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Before the

COMMITTEE ON
ARMED SERVICES

UNITED STATES SENATE

TO CONSIDER THE NOMINATION OF MR. JOHN C. PHELAN TO
BE SECRETARY OF THE NAVY

Thursday, February 27, 2025

Washington, D.C.

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1029 VERMONT AVE, NW
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www.aldersonreporting.com

1 TO CONSIDER THE NOMINATION OF MR. JOHN C. PHELAN TO BE
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6 U.S. Senate

7 Committee on Armed Services

8 Washington, D.C.
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10 The committee met, pursuant to notice, at 9:30 a.m. in
11 Room SD-G50, Dirksen Senate Office Building, Hon. Roger
12 Wicker, chairman of the committee, presiding.

13 Committee Members Present: Senators Wicker, Fischer,
14 Cotton, Rounds, Ernst, Sullivan, Scott, Tuberville, Budd,
15 Banks, Sheehy, Reed, Shaheen, Gillibrand, Blumenthal,
16 Hirono, Kaine, King, Warren, Peters, Rosen, and Kelly.
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1 OPENING STATEMENT OF HON. ROGER WICKER, U.S. SENATOR
2 FROM MISSISSIPPI

3 Chairman Wicker: Good morning. The hearing will come
4 to order. The committee on Armed Services is meeting to
5 consider the nomination of Mr. John Phelan to be Secretary
6 of the Navy.

7 Mr. Phelan has had a distinguished career in the
8 private sector. His background showcases his ability to
9 manage complex business deals to drive efficiency and to
10 deliver results. Our Navy will need someone with all three
11 of those skills and more to get our Navy back on the right
12 track.

13 The Navy is up against significant challenges, and the
14 nominee before us can be a crucial part of that solution. We
15 also, my colleagues, need to be part of that solution.

16 Congress, industry, and Navy leadership have all
17 contributed to these problems. We must all work together to
18 solve the issues facing us. We must begin by addressing the
19 most urgent need, getting ship building back on track. Our
20 sailors have performed admirably in combat operations, but
21 Navy leadership has been unable to grow the fleet even as
22 its budget has been increased.

23 The Navy remains woefully short of the statutory
24 requirement of 355 ships -- the statutory requirement. Just
25 about every major shipbuilding program is behind schedule,

1 over budget, or irreparably off track. For years, we have
2 seen significant delays. The failures are everywhere.
3 Ford-class carriers, Virginia-class submarines,
4 Constellation-class frigates all are behind schedule. Every
5 year, the Navy shipbuilding plan promises future growth. In
6 reality, we have only watched as the fleet diminished.

7 In December 2020, the shipbuilding plan said the Navy
8 would grow to 315 ships by 2025. Here we are in 2025, and
9 we have only 287 ships. It is clear that we have not gotten
10 the job done -- we have not gotten the job done. Together,
11 we can work to fix that.

12 We must stabilize shipbuilding programs, adopt
13 commercial best practices, and incentivize the shipyards to
14 address workforce and productivity issues in a
15 collaborative, rather than combative, manner. And we can
16 quickly inject innovation into naval procurement,
17 particularly on unmanned ships.

18 The story of naval maintenance is no better than the
19 story of shipbuilding. Our maintenance performance is
20 unimpressive across ship classes. For just one example, last
21 year, multiple amphibious ships were unable to deploy on
22 time. Instead, they sat in the yards waiting for repairs.
23 Sailors have been trained on fewer than half the required
24 maintenance tasks and only have enough time to accomplish 40
25 percent of required maintenance. The reduced quality of

1 recruits exacerbates the situation.

2 This chain of events raises cost and creates schedule
3 challenges for ship repair yards down the line. Deployments
4 increase and the number of older ships decreases, sending
5 the Navy into a death spiral.

6 I am painting a dismal picture, but an accurate
7 picture.

8 The Navy struggles to man the fleet. The previous
9 administration paid too much attention to demographic
10 traits, which contributed to the Navy's failure to meet its
11 recruiting goals. The Navy did eventually meet last year's
12 recruiting targets, but only by lowering standards. Last
13 year, nearly 20 percent of Navy recruits were considered
14 category IV. They tested below the 30th percentile on the
15 military aptitude test -- below the 30th percentile.

16 Recruiting has improved significantly over the last few
17 months, but the Navy must keep up this recruiting pace for
18 the next 3 years to fill the estimated 20,000 vacancies on
19 our ships today. Consistently deploying undermanned ships
20 exhausts sailors and creates real operational risks, as the
21 Navy knows all too well from its own accident
22 investigations.

23 The stakes are high. We face a threat environment more
24 complex than any since World War II. Our naval forces must
25 be ready to operate in highly contested environments, from

1 the Western Pacific to the Atlantic, and from the North Sea
2 to the Red Sea and beyond.

3 The Navy's role in our national security is more
4 important than any moment since World War II, at exactly the
5 worst time the service has been beset with poor management,
6 and a lack of vision.

7 I am pleased with the nominee's track record. He has
8 rescued companies in distress. Our Navy is certainly in
9 distress and needs that same kind of leadership.

10 So I look forward to hearing Mr. Phelan's views about how to
11 fix shipbuilding, maintenance, and recruitment in the Navy,
12 and I now recognize Ranking Member Reed for his opening
13 remarks.

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1 STATEMENT OF HON. JACK REED, U.S. SENATOR FROM RHODE
2 ISLAND

3 Senator Reed: Well, thank you very much, Mr. Chairman.
4 And Mr. Phelan, welcome. Congratulations on your
5 nomination. And I would like recognize your wife, Amy, and
6 daughter, Makenzie. Thank you for being here.

7 Mr. Phelan, you have been nominated to be Secretary of
8 the Navy. If confirmed, you will lead the Department of the
9 Navy at a consequential time. As Secretary, you will be
10 responsible for recruiting, organizing, training, and
11 equipping the force while establishing forward-looking
12 policies and programs for the Department.

13 The importance of the joint Navy and Marine Corps
14 mission has never been more clear. For over a year, our
15 naval forces have operated in the Red Sea and Middle East to
16 support Israel and defend our interests in the region. U.S.
17 Navy vessels have successfully shot down hundreds of drones
18 and missiles launched by Iran, Hamas, and the Houthis, and
19 our sailors and Marines have experienced more at-sea combat
20 than any American forces since World War II. They have
21 saved lives, protected our allies, and defended the
22 international waterways. I salute the servicemembers who
23 have been involved in these operations.

24 Mr. Phelan, you have spent your career in the private
25 investment field. You have founded and led a number of

1 lucrative private investment firms. However, while you
2 clearly have experience managing large companies, you do not
3 have any significant experience with the United States Navy
4 or the military at large. You will have to quickly learn a
5 great deal about a complex organization, including its
6 hundreds of thousands of sailors and Marines, while the
7 service faces growing international threats and internal
8 challenges. And I think you will quickly come to discover
9 that the culture of the Navy -- that should be plural -- the
10 cultures of the Navy are interesting and will present a
11 challenge to understand.

12 The U.S. Navy remains the finest maritime force in the
13 world, but it has struggled to grow and maintain its fleet,
14 as the Chairman has pointed out. For several years, the
15 service has fallen well short of its shipbuilding and
16 deployment plans. A number of vessels, including an
17 aircraft carrier and multiple destroyers and frigates, are
18 behind schedule, in some cases by several years.

19 I would also note that Virginia-class fast attack
20 submarines and the Columbia-class ballistic missile
21 submarines, which are critical for maintaining our undersea
22 advantage and nuclear deterrent against competitors like
23 China, are facing construction delays of over a year.

24 These acquisition programs have a multitude of parties
25 involved -- major contractors, small subcontractors,

1 military personnel, and civilian personnel. Each program is
2 complex and costly. Indeed, a recent Congressional Budget
3 Office report estimated the total shipbuilding cost for the
4 Navy to reach its goal of 381 ships would be \$40 billion per
5 year for the next 30 years.

6 Mr. Phelan, I am interested to know how you plan to
7 learn about these different acquisition programs and their
8 unique challenges, and how you will approach getting them
9 back on schedule and on budget.

10 The biggest cause of delays, seems to be a workforce
11 shortage. The private shipyards, in particular, lost many
12 workers during COVID and have struggled to hire and train
13 new employees. The employees of the Navy shipyards are all
14 Federal workers, but both private and public yards need
15 stability in funding and employment to be successful. I
16 fear that a number of upcoming disruptions, including a
17 possible year-long Continuing Resolution; Secretary
18 Hegseth's plans to slash 8 percent of the defense budget, or
19 about \$70 billion each year; and Mr. Hegseth's plan to fire
20 up to 8 percent of the defense workforce, or about 75,000
21 employees, will jeopardize any progress the shipbuilding
22 programs could make.

23 Mr. Phelan, if you are confirmed, you will be
24 responsible for managing the fallout from these cuts within
25 the Navy. At a time when we face unprecedented threats from

1 China and struggle to hire enough workers to meet our
2 shipbuilding demands, you will need to find a way to balance
3 these reductions against the Navy's increasing missions. I
4 am interested, obviously, if you have any thoughts on how
5 you will accomplish these challenging missions.

6 As Secretary of the Navy, you will also oversee the
7 Marine Corps while it is in the midst of a substantial
8 transformation. With a focus on competition in the Indo-
9 Pacific, the Marine Corps has been restructuring around
10 expeditionary concepts that will provide a more flexible
11 amphibious force that can support a broader naval fight once
12 ashore.

13 To achieve this, the Corps is prioritizing a number of
14 modernization efforts, including long-range fires, enhanced
15 air and missile defense, and improved ground and amphibious
16 combat vehicles. These platforms should help equip the
17 Marines with improved force protection, lethality, and
18 mobility. I would note, however, that the Marine Corps is
19 constrained in its ability to employ Marine Expeditionary
20 Units because of the current limitations of the amphibious
21 fleet.

22 Mr. Phelan, you are facing momentous challenges that
23 will require all of your experience and skills, and thank
24 you for your willingness to serve, and I look forward to
25 your testimony.

1 Thank you, Mr. Chairman.

2 Chairman Wicker: Mr. Phelan, do you still want this
3 job?

4 [Laughter.]

5 Chairman Wicker: Just kidding. Actually, I spot
6 another highly successful entrepreneur there at the desk
7 with you, Senator Scott, who I believe has some introductory
8 words. Senator Scott, you are recognized.

9 Senator Scott: Thank you, Chairman Wicker and Ranking
10 Member Reed, and members of the Committee. First off, it is
11 an honor to sit here by my good friend, Mr. John Phelan, to
12 be the next Secretary of the Navy. I would also like to
13 recognize his wonderful wife, Amy, his daughter, Makenzie,
14 and cousin, Francisca, who are here in support of John,
15 along with his friends.

16 I have known John for a long time. He is a proven
17 leader of exceptional ability, a great businessman, and an
18 individual with unwavering integrity. Whatever he tells you
19 he is going to do, it is going to happen. As a Navy veteran
20 myself, I know he will be an incredible asset to our nation,
21 leading the Navy, and he will work closely with President
22 Trump and Defense Secretary Pete Hegseth to make the Navy a
23 lethal force with accountability to taxpayers.

24 John's work in the private sector shows his ability to
25 build teams, foster accountability, and make decisions that

1 prioritize long-term success. He also has demonstrated an
2 ability to manage complex organizations, drive innovation,
3 and deliver results, all talents that are vital in leading
4 the Department of the Navy.

5 As we all know, our Navy faces significant challenges,
6 global threats from Communist China, Russia, and Iran, the
7 urgent need to modernize our fleet, and the responsibility
8 to recruit and retain the best talent.

9 Another serious problem the Department of Defense has
10 faced for years is the inability to pass an audit. I know
11 the Secretary is fully committed to fixing this, and he
12 needs people like John leading every single department of
13 the military to make sure this is done as soon as possible.

14 The issues that the Navy is facing are not just
15 military challenges. They are leadership and management
16 issues. President Trump chose a leader who can deliver for
17 Americans and for the great men and women of our Navy, one
18 who can cut through government bureaucracy to build
19 efficiency and lethality. That is John. His extensive
20 business experience will bring fresh perspective to
21 strengthen the Department and drive solutions for years to
22 come

23 With his and the Secretary of Defense's leadership, our
24 military forces will be accountable to taxpayers once again.
25 His financial management and operational efficiency

1 background have made him a respected figure in the business
2 world. He is very well thought of, and he will be an
3 effective and respected leader at the Navy.

4 I have known John for many years. I know his
5 leadership will help drive the strategic vision necessary to
6 maintain our naval superiority. More importantly, John is
7 deeply committed to the men and women who serve. He
8 respects those who put on the uniform and put their lives on
9 the line to defend and protect our country, as each of us
10 do.

