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# Navy Force Structure and Shipbuilding Plans: Background and Issues for Congress

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## Summary

The Navy's proposed FY2016 budget requests funding for the procurement of nine new battle force ships (i.e., ships that count against the Navy's goal for achieving and maintaining a fleet of 306 ships). The nine ships include two Virginia-class attack submarines, two DDG-51 class Aegis destroyers, three Littoral Combat Ships (LCSs), one LPD-17 class amphibious ship, and one TAO(X) class oiler. The Navy's proposed FY2016-FY2020 five-year shipbuilding plan includes a total of 48 ships, compared to a total of 44 ships in the FY2015-FY2019 five-year shipbuilding plan.

The planned size of the Navy, the rate of Navy ship procurement, and the prospective affordability of the Navy's shipbuilding plans have been matters of concern for the congressional defense committees for the past several years. The Navy's FY2015 30-year (FY2015-FY2044) shipbuilding plan, like many previous Navy 30-year shipbuilding plans, does not include enough ships to fully support all elements of the Navy's 306-ship goal over the entire 30-year period. In particular, the Navy projects that the fleet would experience a shortfall in amphibious ships from FY2015 through FY2017, a shortfall in small surface combatants from FY2015 through FY2027, and a shortfall in attack submarines from FY2025 through FY2034.

The Navy delivered its narrative report on the FY2015 30-year shipbuilding plan to CRS on July 3, 2014. The Navy estimates in the report that the plan would cost an average of about \$16.7 billion per year in constant FY2014 dollars to implement, including an average of about \$15.7 billion per year during the first 10 years of the plan, an average of about \$19.7 billion per year during the middle 10 years of the plan, and an average of about \$14.6 billion per year during the final 10 years of the plan.

A December 2014 Congressional Budget Office (CBO) report on the Navy's FY2015 30-year shipbuilding plan estimates that the plan will require about 13% more funding to implement than the Navy estimates, including about 6% more than the Navy estimates during the first 10 years of the plan, about 14% more than the Navy estimates during the middle 10 years of the plan, and about 20% more than the Navy estimates during the final 10 years of the plan. Over the years, CBO's estimates of the cost to implement the Navy's 30-year shipbuilding plan have generally been higher than the Navy's estimates. Some of the difference between CBO's estimates and the Navy's estimates, particularly in the latter years of the plan, is due to a difference between CBO and the Navy in how to treat inflation in Navy shipbuilding. The program that contributes the most to the difference between the CBO and Navy estimates of the cost of the 30-year plan is a future destroyer that appears in the latter years of the 30-year plan.

Potential issues for Congress in reviewing the Navy's proposed FY2015 shipbuilding budget, its proposed FY2015-FY2019 five-year shipbuilding plan, and its FY2015 30-year (FY2015-FY2044) shipbuilding plan include the following:

- the potential impact on the size and capability of the Navy of limiting DOD spending through FY2021 to the levels set forth in the Budget Control Act of 2011, as amended;
- the appropriate future size and structure of the Navy in light of budgetary and strategic considerations; and
- the affordability of the 30-year shipbuilding plan.

Funding levels and legislative activity on individual Navy shipbuilding programs are tracked in detail in other CRS reports.

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## Introduction

This report provides background information and presents potential issues for Congress concerning the Navy's ship force-structure goals and shipbuilding plans. The planned size of the Navy, the rate of Navy ship procurement, and the prospective affordability of the Navy's shipbuilding plans have been matters of concern for the congressional defense committees for the past several years. Decisions that Congress makes on Navy shipbuilding programs can substantially affect Navy capabilities and funding requirements, and the U.S. shipbuilding industrial base.

## Background

### Navy's Ship Force Structure Goal

#### January 2013 Goal for Fleet of 306 Ships

On January 31, 2013, in response to Section 1015 of the FY2013 National Defense Authorization Act (H.R. 4310/P.L. 112-239 of January 2, 2013), the Navy submitted to Congress a report presenting a goal for achieving and maintaining a fleet of 306 ships, consisting of certain types and quantities of ships.<sup>1</sup> The goal for a 306-ship fleet is the result of a force structure assessment (FSA) that the Navy completed in 2012.

