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STATEMENT BY

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COMMITTEE ON HOUSE ARMED SERVICES

Chairman Rogers, Ranking Member Smith, and distinguished Members of the Committee, thank you for the opportunity to appear before you today to discuss the state of our nation's defense industrial base (DIB) and the Department of War's (DoW) priorities as we begin the Fiscal Year 2027 National Defense Authorization Act (NDAA) cycle. I appreciate the Committee's enduring focus on the health and resilience of the defense industrial base, a critical component of our national security.

The global security environment is one of increasing complexity and volatility. The American people’s security, freedom, and prosperity are directly linked to our ability to trade and engage from a position of strength in the Indo-Pacific. And, Russia has shown that it has the national resolve required to sustain a protracted war in its near abroad.

A robust, resilient, and modern defense industrial base is not a luxury; it is a strategic imperative. The ability to deter our adversaries and prevail in conflict is directly linked to the strength of our industrial partners and their capacity to produce the capabilities our U.S. and Allied warfighters need, at speed and at scale.

Yet the state of the DIB is concerning. Many reports from the U. S. Government Accountability Office (GAO) articulate how the condition of the DIB and its ability to deliver needed capabilities has become demonstrably worse in the last thirty years. A few examples include facts like no Army vehicles met readiness targets in FY 2024; despite a near-doubling of the shipbuilding budget over the last two decades, the Navy has not increased the size of the Fleet; and F-35 deliveries were late an average of 238 days.

Meanwhile, China dominates global manufacturing, with nearly 30% of output, surpassing the United States’ share of 17%. With as much as 200 times greater shipbuilding capacity, China can scale defense production and delivery at a pace that challenges U.S. readiness and security. And more than 400,000 defense manufacturing jobs sit open today, with four million projected to be needed in the next decade.

Revitalizing the DIB is a generational issue. It is for these and other compelling national security reasons that Revitalizing the Defense Industrial Base is a key line of effort in both the 2026 National Defense Strategy and the Acquisition Transformation Strategy.

That said, I can attest that this Administration and the Department are committed to addressing this issue. With a strong sense of urgency and a definite bias for action, **we are moving out now.**

My testimony today will focus on the Department's comprehensive strategy to strengthen the defense industrial base. This effort is built on several key pillars: improving the clarity and consistency of our demand signals to industry; ensuring stability in funding and contracting; implementing strategic investment strategies to modernize and expand the industrial base; growing and protecting the DIB from adversarial influence; and fostering a culture of innovation and performance. I will also provide an update on our execution of critical authorities, such as those provided by the Defense Production Act (DPA), and our feedback on recent legislative provisions, including the changes to the Industrial Base Analysis and Sustainment (IBAS) program in the FY26 NDAA.

As the Under Secretary of War for Acquisition and Sustainment (A&S), my priorities for revitalizing the DIB are directly aligned with the 2026 National Defense Strategy. Therefore, we are focused on three cross-cutting efforts: delivering integrated capabilities at speed and scale, protecting and sustaining the DIB, and fostering a resilient and robust industrial base.

These priorities guide our efforts to modernize the acquisition system and build a DIB that is agile, innovative, and capable of meeting the challenges of the 21st century. Our Acquisition Transformation Strategy is centered on several key efforts: fueling the Arsenal of Freedom by rebuilding the DIB; elevating and empowering the acquisition workforce to rapidly deliver capability; maximizing acquisition flexibility through reduced regulations and processes; developing high-performance systems through rigorous technical and execution excellence; and improving effective lifecycle risk management.

A cornerstone of our strategy is shifting from a requirements-based acquisition system to a solutions-based approach. We are actively dismantling the barriers that have slowed the delivery of capability to the warfighter for too long. At the Secretary's direction, we have worked to put the entire acquisition system and the defense industrial base on a wartime footing with the urgency and mandate to accept more risk. This means embracing commercial solutions, streamlining our processes, and empowering our program and contracts managers to make risk-informed decisions.

We are pursuing the most ambitious regulatory reform effort in modern history, returning the Federal Acquisition Regulation and the DFARS to their statutory foundations. At the same time, we are transforming the Defense Acquisition University into the Warfighting

Acquisition University—instilling a mindset where speed is a decisive advantage and embedding experiential, real-world problem-solving into every aspect of training. That cultural shift is essential. We must transfer risk from the operational realm to the acquisition realm. We need a system that embraces iteration – one in which delivering a 90% solution when the warfighter needs it is far more valuable than waiting for a 100% solution that arrives too late.