11 John knows that leadership is not just about numbers;
12 it is about empowering the people in the organization,
13 ensuring they have the trust and tools necessary to complete
14 their mission, and the understanding that his decisions
15 could mean life or death for our sailors and Marines. I
16 know he will never take that lightly.

17 I look forward to hearing from John today about his
18 vision for the Navy and how he plans to strengthen our
19 force. I am confident that his skills, character, and
20 expertise will make him an effective Secretary of the Navy.
21 I look forward to the Committee considering him a highly
22 qualified candidate. President Trump was elected with a
23 mandate. President Trump and the Secretary of Defense need
24 a Navy Secretary who will make sure that mandate is
25 fulfilled in the Department of the Navy.

1 Thank you, Mr. Chairman, and I hope everybody will
2 support my good friend, John Phelan.

3 Chairman Wicker: Thank you very much, Senator, and Mr.
4 Phelan, you are now recognized for your opening statement.

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1 STATEMENT OF JOHN C. PHELAN, TO BE SECRETARY OF THE
2 NAVY

3 Mr. Phelan: Chairman Wicker, Ranking Member Reed, and
4 distinguished members of the Committee, it is an honor to
5 sit before you as the nominee for Secretary of the Navy.
6 Thank you for the opportunity. I would also like to thank
7 Senator Scott for his generous introduction.

8 I am fortunate to be joined here by my wife, my
9 daughter, Makenzie, as well as some dear friends behind me.
10 Their unwavering support through the confirmation process
11 has been invaluable.

12 I am deeply grateful to President Trump for his trust
13 and confidence in me. President Trump was right. Achieving
14 peace through strength is essential to deterrence and
15 protecting our freedom and our way of life.

16 Recently I had the humbling experience of visiting
17 Arlington National Cemetery with Medal of Honor recipients
18 and Gold Star family members. Standing among those
19 thousands of crosses and reflecting on the magnitude of what
20 these brave warriors accomplished, but most importantly
21 sacrificed, reminded me of a quote by the late Major Doug
22 Zembiec, also known as the Lion of Fallujah. "Never forget
23 those that were killed. And never let rest those that
24 killed them."

25 If confirmed, I will use my business and military

1 charitable work experience to ensure that our Navy and
2 Marine Corps are prepared to meet the moment.

3 The U.S. Navy and Marine Corps remain the most
4 formidable expeditionary force in the world, but the U.S.
5 Navy is at a crossroads. Extended deployments, inadequate
6 maintenance, huge cost overruns, delayed shipbuilding,
7 failed audits, subpar housing, and sadly, record high
8 suicide rates are systemic failures that have gone
9 unaddressed for far too long, and frankly, this is
10 unacceptable.

11 Admiral Bull Halsey put it best: "All problems become
12 smaller if you don't dodge them but confront them." If
13 confirmed, that is exactly what I will do.

14 The Department of the Navy's mission requires
15 persistent global deployment across 72 percent of the
16 Earth's surface and the airspace above it. If confirmed, my
17 focus will be on three priorities: the health, welfare, and
18 training of sailors and Marines; strengthening naval
19 capabilities, particularly shipbuilding and the defense
20 industrial base; and fostering an adaptive, accountable, and
21 innovative warfighter culture.

22 Senators, as you all know, people are our most precious
23 resource, and their health and welfare must be our utmost
24 priority. Recruiting and retention challenges have left
25 critical positions unfilled, stretching our forces thin, and

1 reducing readiness. Ships lack full crews, deployments are
2 extended, and the burden on sailors and their families
3 increases. Recruitment and retention challenges demand a
4 renewed focus on quality of life issues. If we are to
5 attract and retain the best talent, the Navy needs to become
6 a place where men and women see not just a job but a future.

7 Next, we must restore operational readiness. Today we
8 face a strategic inflexion point. Adversaries, in
9 particular, China, are aggressively expanding their naval
10 capabilities. Every shipbuilding delay, every maintenance
11 backlog, and every inefficiency is an opening for our
12 adversaries to challenge our dominance. We cannot allow
13 that to happen.

14 Naval innovation must also extend beyond hulls and
15 keels. Strengthening relationships with the defense
16 industrial base, incorporating lessons from recent
17 conflicts, and integrating emerging technologies are
18 essential to maintaining our competitive advantage. This
19 requires more than just funding. It requires a relentless
20 focus on execution, innovation, and accountability.

21 As to culture, the Navy and the Marine Corps
22 historically have embodied resilience, ingenuity, and
23 adaptability. More than ever we need to return to this
24 ethos. I have analyzed thousands of organizations. A
25 common refrain among those that are failing is, "This is how

1 we've always done it." Yes, there is great value in
2 stability and tradition, which I will respect and do
3 appreciate. But when it suffocates adaptability,
4 innovation, collaboration, and trust, it erodes an
5 organization's ability to win.

6 I understand that some may question why a businessman
7 who does not wear the uniform should lead the Navy. I
8 respect that concern. The Navy and Marine Corps already
9 possess extraordinary operational expertise within their
10 ranks. My role is to utilize that expertise and strengthen
11 it, to step outside the status quo and take decisive action
12 with a results-oriented approach.

13 I do recognize the critical importance of working
14 closely with Congress, and particularly this Committee. As
15 my father, who served, often reminded me, freedom is not
16 free. That is why I accepted this nomination, because I
17 believe in service to those who dedicated their lives to
18 defending this nation.

19 Senators, if confirmed, it is my pledge to support our
20 sailors and Marines and ensure we remain the premier
21 maritime force in the world. Thank you, and I look forward
22 to your questions.

23 [The prepared statement of Mr. Phelan follows:]

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1 Chairman Wicker: Thank you very much. First of all,
2 Mr. Phelan, there are standard questions which this
3 Committee is required to ask you and which you are required
4 to answer, so let's begin with that.

5 Have you adhered to applicable laws and regulations
6 governing conflicts of interest?

7 Mr. Phelan: Yes, sir.

8 Chairman Wicker: Have you assumed any duties or taken
9 any actions that would appear to presume the outcome of the
10 confirmation process?

11 Mr. Phelan: No, sir.

12 Chairman Wicker: Exercising our legislative and
13 oversight responsibilities makes it important that this
14 Committee, its subcommittees, and other appropriate
15 committees of Congress receive testimony, briefings,
16 reports, records, and other information from the executive
17 branch on a timely basis. Do you agree, if confirmed, to
18 appear and testify before this Committee, when requested?

19 Mr. Phelan: Yes, sir.

20 Chairman Wicker: Do you agree to provide records,
21 documents, and electronic communications in a timely manner,
22 when requested by this Committee, its subcommittees, or
23 other appropriate committees of Congress, and to consult
24 with the requestor regarding the basis for any good faith
25 delay or denial in providing such records?

1 Mr. Phelan: Yes, I do.

2 Chairman Wicker: Will you ensure that your staff
3 complies with deadlines established by this Committee for
4 the production of reports, records, and other information,
5 including timely responding to hearing questions for the
6 record?

7 Mr. Phelan: Yes, sir.

8 Chairman Wicker: And there may be questions for the
9 record today because we will have rounds of only 5 minutes.

10 Will you cooperate in providing witnesses and briefers
11 in response to congressional requests?

12 Mr. Phelan: Yes.

13 Chairman Wicker: Will those witnesses and briefers be
14 protected from reprisal for their testimony or briefings?

15 Mr. Phelan: Yes.

16 Chairman Wicker: Here endeth the required questions.

17 All right, Mr. Phelan, you have extensive experience in
18 entrepreneurship. You testified in your prepared statement
19 about health and welfare, about moving past the status quo
20 in our recruiting and in shipbuilding and in increasing and
21 enhancing the industrial base through execution and
22 accountability.

23 Could you elaborate on what you think we need to do,
24 based on what you have heard, to improve recruiting?

25 Mr. Phelan: Thank you for the question, Senator. I

1 think there are a couple of different things. First of all,
2 I think in the last month, as you mentioned in your opening
3 statement, recruiting numbers have gone up, and I think that
4 is a reflection of first the President's victory, and
5 secondly, a return to the warfighting ethos, which is really
6 what the business of the military is.

7 I believe a couple of different things. One, we have
8 the 250th anniversary of the Navy and the Marine Corps
9 coming up this year. I think that is a great opportunity to
10 show the benefits of service, and that is something that I
11 intend to take advantage of, from a recruiting perspective.

12 Secondly, I think we can do things better from a
13 digital perspective, in terms of outreach.

14 Third, I think there is something to be learned from
15 the Marine Corps, who has been pretty consistent in hitting
16 their numbers. As I understand it, the Marine Corps has
17 used the same advertising agency for over 30 years, which I
18 believe has allowed it to build its brand, and it has got a
19 very powerful message. So I think that is something else we
20 need to focus on is the marketing, and showing the benefit
21 of serving, and what a great opportunity that is for young
22 people, and what they get by serving.

23 Chairman Wicker: Okay. Let's move to shipbuilding.
24 If we threw a zillion dollars at the Department of the Navy
25 today, we could not build the ships because we do not have

1 the industrial base. We have got to fix that. And I think
2 that is why the President looked to an entrepreneur and an
3 experienced business person.

4 How are we going to fix our industrial base so we can
5 get to the number of ships that are required for us to be
6 competitive and a deterrent to adversaries that are working
7 together like they have never done before -- Iran, Russia,
8 North Korea, and Communist China?

9 Mr. Phelan: Thank you for the question, Senator. I
10 know this issue is important to you, and we spent some time
11 together when I met with you in the office.

12 I think this is a critical task. The President has
13 been very consistent when he spoke with me -- shipbuilding,
14 shipbuilding, shipbuilding. I think, if confirmed, I intend
15 to go visit the shipyards. I look forward to hopefully
16 visiting it with you in Mississippi, because I know you have
17 done an exceptional job in the shipbuilding there. And I
18 think we need to take some of the best practices from those
19 yards, some of the best practices from some of the foreign
20 yards, as well, to learn.

21 But we have to reinvigorate the industrial base in
22 America. That could come from a couple of different angles.
23 The SHIPS Act I know is something that is being considered.
24 I think there are some very good ideas in the SHIPS Act in
25 terms of trying to reinvigorate the industrial base, such as

1 opportunity zones for shipbuilding. And I think that if we
2 can incent the private sector in the right way -- and I
3 think that is by telegraphing demand -- then you will get
4 the private sector to actually invest in these yards. And I
5 think that is an important thing.

6 And then I think it is also making a career out of
7 having the appropriate skill set in the workforce, and that
8 comes from training and having proper programs. I think
9 these are things that I have experience with, with
10 businesses that I have run, in terms of construction
11 companies, and how to create an apprentice program that
12 tracks people and also makes sure your most talented skilled
13 labor does not leave so quickly and actually passes on those
14 skills.

15 Chairman Wicker: Mr. Phelan, when a shipyard welder
16 can go outside the gate and work at a convenience store for
17 a competitive price, that has got to be fixed, does it not?

18 Mr. Phelan: It does, sir. That needs to be analyzed
19 and looked at. You cannot have that kind of wage
20 differential for those types of different jobs.

21 Chairman Wicker: All right. Thank you very much for
22 your testimony. I am going to recognize the distinguished
23 Ranking Member for questions, and hand the gavel to Senator
24 Cotton until I am back from another hearing.

25 Senator Reed: Thank you, Mr. Chairman, and thank you,

1 Mr. Phelan.

2 Let me zero in on one aspect of the shipbuilding and
3 that is submarine construction. As I pointed out, and as
4 you well know, we are behind. And in addition to being
5 behind, we have already made commitments to Australia to
6 provide attack submarines, and that increases the demand on
7 the system. Fortunately, we have been trying to increase
8 funding for submarine construction, and I must commend the
9 Chairman for his efforts last year to include \$5 billion.

10 But let me just ask you, how do you evaluate the
11 importance of submarines, to not only the Navy but to
12 national defense, and how do you propose securing sufficient
13 funds to get us back on track?

14 Mr. Phelan: Thank you for the question, Ranking Member
15 Reed. I appreciated the time we spent talking about this,
16 for sure.

17 Look, I think the Columbia submarine program is
18 incredibly important. It is the most important nuclear
19 deterrent we have. It is the most resilient, survivable one
20 that we have. I think that I need to really get in there
21 and dig in and take a look at what exactly is causing the
22 delays. I am a big believer in what we call kind of root
23 cause analysis. I think there is a lot of this going on,
24 between requirements, contractors, workers. And I have not
25 had the benefit of visiting the yard. I look forward to

1 doing that with you, if confirmed.

2 I think that, you know, it is a very complicated
3 manufacturing process. I do think we need to analyze ways
4 to create more competition for some of the components that
5 are made in this sub, and potentially in the sub making.
6 And the question is how do you do that, and that comes from
7 incentives. That comes from working together with the
8 private sector.

9 And I think ultimately, at the end of the day, what you
10 want to try to do is make it so that the private sector --
11 you make the pie bigger and so that they can have a smaller
12 slice of the bigger pie. And I think if we can create the
13 right incentives, that is the right way.