#### 306-Ship Goal Reflects 2012 Strategic Guidance and Projected DOD Spending Shown in FY2013 and FY2014 Budget Submissions

The 2012 FSA and the resulting 306-ship plan reflect the defense strategic guidance document that the Administration presented in January 2012<sup>2</sup> and the associated projected levels of Department of Defense (DOD) spending shown in the FY2013 and FY2014 budget submissions. DOD officials have stated that if planned levels of DOD spending are reduced below what is shown in these budget submissions, the defense strategy set forth in the January 2012 strategic guidance document might need to be changed. Such a change, Navy officials have indicated, could lead to the replacement of the 306-ship plan of January 2013 with a new plan.

#### Goal for Fleet of 306 Ships Compared to Earlier Goals

**Table 1** compares the 306-ship goal to earlier Navy ship force structure plans.

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<sup>1</sup> Department of the Navy, *Report to Congress [on] Navy Combatant Vessel Force Structure Requirement*, January 2013, 3 pp. The cover letters for the report were dated January 31, 2013.

<sup>2</sup> For more on this document, see CRS Report R42146, *Assessing the January 2012 Defense Strategic Guidance (DSG): In Brief*, by Catherine Dale and Pat Towell.

**Table I. Current 306 Ship Force Structure Goal Compared to Earlier Goals**

Ship type	306-ship plan of January 2013	~310-316 ship plan of March 2012	Revised 313-ship plan of September 2011	Changes to February 2006 313-ship plan announced through mid-2011	February 2006 Navy plan for 313-ship fleet	Early-2005 Navy plan for fleet of 260-325 ships		2002-2004 Navy plan for 375-ship Navy <sup>a</sup>	2001 QDR plan for 310-ship Navy
						260-ships	325-ships		
Ballistic missile submarines (SSBNs)	12 <sup>b</sup>	12-14 <sup>b</sup>	12 <sup>b</sup>	12 <sup>b</sup>	14	14	14	14	14
Cruise missile submarines (SSGNs)	0 <sup>c</sup>	0-4 <sup>c</sup>	4 <sup>c</sup>	0 <sup>c</sup>	4	4	4	4	2 or 4 <sup>d</sup>
Attack submarines (SSNs)	48	~48	48	48	48	37	41	55	55
Aircraft carriers	11 <sup>e</sup>	11 <sup>e</sup>	11 <sup>e</sup>	11 <sup>e</sup>	11 <sup>f</sup>	10	11	12	12
Cruisers and destroyers	88	~90	94	94 <sup>g</sup>	88	67	92	104	116
Frigates	0	0	0	0	0	0	0	0	
Littoral Combat Ships (LCSs)	52	~55	55	55	55	63	82	56	0
Amphibious ships	33	~32	33	33 <sup>h</sup>	31	17	24	37	36
MPF(F) ships <sup>i</sup>	0 <sup>j</sup>	0 <sup>i</sup>	0 <sup>i</sup>	0 <sup>i</sup>	12 <sup>i</sup>	14 <sup>i</sup>	20 <sup>i</sup>	0 <sup>i</sup>	0 <sup>i</sup>
Combat logistics (resupply) ships	29	~29	30	30	30	24	26	42	34
Dedicated mine warfare ships	0	0	0	0	0	0	0	26 <sup>k</sup>	16
Joint High Speed Vessels (JHSV <sup>s</sup> )	10 <sup>l</sup>	10 <sup>l</sup>	10 <sup>l</sup>	21 <sup>l</sup>	3	0	0	0	0
Other <sup>m</sup>	23	~23	16	24 <sup>n</sup>	17	10	11	25	25
<b>Total battle force ships</b>	<b>306</b>	<b>~310-316</b>	<b>313</b>	<b>328</b>	<b>313</b>	<b>260</b>	<b>325</b>	<b>375</b>	<b>310 or 312</b>

**Sources:** Table prepared by CRS based on U.S. Navy data.

**Note:** QDR is Quadrennial Defense Review. The “~” symbol means approximately and signals that the number in question may be refined as a result of the Naval Force Structure Assessment currently in progress.

