



Statement before the

Committee on Armed Services

Subcommittee on Oversight & Investigations

U.S. House of Representatives

on

**“The U.S. Navy Shipbuilding Plan:  
Assumptions and Associated Risks to National Security”**

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*The views expressed in this testimony are those of the author alone and do not necessarily represent those of the American Enterprise Institute.*

Thank you, Chairman Wittman, Ranking Member Cooper, and members of the Oversight & Investigations Subcommittee for the opportunity to join you again to analyze the U.S. Navy’s 30-year shipbuilding plan.

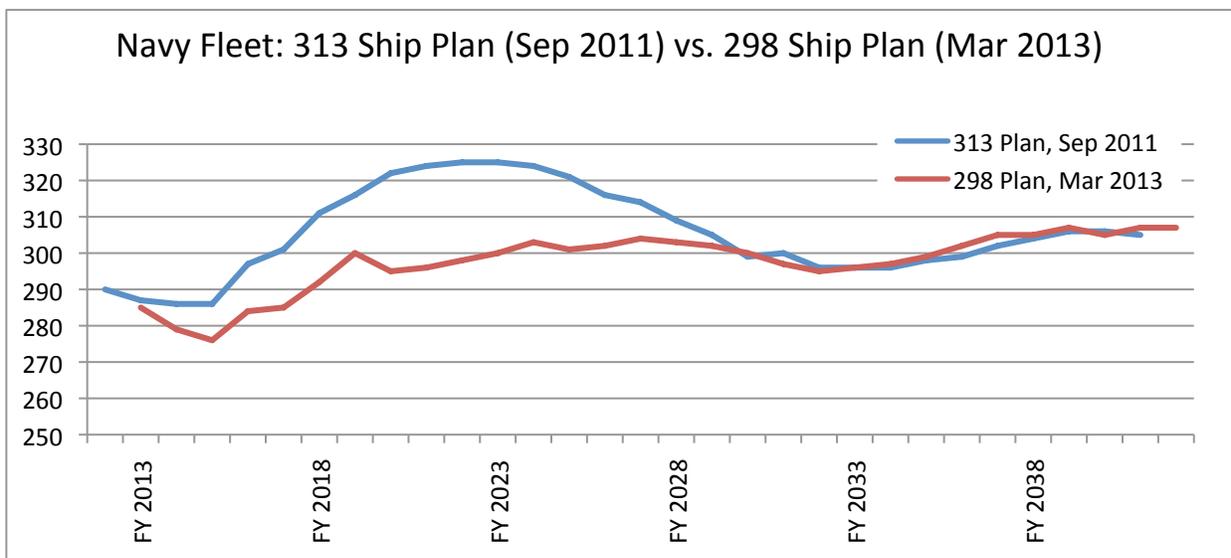
Even though one year has passed since our last conversation, much has changed in the Navy’s long-term budgets and plans. In January, President Obama released a new strategic guidance to the Department of Defense (DoD) leadership that emphasized the importance of the Asia-Pacific to America’s enduring interests. The latest Pentagon strategy follows the wisdom of the Congressionally-mandated bipartisan Quadrennial Defense Review (QDR) Independent Panel, which in 2010 argued that the threats of the Asia-Pacific would place special emphasis on naval and air forces, concluding that “the force structure in the Asia-Pacific needs to be increased.”

While the QDR Independent Panel recommended a Navy of 346 ships in order to meet global requirements and ensure continued deterrence in vital regions like the Asia-Pacific, the Navy’s latest shipbuilding plan produces a fleet averaging 298 ships. Rather than recommending increases in naval and air forces in order to meet increased regional commitments, the Obama administration’s 30-year shipbuilding plan for 2013 shrinks the force. Yet a smaller Navy and Air Force are widely expected to see increased demands on their personnel and equipment as a result of the latest guidance.

### Asia-Pacific Region’s “Tyranny of Distance” Means Quantity Still Matters

The shortcomings of the Navy’s FY 2013 shipbuilding plan are especially transparent when viewed in the context of last year’s plan, updated just six months ago last September. In the Navy’s previous plan, it would have exceeded its long-standing target of 313 ships in 9 out of 30 years, or 30 percent of the time. Conversely, it would have fallen below a 300-ship floor for 11 of the 30 years, just over one-third of the time. Over the course of last year’s long-term plan, the fleet would have averaged 306 ships in any given year.