14 I think one of the things again, and I have not
15 reviewed contracts, from what I can see, I am candidly
16 fearful of what I am going to find when I read some of these
17 contracts and get in there, in terms of they are pro to the
18 private sector side. But we need to go in there, take a
19 look at them. If they need to be restructured then we are
20 going to have to do that.

21 But we have to get back to more of a concept of shared
22 risk. I think it is fine for the private sector to earn a
23 profit. They should make a profit, based on the risk that
24 they are taking. And that is what we need to really get
25 back to, and look at.

1 So if confirmed, Ranking Member Reed, this will be a
2 top priority for us, very quickly, to get our arms around
3 this and try to get this out.

4 Senator Reed: Well, thank you very much. And I think
5 you recognize the invaluable role that the civilian
6 workforce provides the Navy and Marine Corps. Is that your
7 view?

8 Mr. Phelan: Yes, sir.

9 Senator Reed: Well, it is interesting, because the
10 Department of Defense announced a few days ago that 5,400
11 probationary employees would be fired, without any real
12 analysis of the need. But more troubling is the declaration
13 that there will be an eventual 5 to 8 percent reduction,
14 which works out to about 70,000-plus people. And I do not
15 know if you are aware of this, but Section 129(a) of Title
16 10 requires that no Federal civilian workforce employee can
17 be fired unless the Secretary -- and I am quoting now --
18 "unless the Secretary conducts an appropriate analysis of
19 the impacts of such reductions on workload, military force
20 structure, lethality, readiness, operational effectiveness,
21 stress on the military force, and burdened costs."

22 So the simple question is, do you intend to follow the
23 law as you pursue these reductions?

24 Mr. Phelan: Thanks for the question, Senator. If
25 confirmed, I will follow all laws, all lawful orders that we

1 get. I am not privy to the actual cuts that have occurred.
2 I have just read what has been in the paper as it relates to
3 it. I do think the shipbuilding force is critical. I do
4 not know if we have labor shortages. I suspect in certain
5 yards we do. And if confirmed, I will sit down with the
6 Secretary of Defense and the President and very quickly talk
7 about that, because I know that is a key priority for the
8 President is ensuring that our shipbuilding is done.

9 Senator Reed: And finally, will you make available the
10 documentation that the Department of Defense must have to
11 justify these firings?

12 Mr. Phelan: I'm sorry. Say that again, Senator.

13 Senator Reed: Would you commit to the Committee to
14 make available to us the documentation of all the criteria
15 that I have listed in the statute so that we can confirm
16 that such a review has been conducted?

17 Mr. Phelan: Senator, I will follow all laws that
18 exist. I assume you guys get that documentation.

19 Senator Reed: Thank you very much.

20 Senator Cotton: [Presiding.] Senator Fischer.

21 Senator Fischer: Thank you, Senator Cotton. It is
22 nice to see you here today, Mr. Phelan, and welcome to your
23 friends and family for being here with you. I appreciate
24 you putting yourself forward to serve your country in this
25 capacity.

1 Mr. Phelan, in your Advanced Policy Questions to the
2 Committee you stated, quote, "If confirmed, I will ensure
3 the Department complies with existing statutory requirements
4 to continue funding development of the nuclear sea-launched
5 cruise missile," unquote. Do you stand by that statement?
6 Yes or no.

7 Mr. Phelan: Senator, I think the nuclear sea-launched
8 cruise missile is a very important program. I have not been
9 read-in on the briefings on that, but I know it is a
10 critical component to our defense.

11 Senator Fischer: And will you follow the statutory
12 requirements?

13 Mr. Phelan: Yes, I will.

14 Senator Fischer: Thank you, sir. To follow up on the
15 shipbuilding part that has been discussed by the Chairman,
16 the Strategic Posture Commission recommended the
17 establishment of additional shipyards dedicated to nuclear-
18 powered ships and submarines. If confirmed, would you be
19 open to exploring that option?

20 Mr. Phelan: Yes, I would, Senator. I think it is a
21 very important part of our strategic focus.

22 Senator Fischer: Thank you. What we have learned from
23 the war in Ukraine is that the United States defense
24 industrial base was not equipped to scale up production
25 rates of munitions for these modern conflicts. Is it your

1 view that the United States must further increases munition
2 production capacity?

3 Mr. Phelan: Yes, Senator. I think we are at a
4 critical shortage, and we have far too much dependence on
5 one facility.

6 Senator Fischer: Do you have any initial thoughts that
7 you can share with us about steps that maybe you would be
8 taking to ensure that the Navy has the munitions stockpiles
9 that are required to meet the needs of the combatant
10 commanders?

11 Mr. Phelan: Yes, Senator. I think, as you know, we
12 are short munitions, as we have seen. I think we need to
13 create more of a manufacturing base and incentivize more
14 munitions plants in order to supplement what we already
15 have. So if confirmed, I intend to focus on this very
16 quickly and get that resolved, because I think we are in a
17 dangerously low level from the stockpile perspective, as
18 well as new.

19 I will use the skills that I had in the business world,
20 in terms of incenting. I think a lot of that also comes
21 with working with you and the Committee and the Congress,
22 because we do need to send signals to the private sector to
23 incentivize them to build these plants to get going. So
24 ordering, giving them a contract to build I think will be
25 critical, and I would like to believe we should be able to

1 create a win-win between the private sector and for the
2 taxpayer of the United States.

3 Senator Fischer: You mentioned contracts with the
4 shipbuilding, too, to be able to do a review of those
5 contracts, to make sure that there are incentives, that
6 private companies can make profits with that. You mentioned
7 contracts again now. Would you look at that, as well, in
8 depth, on current contracts that we have with regard to our
9 munitions, and if maybe what we are looking at here are
10 roadblocks in being able to move ahead with being able to
11 provide these munitions?

12 Mr. Phelan: Thank you for the question, Senator. Yes,
13 I intend to sit down, day one, and we are going to go
14 through every contract that we have and understand what
15 exactly they say and what flexibility they do or do not give
16 us, what contract needs to change or not change, and why. I
17 intend to do the same thing as it relates to an audit. I
18 need to understand why the Navy cannot pass an audit. The
19 Marine Corps has done it 2 years running now. They deserve
20 a lot of credit for that. I think that is a great thing.

21 We are going to change and create much more
22 accountability and understanding, because all of these
23 things affect readiness. And as I said in my statement,
24 readiness is critical, and I think we are at a very critical
25 inflection point, particularly versus our near-peer

1 adversaries.

2 So these are all things that are a reflection of a
3 culture, as I mentioned, in decay. We need to have a tight
4 focus on these things. If we do not know where our
5 inventory is, how can we have a training mission? I have
6 heard stories of training missions that are failed because
7 the equipment was not there, and so we end up losing that
8 money, and that is not good.

9 Senator Fischer: Thank you very much, sir. Thank you,
10 Senator Cotton.

11 Senator Cotton: Senator Shaheen.

12 Senator Shaheen: Good morning, Mr. Phelan.
13 Congratulations on your nomination. Welcome to your family
14 and your friends who are here with you.

15 Last week, Secretary Hegseth issued a memo to the
16 Defense Department, which we have referenced already. But
17 it asks the services and the Joint Staff for proposals to
18 cut the defense budget by 8 percent every year for the next
19 5 years. The memo provides a handful of exemptions,
20 including for the Virginia-class submarine program and
21 military construction in the Indo-Pacific only. It does not
22 provide an exemption for our country's maritime industrial
23 base. And I am actually concerned that Secretary Hegseth
24 may not be aware of the work that the Navy is doing to
25 modernize our public shipyards. It is something that we

1 discussed when you were kind enough to meet with me.

2 But because, in his questions for the record following
3 his own confirmation hearing, Secretary Hegseth said, and I
4 am quoting here, in his statement, "The Navy has not made
5 investments to modernize our four public shipyards." Mr.
6 Phalen, that simply is not true. The Shipyard
7 Infrastructure Optimization Plan, or SIOP, which we
8 discussed a little bit when we met, is a 20-year, \$21
9 billion investment to make sure that our shipyards are ready
10 to meet the needs that our Navy has into the next century.
11 I think we discussed the Portsmouth Naval Shipyard, which we
12 have an interest in, in New Hampshire. It sits between New
13 Hampshire and Maine. It is our nation's longest serving
14 public shipyard.

15 Senator King: No. It is in Maine, Senator, just to be
16 clear.

17 Senator Shaheen: But it has an address that is
18 Portsmouth, New Hampshire. I am willing to share it with
19 you, Senator King.

20 It has the best record for on-time, on-budget
21 maintenance and repair of our submarine force.

22 So I appreciate your focus on operational readiness,
23 but I am trying to square how operational readiness comports
24 with the 8 percent budget cuts that are going to affect our
25 investment in our public shipyards.

1 Mr. Phelan: Thank you for the question, Senator
2 Shaheen, and I did appreciate the time with you, and it was
3 enjoyable.

4 What I would say to you is my understand, again, and I
5 have just read what is in the paper, is that Secretary
6 Hegseth has talked about this as a planning tool, to kind of
7 look at what would happen if we need to cut 8 percent, and
8 that is my understanding, which I think is a useful exercise
9 to go through, which is where would we cut if we need to
10 cut.

11 Now, my also understanding is it is to take money away
12 from non-lethal activities and reallocate that capital to
13 more lethal activities. Do I view the construction of our
14 subs and ships as lethal activities? The answer is yes,
15 because we need to have these ships and we need to get them
16 out there quickly. As -- go ahead. Sorry.

17 Senator Shaheen: Well, and as you know, our nuclear
18 attack submarines are one of the advantages that we have
19 over the Chinese. And as we are thinking about how do we
20 stay competitive and stay ahead, it is very important that
21 we ensure that we are able to maintain those subs and keep
22 them operational.

23 Mr. Phelan: Yeah, that is critical, and I believe that
24 both the Secretary of Defense and the President would agree
25 with those statements. Our nuclear subs and attack subs are

1 critical. So whatever we need to do to get them out as fast
2 as possible, on time, hopefully quicker than the delays that
3 are currently being estimated, and hopefully with some
4 budget savings, we should be able to do that. So I think
5 that is very critical.

6 I do look forward to visiting the shipyard in Maine and
7 New Hampshire, as well, and see what you are doing. And one
8 of the things I want to see is, you know, you guys are doing
9 things on time. Why aren't other shipyards adopting this?
10 What are the things that are not happening? And those are
11 things that we really need to start to do.

12 Senator Shaheen: One of the things that is critical to
13 ensuring that work continues on time, and on budget, is
14 making sure that we have the workforce that is required to
15 do that maintenance. Two weeks ago, Senator Collins and I
16 sent a letter to Mr. Emmert, who is the Acting Secretary of
17 the Navy, pending your confirmation, asking him to work with
18 the Office of Personnel Management to create an exception
19 for shipyard employees that would protect them from mass
20 layoffs. We have received no response from Mr. Emmert.

21 The Pentagon is reportedly preparing to fire up to
22 75,000 civilians, as Senator Reed said. Portsmouth, I
23 think, cannot afford to cut its workforce. In fact, they
24 need to hire 550 workers annually just to keep up with the
25 Navy's demand for submarine repairs.

1 So can you commit to this Committee that you are going
2 to engage with OPM to protect our employees who are
3 necessary to ensure that they can do the maintenance that is
4 required for our nuclear subs?

5 Mr. Phelan: Senator, I commit to you that I will look
6 into this, and I will sit down with the Secretary of Defense
7 and go through this issue and ensure that we have the
8 workforce we need to complete the work we need on the ships
9 and the subs and make sure we have our talent.

10 Senator Shaheen: Thank you. I look forward to hearing
11 a report on that meeting.

12 Mr. Phelan: Thank you.

13 Senator Cotton: Mr. Phelan, greetings. I want to
14 continue along the line of questions that Senator Fischer
15 had about munitions. You mentioned increasing capacity,
16 building new facilities, and I think that is going to be
17 important in some cases. However, there are also cases in
18 which the Navy has consistently underfunded munitions
19 production, and therefore we have excess capacity that is
20 not being fully used. That is the case, for instance,
21 outside Camden, in Arkansas, at the Highland Industrial
22 Park, where we build many of the munitions the Navy uses,
23 like the Standard Missile 3 and the Standard Missile 6.

24 What are your thoughts on fully funding those programs
25 so we can get up to full capacity in the facilities that we

1 have now, for the Navy, for the other services, as well as
2 for foreign partners?

3 Mr. Phelan: Thank you for the question, Senator
4 Cotton. I think this is an issue important to you. I appreciated
5 the time we got to spend in your office.