- a. Initial composition. Composition was subsequently modified.
- b. The Navy plans to replace the 14 current Ohio-class SSBNs with a new class of 12 next-generation SSBNs. For further discussion, see CRS Report R41129, *Navy Ohio Replacement (SSBN[X]) Ballistic Missile Submarine Program: Background and Issues for Congress*, by Ronald O'Rourke.
- c. Although the Navy plans to continue operating its four SSGNs until they reach retirement age in the late 2020s, the Navy does not plan to replace these ships when they retire. This situation can be expressed in a table like this one with either a 4 or a zero.
- d. The report on the 2001 QDR did not mention a specific figure for SSGNs. The Administration's proposed FY2001 DOD budget requested funding to support the conversion of two available Trident SSBNs into SSGNs, and the retirement of two other Trident SSBNs. Congress, in marking up this request, supported a plan to convert all four available SSBNs into SSGNs.
- e. With congressional approval, the goal has been temporarily be reduced to 10 carriers for the period between the retirement of the carrier *Enterprise* (CVN-65) in December 2012 and entry into service of the carrier *Gerald R. Ford* (CVN-78), currently scheduled for September 2015.
- f. For a time, the Navy characterized the goal as 11 carriers in the nearer term, and eventually 12 carriers.
- g. The 94-ship goal was announced by the Navy in an April 2011 report to Congress on naval force structure and missile defense.

- h. The Navy acknowledged that meeting a requirement for being able to lift the assault echelons of 2.0 Marine Expeditionary Brigades (MEBs) would require a minimum of 33 amphibious ships rather than the 31 ships shown in the February 2006 plan. For further discussion, see CRS Report RL34476, *Navy LPD-17 Amphibious Ship Procurement: Background, Issues, and Options for Congress*, by Ronald O'Rourke.
- i. Today's Maritime Prepositioning Force (MPF) ships are intended primarily to support Marine Corps operations ashore, rather than Navy combat operations, and thus are not counted as Navy battle force ships. The planned MPF (Future) ships, however, would have contributed to Navy combat capabilities (for example, by supporting Navy aircraft operations). For this reason, the ships in the planned MPF(F) squadron were counted by the Navy as battle force ships. The planned MPF(F) squadron was subsequently restructured into a different set of initiatives for enhancing the existing MPF squadrons; the Navy no longer plans to acquire an MPF(F) squadron.
- j. The Navy no longer plans to acquire an MPF(F) squadron. The Navy, however, has procured or plans to procure some of the ships that were previously planned for the squadron—specifically, TAKE-I class cargo ships, and Mobile Landing Platform (MLP)/Afloat Forward Staging Base (AFSB) ships. These ships are included in the total shown for "Other" ships.
- k. The figure of 26 dedicated mine warfare ships included 10 ships maintained in a reduced mobilization status called Mobilization Category B. Ships in this status are not readily deployable and thus do not count as battle force ships. The 375-ship proposal thus implied transferring these 10 ships to a higher readiness status.
- l. Totals shown include 5 ships transferred from the Army to the Navy and operated by the Navy primarily for the performance of Army missions.
- m. This category includes, among other things, command ships and support ships.
- n. The increase in this category from 17 ships under the February 2006 313-ship plan to 24 ships under the apparent 328-ship goal included the addition of one TAGOS ocean surveillance ship and the transfer into this category of six ships—three modified TAKE-I class cargo ships, and three Mobile Landing Platform (MLP) ships—that were previously intended for the planned (but now canceled) MPF(F) squadron.

## **February 2015 Navy Testimony Referring to Goal for Fleet of 308 Ships**

At a February 25, 2015, hearing on Department of the Navy acquisition programs before the Seapower and Projection Forces subcommittee of the House Armed Services Committee, Department of the Navy officials testified that “the FY 2014 update to the 2012 Force Structure Assessment (FSA) to meet the Department of the Navy’s required missions in support of the DSG [Defense Strategic Guidance document of January 2012], has increased the objective to 308-ships to account for evolving force structure decisions and real-world changes to assumptions made in 2012.”<sup>3</sup> The testimony did not detail the composition of this new 308-ship force-level goal, but one of the officials at the hearing, discussing the anticipated procurement of a 12<sup>th</sup> LPD-17 class amphibious ship, referred to the amphibious ship force level goal as having been increased from 33 ships to 34 ships.<sup>4</sup>

At a February 26, 2015, hearing on the Department of the Navy’s proposed FY2016 budget before the Defense subcommittee of the House Appropriations Committee, Admiral Jonathan Greenert, the Chief of Naval Operations, testified that