In alignment with the President's Executive Order on Reforming Foreign Defense Sales, we are committed to fostering greater competition within the DIB by making it easier for new and non-traditional companies to do business with the Department. Recognizing the inherent link between foreign defense sales and the U.S. DIB, we have also realigned the Defense Security Cooperation Agency (DSCA) and the Defense Technology Security Administration (DTSA) to A&S to better align the acquisition, industrial base, and arms transfer enterprises. We are not only optimizing arms transfer efficiency and responsiveness but also unlocking opportunities to leverage allied and partner investments into the DIB, strategically increasing total defense sales, and maximizing U.S. operational and industrial readiness.

Lastly, I am committed to better synchronizing the activities of the commercial and organic industrial bases as the two elements that make up the overall defense industrial base to strengthen our industrial readiness. On October 1, 2025, my office launched the Organic Industrial Base Marketplace designed to modernize the Department's sustainment ecosystem by directly aligning enterprise-wide manufacturing requirements with latent capabilities, improving visibility and capacity matching across the Department. The Marketplace increases operational agility, reduces supply-chain vulnerabilities, and promotes a more balanced, resilient defense industrial posture by enabling rapid reallocation of work, prioritizing critical requirements, and better integrating organic resources into enterprise planning.

A clear and consistent demand signal is essential for a healthy and responsive defense industrial base. For too long, the DIB has been forced to navigate the uncertainties of fluctuating budgets, shifting priorities, and lengthy continuing resolutions. This has complicated decision making for companies regarding long--term investments in facilities, workforce, and research and development that are necessary to maintain a technological edge and ensure production capacity. Industry should also deliver on time and on budget, consistent with the contracts to which they have agreed and taxpayer funding has been provided.

To clarify our demand signals, the Department is pursuing a top-down strategy that provides industry a more stable and predictable long-term view of our procurement requirements. One of the most important tools at our disposal is the use of multi-year procurement (MYP) contracts. MYPs allow us to commit to purchasing a certain number of systems over a period of several years, which provides industry with the stability they need to make long-term investments. This, in turn, leads to lower costs for the taxpayer and a more resilient industrial base.

Some recent framework agreements exemplify this commitment to stabilizing demand signals to industry. We recently announced a seven-year framework agreement with Lockheed Martin to more than triple the production of Patriot Advanced Capability-3 (PAC-3) Missile Segment Enhancement (MSE) interceptors from approximately 600 to 2,000 per year.

Similarly, we reached an agreement with Lockheed Martin to quadruple the annual production capacity of THAAD interceptors. Several agreements were announced with RTX this year as well, including increased production capacity and acceleration for Tomahawk, AMRAAM, SM-6, SM-3 IB, and SM-3 IIA.

We also announced a landmark $1 billion direct-to-supplier partnership with L3Harris Technologies to expand the production of solid rocket motors. This convertible preferred equity investment in their Missile Solutions business is the first of its kind and will significantly increase our domestic capacity.

These agreements provide industry with stable demand signals, but also the incentive to invest in increased production capacity. The Department has a long history of successfully using MYPs for a variety of programs, and we are increasingly looking to this authority to support our modernization priorities, particularly in munitions. The FY26 NDAA's inclusion of authorities for MYPs for a range of critical munitions is a welcome and necessary step, and we are committed to working with Congress to fully leverage this authority.

The Department is also developing an integrated sight picture of aggregated U.S. and foreign demand for capabilities, as well as the U.S. DIB's capacity to deliver them. In addition to ensuring arms transfers are both programmatically viable and strategically sound, this will help identify current capacity gaps and inform decision making on opportunities for potential expansion.

The Department is pursuing a multi-faceted investment strategy to modernize and expand the defense industrial base. This strategy includes a combination of traditional and innovative approaches, all designed to ensure that our industrial partners have the resources they need to meet our nation's security needs. This bottom-up approach focuses on identifying and addressing gaps, single points of failure, and helping expand the number of suppliers in the DIB.

Under the current Administration's leadership, the Department of War has taken decisive action to create a resilient supply of critical minerals for our national security, investing $2.3 billion in critical mineral deals since January 20, 2025. This represents an increase of 273% over the total invested by the Department of Defense during the previous four years. These substantial investments are finally securing the foundation of our supply chains for lethal capabilities.