6 If confirmed, I will look into that. I think it is
7 crazy to not have facilities running at full capacity. So
8 if you are under capacity it just raises expense, in effect.
9 It is one of the things I have noticed when I have looked at
10 all these different weapons programs. It seems like the
11 next missile costs more than the first missile, so you have
12 no economies of scale. That is a prescription for
13 bankruptcy. I do not understand how the second and third
14 one is not less than the first one. And that is something,
15 if confirmed, we intend to dig into very hard and
16 understand.

17 And I do think having more flexible manufacturing, when
18 you have excess capacity in plants that are already making
19 munitions, we should absolutely make sure that we are taking
20 advantage of that capacity.

21 Senator Cotton: Thank you. I do agree, that is
22 probably the quickest and easiest way to address some of
23 these shortfalls. As I said, we are going to need more
24 manufacturing capacity, but making sure that current lines
25 that have excess capacity are fully used is probably the

1 quickest way we can get there. I can assure you that we
2 have lots of people in south Arkansas who are eager to do
3 that work.

4 One other point I would like to make, just to encourage
5 you, once confirmed, to work with our State Department on
6 foreign military sales. That is another way to send the
7 demand signal to our industry, not just our services but our
8 friends in Europe and the Middle East and East Asia, cutting
9 through the red tape and allowing them to buy the weapons
10 that we are providing here, to provide for their common
11 defense.

12 Mr. Phelan: If confirmed, I agree with you.

13 Senator Cotton: Thank you. Senator Fischer also
14 mentioned the sea-launched cruise missile, nuclear, also
15 occasionally known as SLCM-N. I am glad to hear you are
16 committed to carrying out the law there. I think it is an
17 important part of our deterrent.

18 Another important part of our deterrent is the
19 Columbia-class submarine. It is one of the three legs of
20 our nuclear triad. It is the most survivable leg because
21 they are almost undetectable, that guarantees a second
22 strike capability against Russia, and against China, in
23 particular, as China continues its breakneck nuclear
24 buildup. Are you committed to continuing the Navy's highest
25 priority on the Columbia-class submarine?

1 Mr. Phelan: Thank you for the question, Senator. Yes,
2 the nuclear triad, and in particular the Columbia-class
3 submarine is critical to the triad and its deterrence, and
4 we have to absolutely make sure we get that --

5 Senator Cotton: Thank you. I am very glad to hear
6 that. Some people up here in Congress need to hear it, as
7 well.

8 The surface navy has not been in a good place for a
9 long time. I have made this case for many years now. Two
10 destroyers, years ago, were wrecked in the Pacific. The
11 Bonhomme Richard caught fire. Commanders were found to be
12 overburdened by administrative tasks and under-focused on
13 warfighting. We had a friendly fire incident with the
14 Gettysburg in the Red Sea in December of 2024, and just
15 recently a collision between the Truman and a merchant ship
16 in the Suez Canal.

17 I raised this for the last administration, and it did
18 not seem like we made much progress on it. What are your
19 thoughts on how we can get the surface navy, in particular,
20 back up to the standards of leadership and execution that
21 the nation expects?

22 Mr. Phelan: Thank you for the question. I did read
23 the study that you helped commission in 2021, and I think
24 one of the captains mentioned compliance-centered warfare
25 versus warfighter-centered warfare.

1 This comes back to the kind of culture issues that I
2 mentioned, which is I think that we have lost some of the
3 adaptability, some of the accountability, some of making
4 sure that people are doing their jobs, and those who are
5 being promoted are the right ones.

6 I think there is also a lot of pressure on these
7 captains and these commanders today, because we are
8 undermanned, and that puts pressure on the entire force,
9 which is very difficult.

10 So I think this comes back to recruiting. I think it
11 comes back to retention. I think it is making sure that we
12 promote the best. These people are operating huge, huge
13 assets that are very, very valuable. So we need to make
14 sure they have the skills and that they have the requisite
15 capabilities around them to execute on this.

16 So if confirmed, I will focus on this relentlessly, and
17 I would hope that we would not have any more issues like
18 that at all.

19 Senator Cotton: Thank you. Senator King.

20 Senator King: Thank you, Mr. Chairman. I love your
21 focus on maintenance. I have a half-facetious but half-
22 serious suggestion. We should benchmark our availability of
23 our ships against Maersk and Carnival Cruise Lines. If they
24 had the low availability that we have, they would have been
25 out of business a long time ago. And you understand that.

1 When you have a major, an enormous capital asset, it should
2 be used. Every minute that it is not used is penalizing the
3 taxpayers and also diminishing the effectiveness of the
4 Navy.

5 So I hope that you will really focus on that, and I
6 would like to see the metrics over a period of years, of
7 time in dry dock versus availability. I take it that that
8 is going to be a significant focus of your work.

9 Mr. Phelan: Thank you for the question, Senator King,
10 and I did enjoy our time together. I jokingly say that
11 President Trump has texted me numerous times, very late at
12 night, sometimes after 1 in the morning, of rusty ships or
13 ships in the yard, asking me what am I doing about it. And
14 I have told him I am not confirmed yet and have not been
15 able to do anything about it. But I will be very focused on
16 it.

17 I view it as a critical issue, as you and I do, and I
18 think your idea about benchmarking versus some of those
19 other private sector companies is a very good idea, and
20 understanding how they keep these things running is very
21 important. I know, under a prior Secretary before, they
22 used Southwest Airlines to come in to help with our planes
23 and getting more efficient.

24 So I think there are a lot of best practices to be
25 shared across the two, and I am hoping with my relationships

1 and contacts in the private sector we should be able to do
2 that.

3 Senator King: And I loved it when you said "we have
4 never done it that way before" is not a sufficient excuse.
5 We have got to be looking forward, not backward.

6 And that brings me to fighting the next war rather than
7 the last war. There are two areas we have fallen behind in,
8 and I believe have been very damaging to national security
9 and our deterrent. One is directed energy. The other is
10 hypersonics. For years I have been asking admirals, that
11 have been sitting in your seat, you are in the GIUK gap. A
12 hypersonic missile is launched from Murmansk. It will hit
13 your aircraft carrier in 12 minutes. What do you do? I
14 have never had a good answer to that question.

15 We have got to be able to answer that question. If
16 part of our deterrent and our strategy is forward-based
17 naval assets, we have got to have defensive capability as
18 well as offensive capability in hypersonics. Do you take
19 that as a mission?

20 Mr. Phelan: I do, Senator King. I believe, as I think
21 Mr. Feinberg the other day mentioned, hypersonics is a key
22 component to our defense, and we seem to be behind, and I
23 believe we need to focus on that. I think, as to directed
24 energy, you and I spoke about this when we met. I believe
25 that recently the Navy executed a successful directed energy

1 defense against drones in the Red Sea. I think it was the
2 HELIOS program, which was very effective. I think it is a
3 very smart way to deter drone attacks. Using \$2 million
4 missiles to take out \$30,000 drones is not a model that is
5 going to survive.

6 Senator King: That is not very business-like.

7 Mr. Phelan: No.

8 Senator King: And directed energy, I think, is about
9 50 cents a shot once you have the device there. And I do
10 appreciate that finally the Preble and the HELIOS system are
11 in the Red Sea. It has taken an awfully long time. So that
12 is one I hope you will follow up on.

13 The next major surface combatant is called DDX. It is
14 the successor to the DDG, which is being built now in
15 Mississippi and in Maine. By the way, I want to invite you
16 both to the ill-named Portsmouth Naval Shipyard and to Bath
17 Ironworks, where the DDGs are built.

18 In our legislation we talked about fostering a
19 collaborative relationship between the Navy and the two
20 major shipyards that build DDGs on the DDX design so that it
21 is designed and is buildable. One of the problems is design
22 is separated, and then you go to build it and it is very,
23 very expensive. I hope you will commit to continuing that
24 collaborative relationship and actually stepping it up,
25 because I understand it has faltered, to some extent.

1 Mr. Phelan: Thank you for the question, Senator King.
2 If confirmed, I look forward to visiting Maine and New
3 Hampshire with you.

4 Yes, I am very focused on that. I think understanding,
5 yeah, I have been trying to spend as much time trying to
6 understand how the whole process works. I read a book about
7 how the B-2 bomber was designed by 12 people, and I believe
8 when I met with Senator Ernst she had mentioned to me that,
9 I believe, on one ship we have 800 people designing a ship.
10 So I do not know how you build something with 800 people.
11 It just adds to requirements, mission creep --

12 Senator King: Well, collaboration between the Navy and
13 the shipbuilders I think would bear fruit for the taxpayers
14 as well as the buildability of the ship and the time to
15 getting there.

16 Thank you very much. Workforce and shipbuilding, I
17 wanted to talk about. Believe it or not, parking and
18 childcare are issues in workforce, and that is something.
19 It does not sound like it would be as Navy project to build
20 a parking garage or a childcare center, but that is
21 absolutely necessary in order to maintain the workforce in
22 shipbuilding and the economy that we are in today. I hope
23 that is something you will attend to.

24 Mr. Phelan: Yeah, as I mentioned in my opening
25 statement, quality of life issues are something we need to

1 focus on, and if confirmed, I will certainly look into that.

2 Senator King: That is it. Thank you very much, Mr.
3 Phelan. Thank you for your testimony and thank you for your
4 willingness to serve your country.

5 Senator Cotton: Senator Ernst.

6 Senator Ernst: Thank you, Mr. Chair, and good morning,
7 Mr. Phelan. I want to start by welcoming you, saying thank
8 you for stepping up for this position, and to your family,
9 as well. Thank you so much.

10 Now, we have talked about this, but I have long been
11 committed to cutting waste in Washington, D.C. And even the
12 areas that are very, very important to me, like the
13 Department of Defense and the Navy, as well, they are no
14 exception.

15 The Department of the Navy receives about 30 percent,
16 or a little more, of the defense budget, but there is a lot
17 of financial mismanagement, and we have audit failures that
18 are persisting. So what reforms will you implement to
19 ensure budget accountability and financial transparency
20 throughout the Department of the Navy?

21 Mr. Phelan: Thank you for the question, Senator. I
22 know that is a topic important to you, and I appreciated the
23 time we spent in your office.

24 I think, as I mentioned, you know, in the private
25 sector if you fail an audit, two things happen. You either

1 go to jail or you get fired. And so I think you need to fix
2 it very fast. What I do not currently know, and I have
3 gotten two different answers as I was getting kind of
4 preparatory briefs, is some have said we have the systems in
5 place to tell us where everything is, and others have told
6 me we have got three more fleet commands to get done. So I
7 do not know the answer. I will get the answer, if
8 confirmed, and get to it very quickly.

9 You know, candidly, we should be embarrassed that we
10 cannot pass these things and that we do not know where they
11 are. That is important. And it is little things that you
12 do not do that start to become big problems later.

13 And so I suspect that financial sorts of management,
14 financial discipline, are just not viewed as that important
15 throughout the Navy, and it is always that they will get the
16 money. And I think that just needs to change. That is a
17 culture change. That is a shift.

18 I think we need to be more transparent, more
19 communicative, and if confirmed, I will sit down and very
20 quickly we will get our arms around when we will get this
21 done. I know that Congress and the Committee has authorized
22 us to meet an audit by 2028. My question is, if we have all
23 these systems in, why can't it happen this year? I have not
24 gotten that answer, but I promise you I will, and you will
25 hear directly from me and straight from me if we can't get

1 there and the reasons why. And I will endeavor to get those
2 fixed as quick as possible.

3 Senator Ernst: I appreciate that. And I just want to
4 take a moment and get on my soapbox about being very wise
5 about some of our acquisitions. We have talked about the
6 acquisitions process. But I want to remind everybody that
7 we all need to participate in exercising a little more
8 thoughtfulness when it comes to our taxpayer dollars. The
9 Navy procured a number of littoral combat ships years ago,
10 when I was first coming into the United States Senate. The
11 Navy did not want them, the Navy did not need them, and yet
12 the primes, the Congress, everybody said you are going to
13 have them.

14 So we ran into a number of issues with those. Many of
15 them, they are just unusable, so they have been mothballed
16 already. We spent billions and billions and billions of
17 dollars on ships we did not need, cannot survive. What a
18 waste. That money could have been poured into other systems
19 that we are talking about today.

20 But I also want to remind you that we need to think
21 about the future fight. It is not necessarily all about the
22 aircraft carriers and the destroyers. There are a lot of
23 ways we can do intelligence gathering and using other
24 platforms, autonomous vehicles, and we need to think about
25 technology as we move forward too, so we do not have to rely

1 solely on these ginormous, prime systems that are out there.

2 So with that, and just very little time remaining, we
3 do still have a lot of personnel and workforce challenges,
4 but also the supply chain struggles, which have left many of
5 our ships waiting for critical spare parts and maintenance.
6 We have about a \$1.8 billion backlog of deferred
7 maintenance. What are your thoughts on getting to those
8 backlogs? How can we reduce that?