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<sup>3</sup> Statement of the Honorable Sean J. Stackley, Assistant Secretary of the Navy (Research, Development and Acquisition) and Vice Admiral Joseph P. Mulloy, Deputy Chief of Naval Operations for Integration of Capabilities and Resources and Lieutenant General Kenneth J. Glueck, Jr., Deputy Commandant, Combat Development and Integration & Commanding General, Marine Corps Combat Development Command, Before the Subcommittee on Seapower and Projection Forces of the House Armed Services Committee on Department of the Navy Seapower and Projection Forces Capabilities, February 25, 2015, p. 3.

<sup>4</sup> Source: Spoken testimony of Vice Admiral Mulloy, as reflected in hearing transcript.



The 2014 update to the “2012 Force Structure Assessment” (FSA) and other Navy analysis describe the baseline of ships needed to support meeting each mission....

According to the FSA, the Navy has a requirement for a force of 11 CVN, 88 large surface combatants (DDG and CG), 48 attack submarines (SSN), 12 SSBN, 11 large amphibious assault ships (LHA/D), 11 amphibious transport docks (LPD), 11 dock landing ships (LSD), 52 small surface combatants, 10 JHSV, 29 combat logistics force (CLF) ships, and 24 command and support ships.<sup>5</sup>

The list of ships in the above passage totals 307, and is the same in composition as the 306-ship goal except that it includes one more ship in the “other” category (i.e., 24 ships rather than 23). (The “other” category includes, among other things, command and support ships.)

Together, the Navy’s February 25 and 26 testimony suggests that the Navy has a new 308-ship force-level goal that, compared to the 306-ship goal, includes one additional amphibious ship and one additional ship in the “other” category.

## Navy’s Five-Year and 30-Year Shipbuilding Plans

### Five-Year (FY2015-FY2019) Shipbuilding Plan

Table 2 shows the Navy’s FY2015 five-year (FY2015-FY2019) shipbuilding plan.

**Table 2. Navy FY2016 Five-Year (FY2016-FY2020) Shipbuilding Plan**  
(Battle force ships—i.e., ships that count against 306-ship goal)

Ship type	FY16	FY17	FY18	FY19	FY20	Total
Ford (CVN-78) class aircraft carrier			1			1
Virginia (SSN-774) class attack submarine	2	2	2	2	2	10
Arleigh Burke (DDG-51) class destroyer	2	2	2	2	2	10
Littoral Combat Ship (LCS)	3	3	3	2	3	14
LHA(R) amphibious assault ship		1				1
LPD-17 class amphibious ship	1					1
LX(R) amphibious ship					1	1
Fleet tug/salvage ship (TATS)		1	1	2	1	5
Mobile Landing Platform (MLP)/Afloat Forward Staging Base (AFSB)		1				1
TAO(X) oiler	1		1	1	1	4
<b>TOTAL</b>	<b>9</b>	<b>10</b>	<b>10</b>	<b>9</b>	<b>10</b>	<b>48</b>

**Source:** FY2016 Navy budget submission.

**Notes:** The MLP/AFSB is a variant of the MLP with additional features permitting it to serve in the role of an AFSB. The Navy proposes to fund the TATFs and TAO(X)s through the National Defense Sealift Fund (NDSF)

<sup>5</sup> Statement of Admiral Jonathan Greenert, U.S. Navy, Chief of Naval Operations, Before the House Subcommittee on Defense, Committee on Appropriations, on FY 2016 Department of the Navy Posture, February 26, 2015, pp. 9 and 11.

and the other ships through the Navy's shipbuilding account, known formally as the Shipbuilding and Conversion, Navy (SCN) appropriation account.

