

**Chairman John McCain**  
**Opening Statement on *Ford*-Class Carrier**  
**October 1, 2015**

For more than seven decades, the aircraft carrier has been the centerpiece of America's global power projection. We rely on our carrier fleet to defend our interests, our values and our allies around the world—a mission that is more important than ever today, as global threats multiply from Gulf, to the Western Pacific, to the North Atlantic.

For 13 years, the Department of Defense has sought to develop our newest aircraft carrier—the *USS Gerald R. Ford*—marking the beginning of an entire new class of this ship. The *Ford*-class aircraft carrier program is one of our nation's most complex and most expensive defense acquisition projects. It has also become, unfortunately, one of the most spectacular acquisition debacles in recent memory. And that is saying something.

The *Ford*-class program is currently estimated to be more than \$6 billion over budget. Despite the recent announcement of a two-month delay, the first ship is scheduled for delivery next year. The second ship, however, is five years behind schedule. Significant questions still remain about the capability and reliability of the core systems of these aircraft carriers. And yet, when I asked the former Chief of Naval Operations who is responsible for the cost overrun on the *USS Gerald R. Ford*, he said he didn't know.

This Committee has been actively involved with this program from the very start, and since the beginning of this year, our oversight has increased significantly. At the direction of Senator Reed and myself, Committee staff have conducted a thorough investigation of the *Ford*-class program. This work has entailed the request and review of thousands of pages of work plans, proprietary documents, contracting information, correspondence, and operational testing data, as well as numerous interviews with key players from the Office of the Secretary of Defense, the Navy, and industry. This work has been done on a bipartisan basis, in keeping with the best traditions of this Committee.

As a result, we meet today with clear goals: to examine what has gone wrong with this program, to identify who is accountable, to assess what these failures mean for the future of our aircraft carrier fleet and Navy shipbuilding, and to determine whether any reforms to our defense acquisition system could prevent these failures from ever happening again.

To help us answer these questions today are the key civilian and military officials who are responsible for developing, procuring, testing and overseeing the *Ford*-class program:

- The Honorable Katrina McFarland, Assistant Secretary of Defense for Acquisition, is the principal adviser to the Secretary of Defense and the Under Secretary of Defense for Acquisition, Technology and Logistics on matters relating to acquisition.
- The Honorable Sean Stackley, Assistant Secretary of the Navy for Research, Development and Acquisition, is the Navy's acquisition executive responsible for the research, development and acquisition of Navy and Marine Corps systems.
- Rear Admiral Michael Manazir (Muh-NAZ-er), Director of Air Warfare on the Navy Staff, is responsible for naval aviation requirements.
- Rear Admiral Thomas Moore, Program Executive Officer for Aircraft Carriers, is responsible for aircraft carrier acquisition.
- Rear Admiral Donald Gaddis, Program Executive Officer for Tactical Aircraft, is responsible for naval tactical aircraft acquisition programs, including aircraft launch and recovery equipment.
- The Honorable J. Michael Gilmore, Director of Operational Test and Evaluation, is the senior advisor to the Secretary of Defense for operational and live fire test and evaluation of weapon systems.
- And Mr. Paul Francis, Managing Director of Acquisition and Sourcing Management at the Government Accountability Office, whose 40-year career with GAO has focused mostly on major weapons acquisitions, especially shipbuilding.

We thank each of our distinguished witnesses and thank them for joining us today.

In 2002, Secretary Donald Rumsfeld, the Office of the Secretary of Defense, and the Navy conceived of the *USS Gerald R. Ford*, or CVN-78, as a “transformational” weapons system. They decided to develop concurrently and integrate onto one ship, all at once, a host of advanced, and entirely unproven, technologies—including a new nuclear reactor plant, a new electrical distribution system, a new enlarged flight deck, a new dual band radar, a new electromagnetic catapult system to launch aircraft, and new advanced arresting gear to recover them. This was the original sin that so damaged this program.