9 Mr. Phelan: Thank you for the question, Senator. Very
10 important problem we have that we need to get focused on
11 very quickly. I think in terms of understanding the
12 maintenance backlogs and the issues, again I need to get in
13 there and go take a look and understand what is happening
14 and why. I have heard different things. I feel sometimes
15 when I am in these, I have been in these preparatory
16 meetings, that it is like a contractor doing a project. It
17 is always someone else that causes a problem

18 So until we can get to the root cause I cannot answer
19 your question optimally. But if confirmed, and once in, I
20 will get my arms around this very quickly and do that.

21 I think to your point about having the right arsenal,
22 the right tools, I intend to sit down with the combatant
23 commanders to better understand what it is they need and
24 why. I think there are a lot of learning lessons from the
25 recent conflict. I think there are a lot of implications on

1 the Navy in terms of what has happened in some of these
2 recent conflicts, and understanding what weapons we need.

3 Most important, we cannot fight yesterday's fights. We
4 have to fight tomorrow's fights. So incorporating all that,
5 I think, will be very important and critical.

6 Senator Ernst: Wonderful. Thank you very much.

7 Senator Cotton: Senator Rosen.

8 Senator Rosen: Thank you, Senator Cotton, and thank
9 you, Mr. Phelan, your family, for being here today.

10 As we discussed in our meeting, Nevada is proud to host
11 Naval Air Station Fallon, home to Top Gun and our nation's
12 premier carrier air wing, and our Navy SEAL training
13 centers. The Nevada delegation worked for years with the
14 Navy, Federal agencies, and local and tribal governments to
15 pass modernization for the Fallon Range Training Complex
16 into law, which we did in 2023, in our NDAA. Modernization
17 is going to expand that range by 600,000 acres.

18 The Navy is in Phase 1 of this modernization, currently
19 working to meet the requirement, under law, that grazing
20 permit holders, who will not be able, no longer be able to
21 graze their livestock anymore, receive full and complete
22 compensation for their lifetime of losses, as the Navy needs
23 this land to modernize.

24 As the Navy goes through the process of appraising the
25 loss of these permits, it is critical that my ranching

1 community, our ranching community in Nevada, and Nevada
2 stakeholders are adequately and fully compensated.

3 Unfortunately, the first payment offers to ranchers in
4 the B-16 Range have been well below the estimated value of
5 the land. Appraisals must consider FSA loans, groundwater
6 availability, and the lifetime value of the permit and
7 business. I understand these meetings between the Navy and
8 impacted ranchers are happening regularly, and these
9 specific concerns have been raised extensively.

10 So, Mr. Phelan, will you commit to reviewing and
11 reassessing the Navy's payment offers based on the latest
12 input your team in northern Nevada has received to ensure
13 that every single permit holder in Nevada is made whole?

14 Mr. Phelan: Senator Rosen, thank you for the question.
15 I appreciate the important work you have done on this issue,
16 and I know in our meeting we spent a lot of time on this.

17 As I mentioned to you in our meeting, I have a great
18 appreciation for multigenerational owners of land and how
19 they feel about it and trying to get the right thing.
20 Fallon is a very, very important base, critical training
21 both for air and for our SEALs. And if confirmed, I will
22 look into this matter, as I mentioned to you, and to make
23 sure that we create a fair deal for those landowners and for
24 the American taxpayer.

25 Senator Rosen: So I am going to ask you for a specific

1 commitment. I am willing to set up the Zoom with key
2 members from your team, the appropriate members who need to
3 be at the table, and my constituents who are having these
4 issues, to have them make it on a Zoom, all be in the Zoom
5 room so that they can connect, that they can talk to each
6 other, because this is what has been missing. Will you
7 commit to helping me to organize that as quickly as
8 possible?

9 Mr. Phelan: Senator, I am happy to have that Zoom call
10 and for us to go through that, if confirmed.

11 Senator Rosen: Thank you. The other issue we have in
12 Fallon, of course in rural Nevada, is the remoteness of
13 Fallon Naval Air Station. It is a major asset. It
14 provides, as you know, the range space needed to ensure that
15 our fleet is deployable and operationally ready. The base
16 has been designated a remote duty installation since 1989,
17 and quality of life challenges accompany it. It is the only
18 Navy base in the continental United States designated as a
19 critical housing area. Housing is in very short supply,
20 well, not just in Nevada, I know across the country. But
21 the vast majority of those stationed in Fallon live in Reno
22 or Carson City, which are both about an hour away.

23 So the Navy anticipates entering into a public-private
24 venture to build 172 new homes in Fallon, but more
25 infrastructure is needed to support the mission as we

1 expand, and we need more firefighters. And we also have to
2 expand our existing wastewater treatment, the
3 infrastructure.

4 So given the importance of the mission at Fallon,
5 combined with the Fallon Range Training Complex, FRTC, the
6 modernization, the base is expected to grow by 35 percent.
7 Further critical services, childcare, medical care, all of
8 these things are really needed. So if confirmed, will you
9 meet with stakeholders so we can continue to grow Fallon and
10 be sure that the services are there for everyone who works
11 there?

12 Mr. Phelan: Senator, thank you for the question. I
13 know this is, again, a very important topic to you. If
14 confirmed, I intend to look into this. I know the housing
15 shortage is real there, and we need to focus on it. And I
16 look forward to getting the stakeholders together to study
17 this issue and try to get to an optimal outcome.

18 Senator Rosen: Thank you. I appreciate it. The
19 importance of Fallon Naval Air Station on our operational
20 readiness, the readiness of our naval aviators, our Navy
21 SEALs, some of our special operations, is critical so that
22 we expand this base, we have the services, so we are ready
23 to do whatever we need to for service men and women and
24 support them. It is critically important. Thank you.

25 Senator Cotton: Senator Sullivan.

1 Senator Sullivan: Thank you, Mr. Chairman. Mr.
2 Phelan, thank you very much for your willingness to serve
3 and your family. I appreciate your willingness to take a
4 lot of time with me in a couple of meetings, and I am
5 looking forward to supporting your confirmation.

6 This chart here depicts, I think, the biggest challenge
7 that is going to be facing you as Secretary of the Navy. I
8 think it is the biggest challenge facing our military, and
9 that is the challenge of the Chinese Communist Party's PLA
10 is on pace to surpass a 400-ship Navy this year, and by the
11 end of 2030, is on pace to have about 120 more ships,
12 compared to our very weak shipbuilding attempts. In 2023,
13 China added 30 ships to its fleet, 15 of which were large
14 surface combatants. We added 2. That is going to define
15 the tenure of your time as Secretary, whether it is
16 successful or not, if we can start to address this
17 challenge.

18 Fortunately, as you are seeing in this hearing, you
19 will have very strong bipartisan support. Once you get in,
20 take a look under the hood on exactly how we need to address
21 this.

22 Let me ask one question. One of the things that has
23 not come up yet is the ability to work with our allies to
24 make use of their existing shipbuilding capacity, lessons
25 learned from their shipyards, potential investments.

1 President Trump has expressed an interest in that kind of
2 idea. Do you have any thoughts on that?

3 Mr. Phelan: Thank you for the question, Senator
4 Sullivan, and I appreciate it. I appreciated the time we
5 spent together.

6 Look, this is a critical issue. I think all options
7 have to be on the table. We cannot fall behind. We are
8 already too far behind. So I think that we have to
9 definitely look at expertise and skill that foreign partners
10 have, whether that means they build components, we need to
11 look at that. Or, as you know, Hanwha has recently bought
12 the Philadelphia shipyard, so they are going to look at
13 enhancing that and making that better. So bringing their
14 capital and skill sets here I think will be important. I
15 think this is a very, very critical thing you pointed out.

16 Senator Sullivan: Let me ask this real quick. There
17 is a lot of focus on different surface and submarine
18 warships, all the different platforms. Can you commit to
19 me, and you and I have talked about this, to keep an eye on
20 the amphib fleet? The GAO recently came out with a report
21 saying the readiness in the amphib fleet is in a dismal
22 state. Less than half of all the ships in our amphib fleet,
23 including four of the nine big Duck amphibs, are not
24 deployable.

25 Can you work with me and this Committee on that very

1 important issue? As you know, we got into law, a couple of
2 years ago, an amendment of mine saying a minimum of 31
3 amphibs, 10 big deck amphibs. The last Secretary of the
4 Navy literally ignored that. I would like to get your
5 commitment to work with me so the Marine Corps can have
6 three new ARGs to deploy around the world, which is a huge
7 force capability for the United States.

8 Mr. Phelan: Thank you, Senator. I know this question
9 and issue is very important to you. I am glad you raised
10 it. Yes, I will look into this and work with you on this.
11 I know this Committee has passed it, and it is a law, and we
12 need to try to meet that.

13 Senator Sullivan: The Ranking Member mentioned Marine
14 Corps force design. That is an innovative approach the
15 Marines have taken. I think some of us believe that there
16 has been too much combat capability cut out of the Marine
17 Corps. Can you work with me and this Committee on making
18 sure that we have a proper balance on innovation with regard
19 to the Marine Corps but not getting rid of so much amphib
20 and Marine Corps combat capability? And also the Marines
21 had previously looked at a UDP program. They have one in
22 Norway, for cold weather training. They looked at that in
23 Alaska. Can you work with me on doing that, as well, in
24 terms of the overall focus on Marine Corps force design?

25 Mr. Phelan: Yes, Senator, I look forward to working

1 with you on that.

2 Senator Sullivan: Finally, I will not disappoint my
3 colleagues here in the Committee. Can I get that next
4 slide? Mr. Phelan, I want to make sure you get a commitment
5 to come to Alaska with me and see the great military up
6 there. Not a lot of Navy and Marines but a lot of Air Force
7 and Army. Can I get your commitment?

8 Mr. Phelan: Yes. I look forward to it, Senator.

9 Senator Sullivan: Right now, Alaska is on the front
10 lines of great power competition. This is a slide I have
11 been showing. The Russians, the Chinese are doing bare
12 bomber runs, naval joint task forces, strategic bomber task
13 forces in our ADIZ, in our EEZ. We had two Russian bare
14 bomber runs just 2 weeks ago, in 48 hours.

15 The ability to address this is challenged by our
16 infrastructure there, both naval and aviation. The NORTHCOM
17 commander and INDOPACOM commander, in response to this,
18 which they say are going to continue, recently said they
19 believe that this very strategic Navy base out here, ADAC
20 Alaska, sub base, surface warship base, and a naval aviation
21 base, with huge fuel storage, should be reopened to help
22 address this increasing threat to our northern territory.

23 Can I get your commitment to work with me on that?

24 Mr. Phelan: Yes, Senator. I know it is an important
25 issue, and I think it is worth looking at, and I intend to

1 work with you on it and also talk with the combatant
2 commanders, particularly Admiral Paparo on this, if
3 confirmed. And I look forward to learning more about it.

4 Senator Sullivan: Thank you. Thank you, Mr. Chairman.

5 Senator King: Mr. Chairman, I wanted to correct the
6 record. I misspoke earlier. The USS Preble is not in the
7 Red Sea. It is in Japan. It should be in the Red Sea but
8 it is in Japan. Thank you.

9 Senator Scott: [Presiding.] Senator Peters.

10 Senator Peters: Thank you, Senator Scott.

11 Mr. Phelan, congratulations on your nomination to serve
12 as the Secretary of the Navy, and I am certainly happy that
13 we were able to meet before this hearing and discuss a few
14 of my concerns and focus areas for the Navy. And I
15 certainly enjoyed learning about your priorities, as well,
16 moving forward.

17 During our meeting we discussed, if you recall, at
18 length, contracting delays, skilled personnel shortages, and
19 overspending related to shipbuilding. And as you know, the
20 Constellation-class frigate contract was awarded in 2020,
21 during President Trump's first term. Unfortunately, it is
22 experiencing delays with an expected delivery date of 2029,
23 instead of 2026. And now while some of this delay was
24 certainly caused by industry, unfortunately, a good portion
25 of that blame can be squarely put on the Navy.

1 So my question for you, sir, is if confirmed, how will
2 you collaborate with Congress and industry to ensure timely
3 delivery and sustainment, specifically of the Constellation-
4 class frigate?

5 Mr. Phelan: Thank you, Senator Peters, for the
6 question, and I did enjoy our time together.

7 This program is a mess, what it looks like. If
8 confirmed, I plan to dig into this very quickly and
9 understand the issues, and will come back to this Committee
10 very fast with the knowledge that we have, as soon as we get
11 to the root cause of the problem. Most of what I have seen
12 comes from what I have read. I do not know if it is
13 requirement creeps. I have heard that we were using 80
14 percent design of an existing and only modifying it 20, and
15 that has now been reversed to 80 percent customized and 20
16 percent standardized. I think we now have a frigate that
17 potentially looks more like a carrier or a battleship,
18 actually, or a destroyer, I would say.