Observations that can be made about the Navy's proposed FY2015 five-year (FY2015-FY2019) shipbuilding plan include the following:

- **Total of 48 ships.** The plan includes a total of 48 ships, compared to a total of 44 ships in the FY2015-FY2019 five-year shipbuilding plan.
- **Average of 8.8 ships per year.** The plan includes an average of 9.6 battle force ships per year. The steady-state replacement rate for a fleet of 306 ships with an average service life of 35 years is about 8.7 ships per year. In light of how the average shipbuilding rate since FY1993 has been substantially below 8.7 ships per year (see **Appendix D**), shipbuilding supporters for some time have wanted to increase the shipbuilding rate to a steady rate of 10 or more battle force ships per year.
- **DDG-51 destroyers and Virginia-class submarines being procured under MYP arrangements.** The 10 DDG-51 destroyers to be procured in FY2013-FY2017 and the 10 Virginia-class attack submarines to be procured in FY2014-FY2018 are being procured under multiyear procurement (MYP) contracts.<sup>6</sup>
- **Flight III DDG-51 to begin with second ship in FY2016.** The second of the two DDG-51s requested for FY2016 is to be the first Flight III variant of the DDG-51. The Flight III variant is to carry a new and more capable radar called the Air and Missile Defense Radar (AMDR).
- **Modified LCS/Frigate to start in FY2019.** The LCS program was restructured in 2014 at the direction of the Secretary of Defense. As a result of the restructuring, LCSs to be procured in FY2019 and beyond are to be built to a more heavily armed design. The Navy has stated that it will refer to these modified LCSs as frigates.
- **12<sup>th</sup> LPD-17 class ship added to FY2016.** The LPD-17 class ship requested for FY2016 is to be the 12<sup>th</sup> ship in the class. The Navy had planned on procuring no more than 11 LPD-17s, but Congress has supported the procurement of a 12<sup>th</sup> LPD-17 by providing unrequested funding for a 12<sup>th</sup> ship in FY2013 and FY2015. Responding to these two funding actions, the Navy, as a part of its FY2016 budget submission, has inserted a 12<sup>th</sup> LPD-17 into its shipbuilding plan, and is requesting in FY2016 the remainder of the funding needed to fully fund the ship.
- **TAO(X) procurement to begin FY2016.** The TAO(X) oiler requested for procurement in FY2016 is to be the first in a new class of 17 ships.

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<sup>6</sup> For more on MYP contracting, see CRS Report R41909, *Multiyear Procurement (MYP) and Block Buy Contracting in Defense Acquisition: Background and Issues for Congress*, by Ronald O'Rourke and Moshe Schwartz.

### **30-Year (FY2015-FY2044) Shipbuilding Plan**

#### ***FY2016 30-Year Plan Not Submitted as Of February 24, 2015***

The Navy as of February 24, 2015, had not yet submitted its FY2016 (FY2016-FY2045) 30-year shipbuilding plan. Discussion below and elsewhere in this report of the Navy's 30-year shipbuilding consequently is keyed to the Navy's FY2015 (FY2015-FY2044) 30-year shipbuilding plan.

#### ***FY2015 30-Year Plan Reflected Proposed Changes in Ship Counting Rules***

The Navy's FY2015 30-year shipbuilding plan incorporated a proposed change in the rules for how to count battle force ships. Congress, as part of its markup of the Navy's FY2015 budget, provided direction to the Navy on how the counting rules were to be changed. The discussion below of the Navy's FY2015 30-year shipbuilding plan makes multiple references to the old counting rules and the Navy's proposed counting rules. When the Navy's FY2016 30-year shipbuilding plan is submitted, it will presumably reflect the direction on counting rules that congress provided in marking up the Navy's proposed FY2015 budget. The effect of the congressional direction is to modify the counting rules somewhat, but not as much as the Navy had proposed.

**Table 3** shows the Navy's FY2015 30-year (FY2015-FY2044) shipbuilding plan.

**Table 3. Navy FY2015 30-Year (FY2015-FY2044) Shipbuilding Plan**

FY	CVN	LSC	SSC	SSN	SSBN	AWS	CLF	Supt	Total
15		2	3	2					7
16		2	3	2			1		8
17		2	3	2		1		3	11
18	1	2	3	2			1	1	10
19		2	2	2			1	1	8
20		2	3	2		1	1	2	11
21		2	3	1	1		1		8
22		2	3	2		1	1	2	11
23	1	2	3	1			1	3	11
24		2	3	2	1	2	1	2	13
25		2	3	1			1	1	8
26		2		2	1	1	1		7
27		2		1	1		1		5
28	1	2		2	1	2	1	1	10
29		2		1	1	1	1	1	7
30		2	1	2	1	1	1	2	10
31		2		1	1	1	1	2	8
32		2	1	2	1	2	1	3	12
33	1	2		1	1	1	1	2	9
34		2	1	2	1	1		2	9
35		2	1	1	1				5
36		2		2		1			5
37		2	4	1					7
38	1	3	4	2					10
39		3	4	1					8
40		3	4	2		2			11
41		3	4	1					8
42		3	4	2		1			10
43	1	2	4	1			1		9
44		2	2	2		2			8

Source: FY2015 30-year (FY2015-FY2044) shipbuilding plan.