The Defense Production Act (DPA) is a key component of this investment strategy. The DPA provides the President with the authority to ensure the availability of industrial resources to meet our national defense requirements. The Department's DPA Title III program works in partnership with industry to identify and mitigate critical shortfalls in the domestic supply chain. We also work with other Department organizations, like the Office of Strategic Capital (OSC), to find new and innovative ways to support industry. The DPA Title III program is helping to build a more resilient and robust industrial base.

We have recently used DPA authorities to make significant investments in critical sectors. For instance, we awarded $29.9 million in September 2025 to develop a domestic supply of gallium and scandium, and we have also used DPA authorities to invest $36.6M in late 2025 in germanium production and $43.4M in September 2025 to establish domestic capability for antimony trisulfide, addressing two of the most pressing critical mineral shortfalls facing the defense industrial base today.

Since the start of January 2025, we have also invested a total of $149 million in DPA Title III funds to date to eight recipients to enhance and expand the solid rocket motor (SRM) industrial base. More specifically, these investments are designed to help alleviate SRM shortfalls by increasing capacity and reducing manufacturing lead times for key components.

Many of the provisions within the DPA were scheduled to sunset on September 30, 2025, but were extended to September 30, 2026, in the FY 2026 NDAA. My office appreciates the continuation of these critical authorities. The administration looks forward to working with you and all other relevant committees on not only fully reauthorizing these provisions but modernizing them to meet current and future challenges.

The Industrial Base Analysis and Sustainment (IBAS) program is another critical element of our investment strategy. The IBAS program is focused on improving the readiness and competitiveness of the US industrial base by bolstering high-priority domestic capabilities and mitigating supply chain risks. A core component of the IBAS mission is addressing the skilled labor shortage that impacts our industrial readiness. To that end, IBAS is making significant investments in workforce development and training programs to cultivate the next generation of skilled tradespeople.

To address critical workforce challenges within the defense industrial base, IBAS is investing in innovative programs that build a robust talent pipeline for the future. A prime example of this strategy is the Manufacturing and Engineering Education Reimagined for All, or MEERA, program. MEERA is a nationally scalable K-12 curriculum that provides students with industry-recognized manufacturing and engineering certifications, beginning as early as the 6th grade. The program's pilot in Michigan, which established the state's only middle-school career and technical education curriculum, has been met with remarkable enthusiasm. Its success is creating a powerful model for public-private partnership, demonstrating how Department of War investments can be amplified by state governments and local industry to act as a force multiplier. After reaching 600 students in its first year, MEERA is now expanding to Alabama, Guam, Hawaii, and Mississippi and is on pace to reach approximately 5,000 students by the end of fiscal year 2026. This initiative is a clear demonstration of how targeted educational investment can yield significant returns, strengthening our nation's manufacturing base for years to come.

IBAS is also investing in programs like the Metallurgical Engineering Trades Apprenticeship & Learning (METAL) initiative, creating apprenticeships in the casting and forging industry, a sector that needs to fill over 122,000 jobs by 2028 to maintain stability. Furthermore, the Accelerated Training in Defense Manufacturing (ATDM) program has established a new National Training Center which will graduate 1,000 certified workers annually across trades like welding, CNC machining, and quality assurance. These programs are essential to revitalizing the DIB by creating a robust pipeline of talent. We appreciate the Committee's attention to the IBAS program in the FY26 NDAA and we are working to implement the new provisions to further enhance the program's effectiveness.

These are just a few examples. Since the beginning of the Administration, the IBAS program and DPA authorities have channeled $975 million into 15 projects aimed at expanding the domestic production of strategic and critical materials. We are also very grateful to Congress for the $5 billion provided for minerals in the Working Families Tax Credit.

In addition to these traditional investment tools, the Department is also exploring more innovative approaches to investing in the industrial base.

We are working to attract greater private capital investment in the defense sector, and we are looking at ways to use equity investments to support the growth of small and innovative companies. We believe that by leveraging the power of the private sector, we can accelerate the pace of innovation and build a more dynamic and competitive industrial base.

Executive Order 14383 establishes an America First Arms Transfer Strategy, which will ensure that future arms sales prioritize American interests by leveraging foreign purchases and capital to build American production capacity. The Department of War is working with our partners at State and Commerce to develop a sales catalog to proactively encourage allies and partners to acquire prioritized platforms and systems that build production capacity for weapons that are most operationally relevant for the execution of the National Security Strategy, support domestic reindustrialization, improve DIB resiliency, and strengthen critical supply chains.