19 Again, I do not know until I get in there and go take a
20 look at it. There are a number of issues, and there is a
21 lot of pointing fingers at one another. If confirmed, I
22 pledge to work with you on this and get our arms around this
23 and get this resolved quickly and understand what we need to
24 do.

25 Senator Peters: Well, I appreciate that. You know,

1 roughly 40 percent of the Constellation-class frigate
2 workforce is comprised of Michiganders, and I am extremely
3 proud of that workforce. And I am also very proud of the
4 versatile mission and the capabilities of the frigate, from
5 air, surface, electronic, and anti-submarine warfare.

6 But my question for you, sir, is if confirmed, do I
7 have your commitment to support the Constellation-class
8 frigate program -- we have got to work through all of these
9 challenges -- but as a long-term cornerstone of the fleet,
10 due to the critical role that it will play in those various
11 domains?

12 Mr. Phelan: Thank you for the question, Senator. As I
13 said, I will look at this and work with the Secretary of
14 Defense, the Deputy Secretary of Defense, to understand all
15 of the programs we have and how they all fit, and how this
16 important program fits in. So once I have had an
17 opportunity to do that I look forward to coming back to you
18 to discuss it.

19 Senator Peters: Very good. I appreciate that.

20 Mr. Phelan, in 2023, then-Secretary of the Navy Carlos
21 Del Toro announced a new maritime strategic plan to conduct
22 national whole-of-government efforts to transform U.S. and
23 allied naval and commercial maritime power. The Michigan
24 Maritime Manufacturing Initiative was formally launched at
25 that time, within the maritime strategy strategic plan. And

1 through the initiative, the Department of Defense is
2 implementing pipelines and programs targeted to meeting the
3 Navy's demand signal for thousands of new workers that will
4 be necessary for this, and jobs, across my state as well as
5 all across the Great Lakes region.

6 So my question for you is, how do you plan on using the
7 submarine industrial base funding to partner with states
8 like Michigan, who are industrial states and manufacturing
9 states, particularly precision manufacturing, that can play
10 a key role in addressing supply chain and workforce
11 challenge in this highly technical field?

12 Mr. Phelan: Thank you, Senator, for the question.
13 Look, I think Michigan has a great tradition of
14 manufacturing and industrial capability. I think that we
15 need to look across the country to find the appropriate
16 expertise and skill set and workers to do what is a highly
17 complex manufacturing process. The fact that some of those
18 skills already reside there is obviously an advantage, and
19 an important advantage.

20 So if confirmed, I will look into that, and this is, as
21 I said before, an utmost priority, is making sure that we
22 can ensure that our subs are done on time and on budget.

23 Senator Peters: Great. Thank you. Thank you, Mr.
24 Phelan. Thank you, Mr. Chairman.

25 Senator Scott: All right. Mr. Phelan, let me just ask

1 a couple of questions. First up, we have a picture. I just
2 want to get your reaction. I do not know if you have seen
3 this picture yet. This was the USS Dewey, in Singapore last
4 week. How does it make you feel?

5 Mr. Phelan: Please do not give it to President Trump
6 because I will get a text at like one in the morning.

7 Senator Scott: I am taking it over to the White House
8 right after this, so you will know exactly what your
9 expectations are.

10 Mr. Phelan: Yeah, I think that is terrible. I think
11 they should be ashamed. I mean, would you want to go on
12 that ship?

13 Senator Scott: No. But if this happened on our ship,
14 we would all have been painting all night long. I mean, we
15 had to constantly paint our own ship. We never would go
16 into a port, when I was in the Navy, it looked like this.
17 It is pretty disgusting.

18 So you have heard those stories. We do not have enough
19 ships. We cannot build ships. We are not building the
20 right ships. Recruiting is bad. Retention is bad.
21 Maintenance is bad. So, what is your pitch? So you are a
22 business guy. You have dealt with troubled companies
23 before. So how would you do it?

24 Mr. Phelan: Thanks for the question. It is very
25 complicated because this is a huge organization that is very

1 complex, with a lot of tradition in it. I think at the end
2 of the day, I have to work with the key senior leadership
3 and set the vision and the tone for what we are going to try
4 to accomplish. And I am hopeful that a large majority of
5 that leadership is on board with that vision and that tone
6 and what we are going to try to do. And if they are not,
7 then they should reconsider staying on, ultimately.

8 I need them and they are going to need me. And so we
9 need to work together in order to try to turn this around.
10 I think we are at, as I said, a critical inflection point.
11 I take our adversaries at their word. These are very strong
12 people who are going to try to take on our dominance and try
13 to supplant the United States, and I think we are at a much
14 more critical time than most people recognize.

15 So I think we need to fix the Navy. I think it was
16 Ronald Reagan who said the only thing more expensive than a
17 Navy is not having a good Navy, and I believe that is
18 actually right.

19 So I think it is basically setting the proper vision,
20 setting the proper benchmarks, keep performance indicators,
21 and then creating the appropriate feedback loops to make
22 sure we are getting those done, and having the right team to
23 do it. And we have done this before with many companies.
24 Again, this is a complicated one with big tradition. Some
25 of those traditions need to be respected. Some of them need

1 to be questioned, and we need to modernize. That is what I
2 would hope I would bring to the table is more of a
3 partnership approach but with a shared vision and purpose.

4 Senator Scott: So were any of your companies like
5 this?

6 Mr. Phelan: I have dealt not with a company this size,
7 but I have dealt with companies that had a lot of
8 complications and that needed to be changed quickly.

9 Senator Scott: All right. Thank you. Senator Warren.

10 Senator Warren: Thank you very much, Mr. Chairman.
11 Congratulations on your nomination, Mr. Phelan.

12 Let's talk about efficiency at the Defense Department.
13 Last year, the Navy asked for \$260 billion to buy everything
14 from ships to night vision goggles. One reason it cost so
15 much, big defense contractors slip restrictions into their
16 contracts that deny sailors access to technical data that
17 they need to maintain or repair equipment, even equipment
18 that the Navy owns.

19 So I want to give you an example. The Navy's littoral
20 combat ships are designed to operate close to shore, to hunt
21 mines, and to sink submarines. But this ship has been
22 bogged down with maintenance issues, and when something
23 breaks, sailors are not allowed to make repairs themselves
24 because Lockheed Martin and General Dynamics do not let them
25 have access to the necessary data and materials.

1 So what does the Navy do? The Navy has to fly
2 contractors out to these ships, which ProPublica found,
3 quote, "adds millions of dollars in travel costs and often
4 delays missions."

5 Mr. Phelan, these kinds of extra costs and delays to
6 fly contractors to the Pacific to fix minor repairs, are
7 they an efficient use of taxpayer dollars?

8 Mr. Phelan: It does not sound like it to me, Senator.

9 Senator Warren: I am glad to hear that. Let me give
10 you another example. The Government Accountability Office
11 found that fuel tank level indicators were improperly
12 calibrated on the USS Fort Lauderdale, built by Huntington
13 Ingalls. Now, it seems like an easy fix, right? You just
14 go in and recalibrate these things. Uh-uh. The Navy's
15 technicians were denied the information they needed to do
16 that, so every time they had to recalibrate the indicators
17 the Navy had to fly out one of the contractor's technicians.

18 Mr. Phelan, does not being able to maintain important
19 ship parts put the Navy's readiness at risk?

20 Mr. Phelan: It sounds like it, Senator, and I think,
21 as I mentioned earlier, these contracts are something that
22 really need to be reviewed and better understood. And I
23 think that, if confirmed, that is something I intend to do
24 is focus on that.

25 Senator Warren: And I appreciate that, Mr. Phelan, but

1 I want to see more than just "reviewed" here. Sailors need
2 to be able to rely on their equipment, and that means being
3 able to maintain their own equipment. But from fiberoptic
4 navigation lights to cranes that deploy search and rescue
5 boats, sailors do not have the right to repair their own
6 equipment thanks to defense contractors who want to squeeze
7 more money out of the military.

8 Many people on this Committee, both sides, Democrats
9 and Republicans, understand the risk here. Chairman Wicker
10 released a report last year showing DoD, quote,
11 "consistently underperforms in procuring data rights," and
12 pointed to the lack of technical data as a factor that,
13 quote, "inevitably leads to reduced training and readiness."

14 Mr. Phelan, can we count on you to advance the Navy's
15 right to repair its own equipment?

16 Mr. Phelan: Thank you for the question, Senator. I
17 know this is an issue very important to you. As I said, it
18 is something that I intend to study and look at, and what I
19 would commit to you is let me come back to you and look at
20 this and understand it, because it is a complicated issue.
21 I am in agreement with a lot of the examples you have given
22 do not make sense to me, but I am not up to speed enough yet
23 to give you that answer. But I will come back and see you
24 and commit to that and look at this.

25 Senator Warren: And I appreciate that. But I just

1 want to say right now, this makes me uneasy, because there
2 is so much pressure to continue to let these defense
3 contractors take advantage of our servicemembers who, we
4 waste taxpayer dollars, we delay missions, we actually put
5 people at risk because we are not permitting basic right to
6 repair. Technical data needs to be a must-have in
7 acquisition contracts for the Navy. My Servicemembers Right
8 to Repair Act would make sure that the Navy and every other
9 part of our military have fair access to the data right and
10 to the other materials that servicemembers need to be able
11 to repair their own equipment and keep themselves safe.

12 Military right to repair has bipartisan support here in
13 the Senate. I want to work with the Administration, I want
14 to work with my colleagues, and I want to work with you. We
15 owe it to our taxpayers, and we owe it to the men and women
16 in the field to get this straightened out. What is
17 happening right now is fundamentally wrong, and we can put a
18 stop to it.

19 I apologize for going over, Mr. Chair.

20 Chairman Wicker: [Presiding.] Thank you very much,
21 Senator. And Senator Banks is next.

22 Senator Banks: Thank you, Mr. Chairman, and
23 congratulations, Mr. Phelan. You have been nominated to my
24 dream job, the Secretary of the Navy. And I do not think in
25 my lifetime it has ever been more important that we have a

1 leader like you to make the Navy great again, make it strong
2 again. It is especially important to me because I wore the
3 uniform and served as Navy Reserve officer for 10 years.
4 And I wanted to ask you, from the outset, have you thought a
5 lot about the importance of the Reserves, and making sure
6 that the Navy Reserves remains a strong component of the
7 United States Navy. Have you given a lot of thought to that
8 and how important it is and what you can do to strengthen it
9 and make it even better?

10 Mr. Phelan: Thank you, Senator Banks, for the
11 question. I know it is an important issue to you, and I
12 enjoyed spending time with you in your office.

13 I think the Reserves are something we need to really
14 look at and strengthen and make better. I think it is kind
15 of, you know, what I have heard again, is that the Reserves
16 are kind of an afterthought, a little bit, in today's Navy,
17 and that is a mistake. And I think you have seen Reserve
18 forces used with great efficacy in the Marines and in some
19 of the other service branches, and I think that is something
20 to be looked at, and if confirmed, I look forward to working
21 with you on that, and getting some ideas on that.

22 Senator Banks: I appreciate your commitment to that.
23 I deployed to Afghanistan as a Navy Reserve supply corps
24 officer. The Navy Reserves gave me an opportunity, a little
25 bit later in life than typical military service, to use

1 skills that I had, experiences that I had to contribute, to
2 wear the uniform, to serve my country, never thinking that I
3 would give 20 years and retire, but that avenue to service
4 is what the Navy Reserves, the Reserve component, is all
5 about. And I appreciate your commitment to making sure that
6 everyone in the Navy organization understands how valuable
7 the Reserves are, and work together to strengthen it.

8 The other thing we talked about in my office, and I
9 want to talk about today, is the historic recruitment crisis
10 in the United States Navy. In the over 50 years of an all-
11 volunteer force, the Navy has missed the mark year after
12 year, under the last administration. The last
13 administration had to lower standards to meet their
14 recruitment goals. And I wonder, have you thought about
15 that? I mean, how can we get standards back to where they
16 need to be, to find the best and the brightest, the young
17 leaders, whether enlisted or in the Officer Corps, to fix
18 the recruitment crisis of the United States Navy?

19 Mr. Phelan: Thank you for the question, Senator.
20 Look, I think it is critical that we have standards that are
21 high and that we have people who can meet those standards.
22 The business is warfighting, and there is no margin for
23 error in that. So you need the most capable and best
24 people, and we need to have high standards to meet that.

25 I think that there are some things to learn from some

1 of the other services in terms of what they have done
2 recruiting-wise. I think the Marines, in particular, have
3 done a very effective job at it. What I understand is the
4 Marines put some of their best leadership into the
5 recruiting role, and that is one of the reasons why they do
6 so well with it.

7 So I am going to try to adapt some of the best
8 practices we get from other services and from my business
9 experience in how to attract and retain talent. A lot of it
10 is making sure that, you know, whatever the job may be, that
11 you kind of have the appropriate skill sets mapped out, and
12 then you try to hire that person. And I think that is
13 really an important thing.