**Key:** **FY** = Fiscal Year; **CVN** = aircraft carriers; **LSC** = surface combatants (i.e., cruisers and destroyers); **SSC** = small surface combatants (i.e., Littoral Combat Ships [LCSs]); **SSN** = attack submarines; **SSGN** = cruise missile submarines; **SSBN** = ballistic missile submarines; **AWS** = amphibious warfare ships; **CLF** = combat logistics force (i.e., resupply) ships; **Supt** = support ships.

In devising a 30-year shipbuilding plan to move the Navy toward its ship force-structure goal, key assumptions and planning factors include but are not limited to the following:

- ship service lives;
- estimated ship procurement costs;
- projected shipbuilding funding levels; and
- industrial-base considerations.

## **Navy's Projected Force Levels Under 30-Year Shipbuilding Plan**

**Table 4** shows the Navy's projection of ship force levels for FY2015-FY2044 that would result from implementing the FY2015 30-year (FY2015-FY2044) shipbuilding plan shown in **Table 3**.

As part of its FY2015 budget submission, the Navy is proposing to modify the rules for what ships to include in the count of the number of battle force ships in the Navy. In its FY2015 budget submission, the Navy has presented figures for projected Navy ship force levels using both the existing rules and the proposed modified rules. **Table 4** and **Table 6** show figures using both the existing rules and the proposed modified rules.

**Table 4. Projected Force Levels Resulting from FY2015 30-Year (FY2015-FY2044) Shipbuilding Plan**

Where two figures are shown, the first is the figure using existing rules for counting battle force ships, and the second is the figure using the Navy’s proposed modified rules for counting battle force ships.

	<b>CVN</b>	<b>LSC</b>	<b>SSC</b>	<b>SSN</b>	<b>SSGN</b>	<b>SSBN</b>	<b>AWS</b>	<b>CLF</b>	<b>Supt</b>	<b>Total</b>
<b>306 ship plan</b>	<b>11</b>	<b>88</b>	<b>52</b>	<b>48</b>	<b>0</b>	<b>12</b>	<b>33</b>	<b>29</b>	<b>33</b>	<b>306</b>
<b>FY15</b>	10	85	19/26	54	4	14	30	29	29/32	<b>274/284</b>
<b>FY16</b>	11	88	23/30	53	4	14	31	29	27/30	<b>280/290</b>
<b>FY17</b>	11	90	27/34	50	4	14	32	29	29/32	<b>286/296</b>
<b>FY18</b>	11	91	31/38	52	4	14	33	29	29/32	<b>295/304</b>
<b>FY19</b>	11	93	35/40	51	4	14	33	29	31/34	<b>301/309</b>
<b>FY20</b>	11	95	36/37	49	4	14	33	29	33/36	<b>304/308</b>
<b>FY21</b>	11	96	36/33	49	4	14	33	29	32/35	<b>304</b>
<b>FY22</b>	11	97	38/36	48	4	14	33	29	32/35	<b>306/307</b>
<b>FY23</b>	12	98	39	49	4	14	33	29	33/36	<b>311/314</b>
<b>FY24</b>	12	98	41/40	48	4	14	34	29	33/36	<b>313/315</b>
<b>FY25</b>	11	98	43	47	4	14	34	29	34/37	<b>314/317</b>
<b>FY26</b>	11	97	46	45	2	14	36	29	34/37	<b>314/317</b>
<b>FY27</b>	11	99	49	44	1	13	35	29	34/37	<b>315/318</b>
<b>FY28</b>	11	100	52	41	0	13	36	29	34/37	<b>316/319</b>
<b>FY29</b>	11	98	52	41	0	12	35	29	34/37	<b>312/315</b>
<b>FY30</b>	11	95	52	41	0	11	35	29	34/37	<b>308/311</b>
<b>FY31</b>	11	91	52	43	0	11	34	29	34/36	<b>305/307</b>
<b>FY32</b>	11	89	52	43	0	10	34	29	35/37	<b>303/305</b>
<b>FY33</b>	11	88	52	45	0	10	35	29	35/37	<b>305/307</b>
<b>FY34</b>	11	86	52	46	0	10	34	29	35/37	<b>303/305</b>
<b>FY35</b>	11	87	52	48	0	10	32	29	35/37	<b>304/306</b>
<b>FY36</b>	11	88	52	49	0	10	32	29	35	<b>306</b>
<b>FY37</b>	11	90	52	51	0	10	33	29	34	<b>310</b>
<b>FY38</b>	11	91	52	50	0	10	33	29	35	<b>311</b>
<b>FY39</b>	11	92	52	51	0	10	33	29	34	<b>312</b>
<b>FY40</b>	10	90	52	51	0	10	32	29	34	<b>308</b>
<b>FY41</b>	10	89	52	51	0	11	33	29	34	<b>309</b>
<b>FY42</b>	10	87	52	52	0	12	32	29	34	<b>308</b>
<b>FY43</b>	10	84	52	52	0	12	31	29	34	<b>304</b>
<b>FY44</b>	10	83	52	52	0	12	31	29	34	<b>303</b>