Five months later, amidst a pivot to Asia that emphasizes naval power, the administration’s new plan reduces the 313-ship goal that was considered the minimum needed by the previous Chief of Naval Operations. At no point over the newest 30-year plan will the Navy approach 313 ships, and the fleet falls under 300 ships for nearly half of its three decades. In fact, the Navy will not reach a fleet size of 300 ships for another decade.



The Navy's 2013 shipbuilding plan simply builds fewer ships. Under the current future years defense program (FYDP), the Navy plans to build 16 fewer ships and retire 9 additional ships early.

As little as six months ago, the administration stated the Navy needed to construct 276 ships. Today: 268. This will surely increase risk on these assets and the people manning them in the near-term. The September version of the 2012 plan called for the construction of 57 ships from fiscal year (FY) 2013 through FY 2017. The new plan cuts this figure to 41.

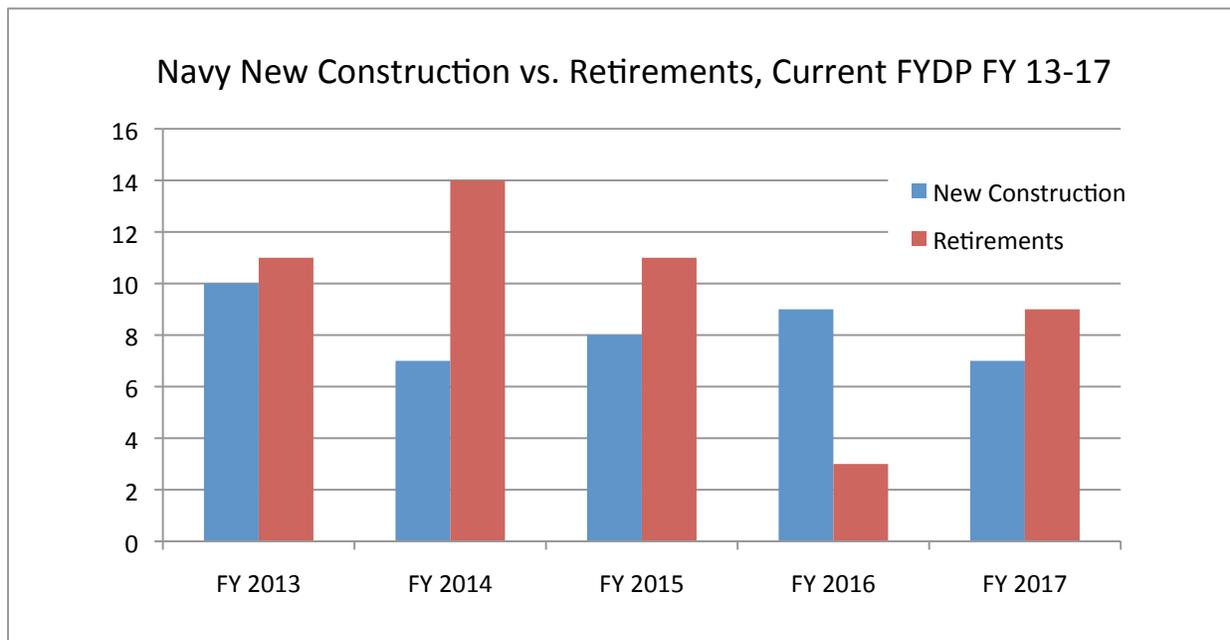
As the fleet shrinks in size, it also changes its mix from a force heavily equipped with major surface combatants, submarines, and carriers to one emphasizing small surface combatants and transport vessels in the near-term.

The Navy's newest shipbuilding plan is back loaded with most of the new construction occurring after the current FYDP. For instance, the plan states that the Navy will need to spend \$16.8 billion on new construction each year. However, over the plan's first five years, the Navy spends only \$12.7 billion on new ship construction. The promise that budgets and fleet sizes will improve in the future simply does not match with the near, mid and long-term budget plans of the Department of Defense. The money we spend now, and the number of ships we buy now, will set a precedent that could lock the service into a new construction number that is 25% below its own newly reduced requirements.

