward with POM 12, we've got both a baseline, a design approach, leading to an fiscal year16 procurement.

Senator WICKER. I think that will wrap it up for me, Mr. Chairman.

Senator REED. Thank you very much, Senator Wicker.

I have one question. And that is the Expeditionary Fighting Vehicle. The Commandant has made this the centerpiece of his forceful-entry strategy. But, it seems, with the procurement rate being so low, that this vehicle would only be available, at the full operational capability, in 2025, with about 573 vehicles.

So, Mr. Secretary and General Flynn, can you comment on, you know, the role of the Expeditionary Fighting Vehicle, its importance? And if it is important, how does this production rate match the importance?

I don't know who wants to go first.

Mr. STACKLEY. Well, I'll have General Flynn address the role—  
Senator REED. Right.

Mr. STACKLEY.—and I'll talk about the procurement approach.

General FLYNN. The—Senator, on the Expeditionary Fighter Vehicle, it's part of a larger ground tactical vehicle strategy; it's just one piece of that. And the piece that—the role that it performs is the ability to get us quickly ashore, to be able to use the sea as maneuver space, but, at the other time, it's designed to be a fighting vehicle onshore. So, it performs multiple roles.

It has been sized to what we believe is the minimum requirement, which is a—again, a two-brigade-size assault.

The key part of the program right now is, it's—in accordance with the program restructure, the seven test vehicles are being delivered, starting last week. And we're going to go through the test phase so that we can make a final decision on the viability of the program after we see how the seven test vehicles perform.

Senator REED. So, you're reserving judgment—

General FLYNN. I think a key part of the restructuring of the program was the delivery of the seven test vehicles, and then to see how those test vehicles met the restructured knowledge points, to see how they perform.

Senator REED. But, if they—we want them to succeed. But, if—

General FLYNN. Right, sir.

Senator REED.—they fail, then you're on to a new—

General FLYNN. Sir, that—if—

Senator REED.—delivery system.

General FLYNN.—if they don't meet their knowledge point, sir, then, you know, we're not going to stick with the program. They have to meet their performance parameters at each of the knowledge points.

Senator REED. Mr. Secretary, your comments.

Mr. STACKLEY. Yes, sir. The only thing to add is—the history on the program is, it did see cost growth early, and it also saw a significant reduction in the quantity that was planned for procurement by the Marine Corps; proceeded with development; ran into some problems with testing and reliability; hit a Nunn-McCurdy wall; and restructured. That was about 2 years ago.

So, since the restructuring, the focus has been on, let's get the development right, so that we have a good firm baseline for production, recognizing that the out-year procurement rates aren't—are not optimal. So, you hit on it, that when you procure it at a lower rate, you're going to drive some cost, and you also delay when you get your full operational capability.

We have not made any adjustments to the out-year procurement in that regard. However, procurement was delayed a year, on the front end, so we can get greater assurance that we've got it right in the development. And the program office and industry has been working, doing a pretty credible job, in terms of at least giving the design and proofing the components. We're just now taking delivery of the test vehicles, where we can actually get into some substantive data to back up the analysis, to give us greater confidence.

Senator REED. Just—this is a somewhat unrelated question, but it goes to the current operational tempo of the—all of the forces.

How rigorously are you exercising forcible entries within the Corps today, General Flynn?

General FLYNN. Sir—

Senator REED. How often, I guess, is a better question.

General FLYNN. Sir, I wouldn't say it's, How often do you exercise forcible entry? I'd say it's, How often do you exercise sea-based operations?

Senator REED. Right. That—

General FLYNN. And I would say that we're doing it quite often.

Senator REED. Okay.

General FLYNN. You know, you had the Haiti operation. We put two expeditionary units down there, plus an additional ship; the noncombat evacuation from Lebanon; scores of partnership engagements that take place around the globe throughout the year; the humanitarian relief that occurred last year with the expeditionary unit on its way to the Gulf, so—and other sea-based operations in the CENTCOM areas of operation. So, there are quite a lot of operations that are ongoing from the sea right now.

Senator REED. I recognize that.

General FLYNN. I think it's—

Senator REED. But, it just strikes me that, you know, this is a cost to our land forces who are engaged in Afghanistan and Iraq, that some of the skills that they would need for noncounterinsurgency are not being exercised a lot. And I—you're right, going to Haiti, moving troops across the beach—marines across the beach is good. But, it's not the same thing as simulating a forcible entry with air support and live fire, et cetera. And that's probably done as much as—

General FLYNN. No, sir.

Senator REED.—should it be done.

General FLYNN. And that's one of the guidances we got from the Commandant, was to start doing that. And what you're going to see this year is a amphibious exercise done out at Camp Pendleton this summer. This fall, you're going to see exercise Bald Alligator done on the East Coast in Camp Lejeune.

Senator REED. With the 82nd Airborne?

General FLYNN. Sir, I think they're—they might be doing something else, sir. But—

Senator REED. I'm addressing that as—to the former Deputy Commander of the 18th Airborne Corps.

General FLYNN. Right.

Senator REED. So, he keeps up with these airborne units.

General FLYNN. But, sir—and whenever we can bring in the other corps, sir into the corps, we will.

Senator REED. Right.

Well, thank you, gentlemen, not only for this excellent testimony, but for your service to the Navy, to the Marine Corps, and to the Nation. Thank you very much.

At this—we will take any additional comments or statements my colleagues would like to submit for the record in the next several days. And there may be questions addressed to you by members who were here, or not here. And I would ask to respond promptly back to the committee.

And if there's no other information, then the hearing is adjourned.  
[Whereupon, at 4:34 p.m., the subcommittee adjourned.]