**Source:** FY2015 30-year (FY2015-FY2044) shipbuilding plan.

**Note:** Figures for support ships include five JHSV’s transferred from the Army to the Navy and operated by the Navy primarily for the performance of Army missions.

**Key:** **FY** = Fiscal Year; **CVN** = aircraft carriers; **LSC** = surface combatants (i.e., cruisers and destroyers); **SSC** = small surface combatants (i.e., frigates, Littoral Combat Ships [LCSs], and mine warfare ships); **SSN** = attack submarines; **SSGN** = cruise missile submarines; **SSBN** = ballistic missile submarines; **AWS** = amphibious warfare ships; **CLF** = combat logistics force (i.e., resupply) ships; **Supt** = support ships.

Observations that can be made about the Navy's FY2015 30-year (FY2015-FY2044) shipbuilding plan and resulting projected force levels included the following:

- **Total of 264 ships; average of about 8.8 per year.** The plan includes a total of 264 ships to be procured, two less than the number in the FY2014 30-year (FY2014-FY2043) shipbuilding plan. The total of 264 ships equates to an average of about 8.8 ships per year, which is slightly higher than the approximate average procurement rate (sometimes called the steady-state replacement rate) of about 8.7 ships per year that would be needed over the long run to achieve and maintain a fleet of 306 ships, assuming an average life of 35 years for Navy ships.
- **Proposed modified counting rules affect small surface combatants and support ships.** As can be seen in **Table 4**, the Navy's proposed modified rules for what ships to include in the count of the number of battle force ships (see "Oversight Issues for Congress for FY201") would affect the reported figures for small surface combatants during the period FY2015-FY2024 and the reported figures for support ships during the period FY2015-FY2035.
- **Eleven cruisers proposed for some form of reduced operating status included in count.** As part of its FY2015 budget submission, the Navy is proposing to put 11 of its 22 Aegis cruisers into some form of reduced operating status starting in FY2015, and then return them to service years from now. The 11 cruisers proposed for some form of reduced operating status are included in the count of battle force ships shown in **Table 4** and **Table 6** during the years that they are in reduced operating status.
- **Projected shortfalls in amphibious ships, small surface combatants, and attack submarines.** The FY2015 30-year shipbuilding plan, like many previous Navy 30-year shipbuilding plans, does not include enough ships to fully support all elements of the Navy's 306-ship goal over the entire 30-year period. In particular, the Navy projects that the fleet would experience a shortfall in amphibious ships from FY2015 through FY2017, a shortfall in small surface combatants from FY2015 through FY2027, and a shortfall in attack submarines from FY2025 through FY2034.
- **Ballistic missile submarine force to be reduced temporarily to 10 boats.** As a result of a decision in the FY2013 budget to defer the scheduled procurement of the first Ohio replacement (SSBN[X]) ballistic missile submarine by two years, from FY2019 to FY2021, the ballistic missile submarine force is projected to drop to a total of 10 or 11 boats—one or two boats below the 12-boat SSBN force-level goal—during the period FY2029-FY2041. The Navy says this reduction is acceptable for meeting current strategic nuclear deterrence mission requirements, because none of the 10 or 11 boats during these years will be encumbered by long-term maintenance.<sup>7</sup>

<sup>7</sup> For further discussion of this issue, see CRS Report R41129, *Navy Ohio Replacement (SSBN[X]) Ballistic Missile Submarine Program: Background and Issues for Congress*, by Ronald O'Rourke.