The additional funding provided by Congress through the reconciliation process has been a game-changer for industrial base readiness. These resources have allowed us to make generational investments to expand production, modernize facilities, and mitigate critical supply chain vulnerabilities. The Department has moved aggressively to put these funds to work, with a strategic focus on our most pressing needs.

Of the reconciliation funds appropriated, the Department has dedicated a substantial portion to key industrial base priorities. As noted above, we have $5 billion identified for critical minerals and another $2.7 billion to expand and accelerate the production of munitions, from artillery shells and guided rockets to long-range precision fires. These investments are already yielding results, with 155mm shell production capacity set to double in the coming year.

We have designated approximately $6 billion for DPA and IBAS funded initiatives. These funds are targeting our most acute industrial chokepoints. For example, $250 million is being directly invested in the solid rocket motor industrial base to increase throughput, introduce modern manufacturing technology, and expand the workforce.

Recognizing the strategic vulnerability presented by our dependence on foreign sources for critical materials, we have allocated $300 million to shore up the National Defense Stockpile and invest in the domestic processing of critical minerals. These funds will acquire materials like cobalt and lithium to support projects aimed at creating a secure, domestic end-to-end supply chain for these essential resources. We continue to work with Congress to secure dedicated, no-year funding for the National Defense Stockpile Transaction Fund. Providing those funds along with our efforts to operationalize the flexible authorities already granted by Congress will enable time-sensitive acquisitions and offtake agreements to help send a reliable demand signal to industry and withstand the increasingly frequent shocks to the defense industrial base caused by adversarial economic practices.

We are committed to providing this Committee with full transparency as we continue to obligate these crucial funds.

The Department is grateful for the continued partnership and leadership of this Committee, as demonstrated in the FY26 National Defense Authorization Act. The provisions within this act provide critical authorities and focus directly on our efforts to build a more resilient and lethal force.

The FY26 NDAA changes to the Industrial Base Analysis and Sustainment (IBAS) program clarified the program's authorities and provided more flexible funding mechanisms, empowering the Department to be more agile and strategic in our industrial base investments. The new structure allows IBAS to better target investments toward our most critical needs, such as workforce development, mitigating single points of failure in the supply chain, and fostering innovation in manufacturing. These changes will significantly enhance the Department's ability to proactively address industrial base challenges before they become crises. We are already updating our internal processes to fully leverage this new flexibility.

The authority to enter Multi-Year Procurements (MYPs) for a range of critical munitions is a powerful tool that sends a clear, long-term demand signal to our industry partners. This stability is precisely what the munitions industrial base needs to justify significant investments in new facilities, a larger skilled workforce, and more efficient production lines. We are moving quickly to utilize this authority for several high-demand munitions and anticipate it will lead to both significant cost savings and a much-needed expansion of our production capacity.

The new Office of the Assistant Secretary of War for International Armaments Cooperation (OASW(IAC)) will elevate and streamline armaments and defense industrial cooperation with U.S. allies and partners. ASW(IAC) will leverage foreign investment to fill production gaps in the U.S. defense industrial base, increase the lethality and survivability of the Joint Force through cooperative capability development,

and enable allies to take greater responsibility for their own security while boosting U.S. arms sales.
The Civil Reserve Manufacturing Network (CRMN) is a powerful strategic signal that supports what the Secretary of War has termed the modern "arsenal of freedom"—a clear demonstration of our industrial resilience that deters aggression and assures our industrial readiness. The CRMN is an investment in the American economy that will help revitalize industrial communities and strengthen the economic and manufacturing foundation that underpins our national security. The Department is fully committed to this initiative and is actively building out the framework to bring this network online and begin producing defense-relevant material on commercial lines.

My office recently integrated the Joint Energetics Transition Office (JETO) within the Office of Industrial Base Policy and designated the Director to execute its responsibilities. Thanks to the funding provided in reconciliation, we have begun staffing and budget planning to achieve the mission. The JETO is actively coordinating within the energetics community for several initiatives to accelerate development and transition of new energetics capabilities, and to develop operational insights into the supply chain for energetics. We look forward to keeping the Committee informed of our progress implementing this initiative.

We appreciate these and other provisions in the FY26 NDAA that strengthen our acquisition toolkit and support the DIB. We look forward to working with the Committee on the implementation of these authorities and to identifying new opportunities for partnership in the FY27 cycle.

A strong industrial base requires security. The Department is committed to protecting the DIB from adversarial capital and influence that seeks to undermine our technological advantages and compromise our supply chains. The Committee on Foreign Investment in the United States (CFIUS) is a critical tool in this process. As an active member of CFIUS, the Department reviews foreign acquisitions of U.S. companies to identify and mitigate national security risks, particularly those involving sensitive technologies and intellectual property. This review process allows us to prevent our adversaries from gaining control over critical defense assets.