While technological advances are significant and important, numbers still matter to the U.S. Navy. Ships, no matter how capable, cannot be in two places at once. The Navy spends the vast majority of its time assuring and deterring others, not fighting battles. Networks do not deter potential aggressors nor support and assure our friends and allies. Ships steaming the world's oceans and sailors home ported in foreign docks do that. Quantity is still important and even more so when the pivot is to a region defined by vast distances.

### **Rosy Service Life Assumptions Do Not Match Current Retirement Reality**

The simple and unavoidable fact is that the Navy is retiring ships faster than it can build them.



Since older ships will be serving for longer periods as the budget cuts new construction, even the modest fleet sizes projected by the plan rely entirely upon the Navy's ability to keep ships running to the end of their service lives. The plan projects that cruisers (CGs) will stay in service up to 35 years, while it projects destroyer (DDG) service life of 40 years. By way of comparison, the first five *Ticonderoga*-class cruisers averaged a little over 19 years in service before being decommissioned, and a 2010 assessment chartered by the Navy's Pacific fleet commander projects that DDGs will only last 25 to 27 years in service, not 40.

As part of its 2013 budget request, the Navy is retiring seven cruisers whose average age is barely over 20 years—a full 15 years earlier than the assumed service lives of other cruisers in this shipbuilding plan.

The Navy's new service life estimates for these ships are simply unrealistic. In the case of the first five CGs, the Navy retired these ships due to technological advances in missile launch technology in the next block of the class. But as ships are pushed further towards the end of their service lives, the Navy's growing maintenance bow wave will only drive up costs and leave the service unprepared for unforeseen contingencies.

Fleet readiness will decline as a result. The 2010 Balisle report detailed the effect of collapsed maintenance upon naval readiness. One of the primary metrics by which the Navy tests its maintenance and upkeep is the Board of Inspection and Surveys (INSURV), which conducts onboard inspections. From 2005 through 2009, the Navy's failure rate was more than double the previous five years' average. In 2008, ships scored on average marginal or unsatisfactory in two-thirds of all inspection categories.

Facing ongoing budget cuts, the Navy has eliminated many of the posts that have historically kept its ships healthy. In 2004, there were 8,000 billets for Shore Intermediate Maintenance Activity and Regional Maintenance Centers. By 2010, there were only 2,500 of these billets. Unsurprisingly, the report found that "surface ship maintenance has been significantly underfunded for over ten years." If persistent, underfunded maintenance is unsurprising, what should concern members of Congress is that the Navy has no clearly identifiable maintenance requirements for conventional surface vessels. Under the Navy's long-term shipbuilding plan, the service will maintain—and, in fact, increase—the high operations tempo. When combined with unrealistic planning and optimistic assumptions that will not materialize, the fleet may fall into maintenance neglect.

### **The Pivot to Asia Is Not Adequately Resourced**

Even if the Navy's assumptions about surface ship lives were not unduly optimistic, this plan as currently constructed does not meet America's needs in the Pacific. Extending the life of Flight IIA DDG 51s will not be enough to make up for a growing gap in major surface combatants. As future procurement is delayed due to decreased funding, the Navy will run into a "destroyer gap" in the mid 2030s, falling a full 15 ships below its large surface combatant requirement.

Additionally, the fleet will face increased risks to fulfill its crucial mission of nuclear deterrence as the Navy's inventory of ballistic missile submarines falls to ten for nearly one-third of the next 30 years.

One of the Navy's most enduring sources of competitive advantage is its attack submarine fleet. Yet the new shipbuilding plan drops the number of SSNs to 45 from 55 today at the same time the service plans to build just one per year in 2026. The Navy will purchase just one attack

submarine per year for over a decade starting in 2026 at the same time that the fleet's inventory is nearing its low point.