14 And I think one of the important things, what I have
15 learned in business, is you always want to hire the person
16 for tomorrow, not for today. And what happens to a lot of
17 organizations is you hire for that immediate need, and then
18 that person cannot grow to that job. In this business, we
19 need to be hiring the Mr. and Mrs. Tomorrows, to make sure
20 that they can compete and do.

21 Recruiting will be a major focus for us.

22 Senator Banks: Yeah, your business background, what
23 you bring to the table, I think can go a long way to helping
24 improve that process. The great news is that the day
25 President Trump was elected, on Election Day, we saw an

1 immediate bump in recruitment at all of the branches. It is
2 remarkable. But it just goes to show that when we tell the
3 young men and women all over this country that America is
4 worth fighting for, that wearing the uniform is indeed the
5 greatest honor that you can have, then those recruitment
6 numbers will go up.

7 And I think you are the man for the job to help us get
8 that done. I appreciate you serving our country in a big
9 way in the United States Navy. I look forward to working
10 with you. You have my full support.

11 Mr. Chairman, I yield back.

12 Chairman Wicker: Thank you, Senator Banks. Senator
13 Blumenthal.

14 Senator Blumenthal: Thank you, Mr. Chairman. Thank
15 you for your willingness to serve, Mr. Phelan.

16 I think you are very familiar with the firings that
17 have taken place in the Defense Department already, the
18 firings of some of the top military leaders, apparently
19 based purely on an issue of political loyalty, not loyalty
20 to the Constitution. Some of our most distinguished and
21 dedicated leaders, including the Chairman of the Joint
22 Chiefs of Staff, the Chief of Staff of the Navy, Lisa
23 Franchetti. Have you spoken to her?

24 Mr. Phelan: I have not, Senator.

25 Senator Blumenthal: Do you plan to do so?

1 Mr. Phelan: If confirmed, Senator, I would be happy to
2 hear her views and understand her perspective on things.
3 Obviously, I was not privy to the releases of those people.
4 I would --

5 Senator Blumenthal: You would agree with me that she
6 is a dedicated officer with an extraordinarily distinguished
7 record of contributing to our country.

8 Mr. Phelan: Yes.

9 Senator Blumenthal: In addition, the Administration
10 appears to be undertaking a first wave, part of a purge, an
11 8 percent slash to both the budget and defense workforce. I
12 view it as a breathtaking act of disrespect. The
13 Administration has branded these positions as non-mission
14 critical, and I do not know if you are familiar with a memo
15 on the fiscal year 2026 President's budget relook, that
16 reveals the staggering implications of these decisions.

17 Within its pages, somewhat buried, is a list of
18 proposed reductions amounting to an 8 percent decimation of
19 the existing fiscal year 2026 budget estimate submission.
20 It is a cut of \$70 billion from the \$876 billion defense
21 budget. And to put it in perspective, the Pentagon spent
22 only \$100 million on DEI initiatives and approximately \$600
23 million on climate-related programs. So combined, these
24 expenditures are only about 0.1 percent of the defense
25 budget, and yet there is this huge, slashing cut planned

1 that will cause 72,000 personnel to be cast aside, along
2 with spending cuts of upwards of \$70 billion.

3 Do you support those kinds of cuts?

4 Mr. Phelan: Thank you for the question, Senator. As I
5 understand it, these proposed budget cuts were put in for
6 planning purposes, and then to basically take, redirect
7 assets from non-warfighting elements --

8 Senator Blumenthal: That is why I am asking you. Do
9 you support those cuts?

10 Mr. Phelan: Senator, I do not have enough familiarity
11 with them to tell you whether I would support them or not
12 support them.

13 Senator Blumenthal: Well, would you walk into a
14 corporation -- you have taken over many, and you have turned
15 them around -- knowing that already a decision had been made
16 to slash your workforce by 10 percent, indiscriminately,
17 across the board, and you had no say in that decision.

18 Mr. Phelan: Again, Senator, I am not privy to how they
19 got to their conclusions on this or what they did or what
20 the criteria was, so it is difficult for me to comment on
21 it.

22 Senator Blumenthal: Well, would you walk into a
23 situation, in a deal -- you have done many; you have turned
24 around corporations -- where there was a 10 percent slash in
25 workforce before you even started?

1 Mr. Phelan: Again, Senator, it is a hard question to
2 answer because I think typically --

3 Senator Blumenthal: You know, I think that is probably
4 a no. I do not think any expert business person in your
5 line of work would do it.

6 Would you agree with me that the concerns about
7 politicization of our armed services are well founded, given
8 the kind of firings that we have seen?

9 Mr. Phelan: Senator, I do not believe politicization
10 should be in the military, and I do not believe those
11 actions were politicization, but I don't know. Again, I was
12 not part of them, and I have not had any discussions around
13 them.

14 Senator Blumenthal: Thank you.

15 Chairman Wicker: Thank you, Senator Blumenthal.
16 Senator Kelly.

17 Senator Kelly: Thank you, Mr. Chairman. Mr. Phelan,
18 thank you for being willing to do this very important job.
19 The Navy, in particular, means a lot to me. I spent 25
20 years on active duty in the United States Navy, one of the
21 great fighting forces in the world.

22 I understand earlier you mentioned my SHIPS for America
23 Act. I appreciate that. Senator Young and I, and House
24 members are working on bringing back the U.S. Merchant
25 Marine from its rather dismal state of about 80 ocean-going

1 merchant vessels to something much larger than that. Our
2 adversary on the oceans, China, has 5,500 ocean-going
3 merchant ships. We have 80. We have got to rebuild this
4 industry. It is a national security and economic security
5 issue for us. So thank you for bringing it up. I look
6 forward to getting your feedback on the legislation.

7 But I want I want to discuss now is something more
8 specific, a weapon system called SLCM-N, the nuclear version
9 of the submarine-launched cruise missile, that is sort of
10 being debated. I want to make sure we are clear on the
11 direction of the system and understand the opportunity costs
12 that might come with fielding it.

13 So if we field SLCM-N, it would likely necessitate
14 removing some conventional munitions from Virginia-class
15 submarines and making some significant changes to the
16 security systems, the launch control systems within the
17 submarines. And that is concerning to me if we wind up in a
18 conflict in the Western Pacific, with China. I do not think
19 that conflict is inevitable. One of our great advantage
20 over other navies is our submarine force.

21 So Mr. Phelan, given the cost and operational
22 challenges, do you believe the SLCM-N, the nuclear-armed
23 sea-launched cruise missile program, is worth some of the
24 tradeoffs, and if confirmed, what direction do you plan to
25 take the Navy in with regards to the integration of this

1 missile? And do you think we need it for deterrence?

2 Mr. Phelan: Senator Kelly, thank you for the question.
3 I did appreciate the time we spent in your office, and your
4 viewpoints on this I thought were interesting.

5 I think, you know, look, I have not been read into the
6 program so I do not have classified information, so it makes
7 it a little difficult for me to ask you. I know there are
8 very strong debates on both sides as it relates to it, and I
9 look forward to working with the Secretary of Defense to
10 come up with what we hope will be the optimal answer as it
11 relates to it. So if confirmed, I look forward to working
12 with you on the program and better understanding the pros
13 and cons of it, and hopefully coming up with the best
14 solution.

15 Senator Kelly: Yeah, it is a big decision. It is one
16 of the, I would say, bigger ones that Navy has to face with
17 regards to a weapon system.

18 Another decision that is going to have to be made here
19 at some point is whether to move forward with the
20 development of FAXX. This is the Navy's version of NGAD,
21 the Next generation Air Dominance fighter. We need an
22 asymmetric capability. My view on this, in trying to
23 penetrate the A280 bubble that China has built in the
24 Western Pacific, is we need a capability that can fight its
25 way in.

1 Right now, the F-35 has fantastic capability. It is
2 very hard to see on radar. I mean, the stealth qualities of
3 that airplane are not matched anywhere else in the world.
4 But China continues to build significant weapon systems,
5 surface-to-air, air-to-air missile systems, that have much
6 greater range, ways to detect fighter aircraft. This is
7 changing very, very rapidly.

8 I am not going to ask you a question on this. I just
9 want -- well, I just want some reassurance that you
10 understand the challenge in the Western Pacific, that we
11 cannot just replace this stuff right now, anyway, with
12 unmanned systems. Hearing some of that from some corners of
13 the Administration, where the thought is that we could just
14 do all this stuff with drones -- we cannot. We do not
15 control the electronic warfare environment the way we would
16 need to do that. I think some day we could get there. I
17 just do not believe now is the day. And with the Chinese,
18 you know, some of their innovation, there are areas where we
19 have traditionally stayed way ahead. I am concerned that we
20 are getting to the point, in some of these areas, where they
21 are catching up. And these are the kinds of things we need.

22 So thank you. I look forward to working with you on
23 it.

24 Chairman Wicker: Thank you, Senator Kelly. No doubt
25 Mr. Phelan is now quite aware of your view on this issue,

1 and they make a lot of sense. Senator Hirono.

2 Senator Hirono: Thank you, Mr. Chairman. Welcome to
3 you and your family.

4 I ask the following two foundational questions relevant
5 to fitness to serve of every nominee before any of my
6 committees. Since you became a legal adult, have you ever
7 made unwanted requests for sexual favors or committed any
8 verbal or physical harassment or assault of a sexual nature?

9 Mr. Phelan: No, Senator, I have not.

10 Senator Hirono: Have you ever faced discipline or
11 entered into a settlement relating to this kind of conduct?

12 Mr. Phelan: No, Senator, I have not.

13 Senator Hirono: Mr. Phelan, I represent Hawaii, which
14 is a locale for INDOPACOM, the largest AOR critical to our
15 nation's defense. I am glad that you testified that
16 politics should not enter into how the DoD is run, and of
17 course, the Navy. But we have Elon Musk with his chainsaw,
18 cutting government programs and eliminating positions
19 without any transparency or criteria. Do you think this
20 approach will hurt Navy strength and readiness?

21 Mr. Phelan: Thank you for the question, Senator
22 Hirono.

23 Senator Hirono: That is a yes-or-no answer, please.

24 Mr. Phelan: It is a hypothetical question. I do not
25 actually know what DOGE is doing and how they are doing it.

1 I am not privy to that so I cannot really --

2 Senator Hirono: Okay, that is kind of amazing because
3 you are going to lead the Navy, and not to insult you or
4 anything, but I do not think you need a lot of information
5 to conclude that a slash-and-burn approach to programs and
6 personnel is the way to go.

7 In 2021, a massive and devastating leak at the Red Hill
8 Fuel Storage Facility contaminated Oahu's drinking water.
9 Ninety-three thousand people were affected. They had to
10 move to hotels. Some of them left the state altogether. And
11 it certainly hurt the military's reputation, although it was
12 actually a naval facility. But for the people of Hawaii,
13 they do not need to make a distinction between something
14 that the Navy was responsible for versus the Army or Air
15 Force or the Marines. So it is taking a lot to rebuild the
16 community's confidence in our Navy.

17 Ultimately, the senior DoD leaders made the correct
18 decision to defuel and permanently close the facility, a
19 complicated, as you can imagine, ongoing effort being led by
20 the Navy's Closure Task Force, scheduled to complete in
21 2028.

22 I would like to get your commitment to see through the
23 completion of the transparent closure of Red Hill, which
24 involves not only providing the adequate resources and
25 manpower but also close collaboration with the state

1 government officials and the Hawaiian community to restore
2 trust and faith in the military.

3 Mr. Phelan: Thank you, Senator. I know this is an
4 issue very important to you. I am committed to a full
5 review of the issues at Red Hill as related to the people of
6 Oahu and Pearl Harbor, and I am committed to the Navy fixing
7 the issues that the Navy is responsible for.

8 Senator Hirono: I think seeing this project or seeing
9 this issue through is going to be one of the major ways that
10 you are going to be able to restore faith.

11 The Navy is currently building a critical new dry dock
12 at Pearl Harbor to support Virginia-class attack submarine
13 maintenance, and this construction project is the largest in
14 DoD history, at nearly \$4.5 billion, but has been beset by
15 significant cost overruns, including an \$834 million -- that
16 is not very far from a billion -- increase just last year.

17 I hope you are prepared to take steps to ensure that
18 this dry dock project remains on time and on budget and, in
19 fact, I included a provision in last year's NDAA directing
20 the Secretary of the Navy, which would be you, should you be
21 confirmed, to conduct briefings on steps being taken to
22 prevent future cost overruns.

23 Mr. Phelan: Senator, thank you for the question. I am
24 going to have to see a \$4.5 billion dry dock. That is
25 something that seems quite astronomical to me. And if

1 confirmed, I look forward to seeing it there and hopefully
2 visiting with you there to see it. And you do have my
3 commitment to getting my arms around this.