Since 2008, the estimated procurement cost for CVN-78 has grown by \$2.4 billion, or 23 percent, for a total cost of \$12.9 billion. The story of the *USS John F. Kennedy*, or CVN-79, could be worse, because the Department of Defense began building it before proving

the new systems on CVN-78 and while continuing to make major changes to the CVN-79, including a new radar. This has made CVN-79, in essence, a second lead ship, with all of the associated problems. Its estimated cost has risen to \$11.5 billion—a \$2.3 billion, or 25 percent, increase. And the ship has been delayed five years, to 2024.

Much of the cost growth and schedule delays for the ship itself have been due to problems with its major components, which the Navy has been developing separately. These systems, especially those that launch and recover aircraft, have faced their own significant cost growth and schedule delays. And they still are not ready.

For example, the Advanced Arresting Gear, or AAG, was billed as a more efficient and effective way to recover a wider variety of aircraft on the carrier deck. However, AAG's development costs have more than quadrupled, and it is expected to take twice as long as originally estimated—15 years in total—to complete. As a result, if CVN-78 goes to sea as planned in 2016, it will do so without the capability to recover all of the types of aircraft that would land on the ship. Furthermore, the cost and schedule problems with AAG have so driven up its per unit cost that the Navy will be unable to upgrade on our older *Nimitz*-class carriers with this new system, as originally planned. This means that by the 2030s, many of our naval aircraft may be able to land on just a few of our carriers.

The *Ford*-class program is actually symptomatic of a larger problem: the dysfunction of our defense acquisition system as a whole. A decade of oversight reporting show that CVN-78 has been plagued by the same problems found throughout Navy shipbuilding and, indeed, most major defense acquisition programs: unrealistic business cases, poor cost estimates, new systems rushed to production, concurrent design and construction, and problems testing systems to demonstrate promised capability. All of these problems have been made worse by the absence of competition in aircraft carrier construction.

What's more, the *Ford*-class program exemplifies the misalignment of accountability and responsibility in our defense acquisition system. To my knowledge, not a single person has ever been held accountable for the failures of this program. This is due, in no small part, to a diffusion of authority across multiple offices and program managers. These blurred lines of accountability allow the leaders of our defense acquisition system to evade responsibility for results. Everyone is responsible, so no one is responsible.

While the Navy and the contractors deserve much of the blame, the milestone decision authority for the *Ford*-class program rests with the Office of the Secretary of Defense, specifically the Undersecretary of Defense for Acquisition, Technology and Logistics. AT&L is responsible for determining whether a program has a sound business case, and for approving the start of development and production. The Navy can be faulted for

excessive optimism and deficient realism, but AT&L was either complacent or complicit. Indeed, AT&L authorized the Navy to start construction of CVN-78 when only 27 percent of the ship was designed and just five of its 13 new systems were mature. Despite ten years of warnings from its own independent cost estimators and weapons testers, as well as the GAO, AT&L failed to make timely and effective course corrections.

And lest anyone think that Congress is above reproach, we are not. While congressional oversight has helped to control cost and improve the program, we could have intervened more forcefully and demanded more from the Department of Defense. We did not.

Ultimately, all of us need to internalize the lessons of this program. I am encouraged that the Navy appears to be doing so in their efforts to stabilize the program and change their approach to contracting for CVN-79. This year's National Defense Authorization Act also contains several provisions that increase oversight of the *Ford*-class program and streamline authority, accountability, and responsibility in our defense acquisition system.

But perhaps the lesson I would most stress is this: We cannot afford another acquisition failure like the *Ford*-class aircraft carrier, especially in the current fiscal environment. We simply cannot afford to pay \$12.9 billion for a single ship. And if these costs are not controlled, we must be willing to pursue alternatives that can deliver similar capability to our warfighters on time and on budget. We must be willing to question whether we need to go back to building smaller, cheaper aircraft carriers that could bring new competitors into this market. We might even have to consider rebalancing our long-range strike portfolio with fewer carriers and more land-based or precision-guided weapons. If we cannot do better, everything must be on the table, and so long as I am Chairman, it will.

I thank the witnesses and look forward to their testimony.