Furthermore, we conduct rigorous reviews of mergers and acquisitions within the defense sector to ensure they do not create undue consolidation or foreign dependency. The goal is to maintain a competitive and resilient marketplace that is not susceptible to manipulation by foreign actors.

Through these coordinated efforts - CFIUS reviews, M&A scrutiny, and the public identification of adversarial companies - we are building a formidable fence around our defense industrial base, ensuring it remains a secure and trusted source of strength for our nation.

The Department's reliance on a global supplier network creates risk of exposure to vulnerabilities in parts, supply, and data ownership, as well as influence by competitors who are actively seeking ways to exploit these weaknesses.

To address these risks, Pillar Five of the Department's Acquisition Transformation Strategy focuses on improving effective lifecycle risk management, including forging a more resilient defense supply chain in contested environments. This includes achieving an extensive end-to-end illumination of critical defense supply chains, from our prime contractors to the mines that produce our critical minerals, to the small, non-traditional vendors developing our most advanced technologies.

My office is currently standing up the Supply Chain Risk Management Integration Center to introduce a standardized supply chain risk management framework, develop a proactive process for mitigating and prioritizing risks, and expanding an integrated data environment with an enterprise-wide risk monitoring dashboard. This initiative will provide Department leadership with unprecedented visibility into vulnerabilities, enabling data-driven risk management decisions using both commercial and government-owned illumination tools.

A key focus of the Department's efforts is to grow and diversify the defense industrial base. The decline in small business participation in the DIB—a 40% drop in the last decade—is a trend we are working diligently to reverse. While large prime contractors are essential partners, we also need to foster a more vibrant and competitive ecosystem of small and non-traditional companies. These companies are often the source of the most innovative and disruptive technologies, and we need to do more to bring them into the defense marketplace.

To this end, the Department's Office of Industrial Base Growth (IBG) is working to lower the barriers to entry for new companies. We are streamlining our contracting processes, and we are creating new opportunities for small businesses to compete for defense contracts. We are also working to create a more collaborative relationship with industry, one that is built on trust and transparency.

IBG and the Office of Small Business Programs have several key initiatives designed to attract and cultivate new entrants. The **APEX Accelerators** program (formerly

Procurement Technical Assistance Centers) provide crucial training and resources to help businesses navigate the complexities of government contracting. With over 90 centers nationwide, APEX Accelerators offer guidance on everything from securing necessary registrations to bid preparation and cybersecurity awareness. Last year, APEX Accelerators served more than 26,000 new clients and helped them win $64.9 billion in contracts.

The **Mentor-Protégé Program (MPP)** is another vital tool for developing small businesses. This program pairs experienced large contractors (mentors) with emerging small businesses (protégés) to enhance the protégé's capabilities and enable them to compete for larger contracts. The MPP has a proven track record of facilitating long-term business relationships and expanding subcontracting opportunities.

Additionally, recognizing the need for a more dynamic and accessible way for small businesses to connect with the Department, we recently launched **LYNX**, a digital networking platform. Powered by artificial intelligence, LYNX helps small businesses showcase their capabilities, assess their readiness for defense work, and connect with mission-aligned opportunities and partners, thereby reducing barriers to entry.

Finally, we are committed to improving industry performance. We expect our industry partners to deliver high-quality products on time and on budget. We are working to create a more performance-based acquisition system, one that rewards companies that meet their commitments and holds accountable those that do not. We are also working to improve our own performance as a customer – including providing clearer requirements, more stable funding, and more timely feedback to our industry partners. Under Executive Order 14383, we are incentivizing new entrants and nontraditional defense companies to contribute to the defense industrial base by participating in arms transfers to allies and partners.

The challenges we face are significant, but so are the opportunities. I am confident that by working together, the Department of War, the Congress, and the defense industrial base can build a 21st-century defense enterprise and industrial base that is second to none.

Under President Trump and Secretary Hegseth's leadership, the Department is now on a war footing, and we are moving with a sense of urgency to transform our acquisition system and revitalize our industrial base. We are committed to delivering the capabilities our warfighters need to deter our adversaries and to win if conflict is forced upon us. We must succeed in this endeavor. Our national security depends upon it.

Thank you again for the opportunity to testify today. I appreciate your continued partnership and look forward to your questions.