4 Senator Hirono: Yes. I think that it is going to be
5 very critical that we do not keep getting the kind of
6 increases that happened just about 2 weeks after I was at
7 the opening, wherein I said I hope that this is going to
8 come in on budget, and the next thing you know it is a
9 billion dollars more.

10 Thank you, Mr. Chairman.

11 Chairman Wicker: Thank you, Senator Hirono. And Mr.
12 Phelan, let me just say that that type of overrun has to
13 end. We have got to wrestle this issue down to the deck.
14 And I hope this is the moment where we can turn that around.
15 Senator Rounds.

16 Senator Rounds: Thank you, Mr. Chairman. And Mr.
17 Phelan, first of all thanks for the opportunity to visit
18 with you in my office. I appreciated that, and I most
19 certainly think that you have got a good insight into what
20 some of the challenges are.

21 I also want to say thank you to your family for their
22 recognition of what you are in for and the challenges of
23 having a family that will not see you as much as they would
24 have otherwise. So I appreciate their sacrifice in this, as
25 well.

1 Mr. Phelan, as you have heard me say before, and we
2 talked a little bit about this in my office, 24 senior DoD
3 officials have confirmed that forcing the Department of
4 Defense to vacate any portion of the 3.1 to 3.45 GHz band of
5 the spectrum would have severely negative consequences on
6 our warfighting capabilities. Specifically, the Navy relies
7 heavily on spectrum, especially as it pertains to radar. As
8 we speak, our sailors are conducting missile defense
9 missions off the coast of the U.S. homeland, with Arleigh
10 Burke-class destroyers, and the Navy is protecting our
11 deployed forces in the Red Sea against pervasive Houthi
12 missile and drone attacks, with their AN/SPY-6 radars on
13 seven different classes of ships. The Navy's Aegis Combat
14 System relies heavily on the lower 3 band, using radars to
15 track threats and guided weapons to targets.

16 If the Navy had to vacate that portion of the spectrum,
17 testimony before this Committee indicates it would cost up
18 to \$250 billion to migrate those capabilities elsewhere,
19 which may not even be possible, given the unique physics of
20 the lower 3 band.

21 If confirmed, will you advocate for protecting the
22 Navy's warfighting systems that require spectrum to function
23 optimally?

24 Mr. Phelan: Senator Rounds, thank you for the
25 question. I did enjoy our time together, as well. I am

1 aware of this issue, and I do not believe any changes should
2 be made that increase risk to the Navy.

3 Senator Rounds: Thank you, and look, we have got to do
4 something about 5G and about being able to expand our
5 abilities here in terms of 5G and beyond. The fear I have
6 is that some interests do not understand how significant the
7 threat is to our homeland, and in particular with the fact
8 that the President has indicated he really would like to do
9 an Iron Dome for America like has been done in Israel.
10 There is no way he could do that without the protection of
11 this particular part of the band. And that is the reason
12 why I continue to bring this up. It is critical that we
13 continue to let the American public know, with these public
14 discussions, but also individuals, our concern about what
15 could happen if we do not protect that band of the spectrum.
16 So I thank you for that statement, sir.

17 Also, I understand that it basically costs right now,
18 and based upon what the Chairman's concern has been about
19 shipbuilding and so forth, I understand that it costs
20 roughly twice as much to build a ship in the U.S. as it does
21 elsewhere. Have you given any thought to how AI and
22 automation could be leveraged to dramatically increase our
23 shipyard efficiency?

24 Mr. Phelan: Yes, Senator, I have, and I think there
25 are a number of ways. We are in the early stages with AI

1 and its implementation, and its ability to impact this. But
2 I do think that there are going to be ways to increase
3 digital design and things that will allow us to design
4 things quicker, to potentially reduce change orders, as I
5 like to call them, and increase speed of production. I
6 think there are a number of things being done with 3D
7 printing that we need to be looking at, particularly as it
8 relates to parts and things along those lines.

9 So if confirmed, I look forward to working with you and
10 this Committee on some of the more technologically advanced
11 ways we can increase manufacturing and help get our
12 shipbuilding base in order.

13 Senator Rounds: Thank you. I have got language, by
14 the way, in the NDAA, the fiscal year 2025 NDAA, that would
15 require the Navy to use AI-enabled software to optimize
16 workflow at one or more of the shipyards. I am just hope
17 that would be something that you would support, and it
18 sounds like you would, so I appreciate that.

19 Let me just finish with this. Analysts agree that
20 there is a growing potential that our next great conflict
21 will be a multi-theater conflict involving multiple near-
22 peer adversaries. If confirmed, what steps would you take
23 to prepare the Department of the Navy to simultaneous
24 execute and sustain operational across multiple regions
25 while maintaining readiness and deterrence globally? Two

1 theaters, not just one.

2 Mr. Phelan: Thank you, Senator, for the question.
3 Look, this is a critical thing, and I need to work with the
4 combatant commanders, the CNO, and the Commandant of the
5 Marine Corps. My job is to train, man, and equip the Navy
6 to make sure that they have all the appropriate tools that
7 they need in order to defend the country and to take on our
8 adversaries.

9 Senator Rounds: Thank you. Thank you, Mr. Chairman.

10 Chairman Wicker: Thank you, Senator Rounds. Senator
11 Kaine.

12 Senator Kaine: Thank you, Mr. Chairman, and Mr.
13 Phelan, good to see you again. I enjoyed our visit.

14 A report came out this morning, at 10:00, so nobody has
15 had a chance to really see it, but I would recommend it to
16 you. It is from the GAO, and the title of it is,
17 "Shipbuilding and Repair: Navy Needs a Strategic Approach
18 for Private Sector Industrial Base Investments." And I am
19 just going to read you, on page 67, the opening paragraph,
20 or the conclusion.

21 "Problems in Navy shipbuilding and repair have remained
22 relatively unchanged over the past decades. Programs are
23 not achieving costs and schedule goals, and as a result, the
24 battle force is not sufficiently modernized and ready to
25 meet national security needs. These problems are, in part,

1 because the ship industrial base faces workforce and
2 infrastructure challenges that put the Navy's goals out of
3 reach."

4 And here is the part I really wanted to read.

5 "Yet the Navy continues to expect different performance
6 outcomes in the coming years than it has achieved in the
7 past. There is no basis for expecting industrial base
8 outcomes to improve without changes from the Navy that would
9 motivate a different level of private industry investment
10 and performance."

11 I would like to introduce the report for the record,
12 Mr. Chair.

13 Chairman Wicker: Without objection, and with a hear,
14 hear.

15 Senator Kaine: Yes.

16 Chairman Wicker: It is so ordered.

17 [The information follows:]

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1 Senator Kaine: And I think that this is something you
2 are going to want to read, although much of it seems to
3 track things that we discussed.

4 You are a nontraditional appointee for this position,
5 and that can be okay if the tradition is not working. And I
6 think the punchline in this report is the tradition is not
7 working. I explained to you that having been on the
8 Committee now in my 13th year, and always been in the
9 seapower space, that I have kind of operated on the
10 assumption that if we just do our job here on the resource
11 side, the Navy and our innovative private sector will
12 deliver a product successfully, and I have been wrong in
13 that assumption. It has not worked.

14 Last year, we not only had a robust defense budget but
15 we joined together in a bipartisan way twice in the year to
16 bulk it up, once in the April supplemental package and then
17 once at the end of the year.

18 So just putting more money into the bucket without
19 changing how we are doing things, I now have completely lost
20 confidence that that is going to solve the problem.

21 That leads me back to you. You are a nontraditional
22 nominee, but you are nominated for a position where the
23 tradition does not seem to be working. And so that makes me
24 intrigued with what you might do differently than has been
25 done in the past.

1 When the President asked you to do the job, I know you
2 guys -- I do not want to really get into the substance so
3 much, but he asked you for a reason. There were other
4 people he could have asked. In the discussions with the
5 President, what do you understand to be his priorities for
6 the Navy and why he would think that you would be the right
7 person to carry out those priorities?

8 Mr. Phelan: Thank you, Senator, for the question. I
9 did enjoy our meeting, as well.

10 I do not think I can say shipbuilding enough times in
11 terms of the President's priorities, as he has made it very
12 clear. I think what is missing, from what I can see, is the
13 sense of urgency. It is kind of, we are just going along,
14 and it is kumbaya. And it is almost as if you are waiting
15 for a crisis to happen to ignite things. And I think in the
16 business of warfare, that is a dangerous place to be.

17 So I think why the President selected me is I will
18 bring a sense of urgency to this. I will bring a sense of
19 accountability to this. I am good at setting up feedback
20 loops. I am good at creating accountability and making sure
21 people execute. I am good at rewarding performance. You
22 perform, you move up. And I think those are all things that
23 need to happen and need to be looked at again. And I think
24 that sense of urgency is important.

25 You know, again, I jokingly mentioned earlier in the

1 hearing, the President texted me, I think it was 1:18 in the
2 morning, of like three rusty ships in a yard, and said,
3 "What are you doing about this? This is terrible. How can
4 this exist?" He is very focused. You know, Senator Wicker
5 initially asked, do I still want the job after hearing
6 everything. He is a demanding man who wants things done.
7 And it will be a challenge, but I think the Navy needs to
8 recognize that.

9 And I think one of the keys is you have to develop a
10 strategy and a vision, and then you basically have to come
11 up with a force goal, so that strategy is going to drive the
12 force goal. So you sit down with the combatant commanders
13 and come up with a force goal. And then you have got to
14 make it affordable.

15 So we are going to need to make tradeoffs. We are
16 going to need to look at what is working, what is not
17 working. What legacy systems no longer matter? What other
18 conflicts have we seen things happen that is going to inform
19 what we should do?

20 Senator Kaine: I will say on that one, one virtue of
21 being a newcomer to this, in some ways, is you are not
22 attached to a legacy system because it was the system that
23 you trained on and you have a particular loyalty to.

24 I am over time, but I will just say this to conclude.
25 I am heartened to hear -- I mean, I do not mind criticizing

1 the President when I think he is wrong, but when I think he
2 is right, I will say it, and I think shipbuilding is a
3 focus, shipbuilding and ship repair.

4 And one of the little plusses in this report is they
5 actually say that we have gotten better at ship repair in
6 the last 5 years. Still got a long ways to go, but we
7 actually have shown some improvement. So there may be some
8 improvement strategies that would think about and then apply
9 to shipbuilding.

10 I would love to go with you down to the shipyard in
11 Norfolk sometime, the public shipyard and the Huntington
12 Ingalls shipyard where we build carriers and subs.

13 With that, Mr. Chair, I yield back.

14 Mr. Phelan: I will look forward to that.

15 Chairman Wicker: I think you will be doing a good bit
16 of traveling to shipyards, Mr. Phelan.

17 At this point I ask unanimous consent to enter into the
18 record a number of letters supporting the nomination of Mr.
19 Phelan, the first by Thomas J. Mundell, President and CEO of
20 the National Medal of Honor Center for Leadership; the
21 second being a letter signed by Melissa P. Allen, President
22 and Chief Operating Officer, and Steven D. Cashen, Chief
23 Executive Officer, of the Third Option Foundation; the third
24 being a letter from Robert Sweetman, Navy SEAL retired,
25 founder of the Creed for Peaceful Warriors; fourth being a

1 letter of endorsement from Jim Hake, Founder and CEO, on
2 behalf of the Spirit of America; and finally, a letter of
3 endorsement from Pam Zembiec, widow of Major Doug Zembiec,
4 known to many as the Lion of Fallujah.

5 Without objection, those letters will also be entered
6 into the record.

7 [The information follows:]

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1 Chairman Wicker: Now one final question. Mr. Phelan,
2 regarding nuclear submarines and shipbuilding, nuclear
3 submarines are some of our most formidable weapons. We must
4 get these programs back on track. The Navy developed an
5 innovative contracting technique called SAWS, S-A-W-S,
6 Shipbuilder Accountability and Workforce Support, SAWS. The
7 goal of SAWS is twofold, to invest in our shipbuilders and
8 to free billions of dollars over the next 5 years to support
9 the shipbuilding industrial base.

10 Regrettably, the last administration did not move
11 forward with this plan, which has broad bipartisan support.
12 Mr. Phelan, you have said today that we have to end business
13 as usual. So will you commit to discussing with me, soon
14 after confirmation, the benefits of SAWS?

15 Mr. Phelan: Yes, Senator. I look forward to that.

16 Chairman Wicker: Thank you very much. And if there
17 are no further questions or comments, this hearing will soon
18 be adjourned. But I must say some magic words.

19 The record will be open for 2 days. Questions for the
20 record will be due to the Committee within 2 business days
21 from the conclusion of the hearing.

22 Without objection, we are adjourned. Thank you, sir.

23 Mr. Phelan: Thank you, Senator.

24 [Whereupon, at 11:33 a.m., the hearing was adjourned.]

25