Nonetheless, the Navy is prioritizing the fleet's most important warfighting ships: submarines, large surface combatants, and aircraft carriers. The new 30-year plan averages more nuclear attack submarines in the fleet each year, builds nearly 20 more large surface combatants than the last plan, increases the number of Littoral Combat Ships to be constructed, and keeps last year's goal of six new aircraft carriers over the next three decades. Congress should recall that the Navy did not decide to make do with fewer resources. It was handed a budget number and forced to meet that diminished target.

### **Investment in the Future Continues to Fall Behind**

As the Navy shrinks under current budget plans, Pentagon leaders have claimed they will hedge against future uncertainty through investment in innovation and cutting-edge programs. But the President's FY 2013 budget cuts some critical Navy investments in anti access / area denial capabilities.

The pending budget slices the Navy's power projection applied research account by nearly 15%, affecting programs like precision strike and directed energy weapons. Similarly, force protection applied research dropped by 27%, cutting innovation in anti-submarine warfare and hull assurance. A 28% cut in electromagnetic systems applied research affects initiatives such as electronic attack, surface-based anti-cruise and ballistic missile defenses, and the Surface Warfare Improvement Program, or SEWIP, which uses electronic warfare to disarm incoming missiles.

Other R&D cuts impact separate initiatives on anti-submarine warfare, undersea weapons, cyber security, electronic warfare, sensing, satellite communications vulnerabilities, missile defense countermeasures, S and X-band radar integration, and radar defenses against electronic attack. These programs form important parts of the Navy's next-generation arsenal, especially when it comes to the Pentagon's evolving AirSea Battle concept.

They are exactly the type of programs the Pentagon should be protecting if it is serious about emphasizing the unique challenges of the Asia-Pacific. The fact that R&D money declined for these particular Navy programs is a disturbing sign for the overall coherence of the administration's budget.

### **Long-Range Technology Roadmaps Still Needed**

Under recent shipbuilding plans, Navy leaders had correctly concluded that the United States needed a larger fleet in numbers of ships and aircraft, but also increased network capability, longer range, and increased persistence. Like last year, the fact still remains that the U.S. military is quickly losing its monopolies on guided weapons and the ability to project power. Precision munitions and battle networks are proliferating, while advances in radar and electro-optical technology are increasingly rendering stealth less effective.

Congress should mandate the development of a long-range science and technology plan and research and development blueprint for both the Navy and Air Force. These plans should broadly outline future investments, capabilities, and requirements. The possibilities include:

- A next-generation surface combatant;
- Low-observable capabilities beyond stealth;
- More capable anti-ship, land attack, and air-to-air missiles;
- Next-generation rotary wing aircraft;
- Satellite recapitalization;
- Directed energy and electromagnetic weapons;
- Underwater weapons, including an unmanned underwater vehicle;
- Nanotechnology and solid-state and fiber lasers;
- Biotechnologies; and
- Advanced cyber technologies.

The road map should be holistic and account for the rapidly declining force structure of the U.S. vis-à-vis our global partners and the potential emergence of new players. The Navy's roadmap should also consider shifting global shipping patterns, including the expansion of the Panama Canal and melting in the Arctic. These plans should also carefully consider the capabilities required in the increasingly contested undersea, cyber, and space domains. Without this detailed analysis, Congress will continue struggling to determine where to apply diminishing resources and how to justify the additional investments needed in higher-priority areas.

## **Conclusion**

The Navy and all of America's Armed Forces are comprised of dedicated patriots who will carry out the orders of its political leaders. But those political leaders are increasingly failing to give the services the resources they need to meet the administration's own defense strategy.

The 2013 long-term shipbuilding plan does not accurately portray the forces or funding necessary to execute the administration's strategy. There is a growing disconnect between resources and strategy that should not go unaddressed by members of this committee. This plan is based on dubious assumptions about increased life expectancy that will not survive reality.

Various defense officials have testified recently that the services are sacrificing size of the force for either readiness or quality. Given the rapidly rising levels of risk associated with the latest defense budget cuts, it is likely both readiness and quality will decline despite the Chiefs' best efforts. While the Navy gets some things right in the new shipbuilding plan, this service is making real sacrifices both in terms of fleet size and future innovation that may come back to haunt all of us.