## **Comparison of First 10 Years of 30-Year Plans**

**Table 5** and **Table 6** below show the first 10 years of planned annual ship procurement quantities and projected Navy force sizes in 30-year shipbuilding plans dating back to the first such plan, which was submitted in 2000 in conjunction with the FY2001 budget. By reading vertically down each column, one can see how the ship procurement quantity or Navy force size projected for a given fiscal year changed as that year drew closer to becoming the current budget year.



**Table 5. Ship Procurement Quantities in First 10 Years of 30-Year Shipbuilding Plans**

Years shown are fiscal years

FY of 30-year plan (year submitted)	01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
FY01 plan (2000)	8	8	8	8	7	5	6	6	6	7														
FY02 plan (2001)		6	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a													
FY03 plan (2002)			5	5	7	7	11	n/a	n/a	n/a	n/a													
FY04 plan (2003)				7	8	7	7	9	14	15	13	14	15											
FY05 plan (2004)					9	6	8	9	17	14	15	14	16	15										
FY06 plan (2005)						4	7	7	9	10	12	n/a	n/a	n/a	n/a									
FY07 plan (2006)							7	7	11	12	14	13	12	11	11	10								
FY08 plan (2007)								7	11	12	13	12	12	10	12	11	6							
FY09 plan (2008)									7	8	8	12	12	13	13	12	12	13						
FY10 plan (2009)										8	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a				
FY11 plan (2010)											9	8	12	9	12	9	12	9	13	9				
FY12 plan (2011)												10	13	11	12	9	12	10	12	8	9			
FY13 plan (2012)													10	7	8	9	7	11	8	12	9	12		
FY14 plan (2013)														8	8	7	9	9	10	10	10	11	14	
FY15 plan (2014)															7	8	11	10	8	11	8	11	11	13

**Source:** Navy 30-year shipbuilding plans supplemented by annual Navy budget submissions (including 5-year shipbuilding plans) for fiscal years shown. **n/a** means not available—see notes below.

**Notes:** The FY2001 30-year plan submitted in 2000 was submitted under a one-time-only legislative provision, Section 1013 of the FY2000 National Defense Authorization Act (S. 1059/P.L. 106-65 of October 5, 1999). No provision required DOD to submit a 30-year shipbuilding plan in 2001 or 2002, when Congress considered DOD’s proposed FY2002 and FY2003 DOD budgets. (In addition, no FYDP was submitted in 2001, the first year of the George W. Bush Administration.) Section 1022 of the FY2003 Bob Stump National Defense Authorization Act (H.R. 4546/P.L. 107-314 of December 2, 2002) created a requirement to submit a 30-year shipbuilding plan each year, in conjunction with each year’s defense budget. This provision was codified at 10 U.S.C. 231. The first 30-year plan submitted under this provision was the one submitted in 2003, in conjunction with the proposed FY2004 DOD budget. For the next several years, 30-year shipbuilding plans were submitted each year, in conjunction with each year’s proposed DOD budget. An exception occurred in 2009, the first year of the Obama Administration, when DOD submitted a

proposed budget for FY2010 with no accompanying FYDP or 30-year Navy shipbuilding plan. Section 1023 of the FY2011 Ike Skelton National Defense Authorization Act (H.R. 6523/P.L. 111-383 of January 7, 2011) amended 10 U.S.C. 231 to require DOD to submit a 30-year shipbuilding plan once every four years, in the same year that DOD submits a Quadrennial Defense Review (QDR). Consistent with Section 1023, DOD did not submit a new 30-year shipbuilding plan at the time that it submitted the proposed FY2012 DOD budget. At the request of the House Armed Services Committee, the Navy submitted the FY2012 30-year (FY2012-FY2041) shipbuilding plan in late-May 2011. Section 1011 of the FY2012 National Defense Authorization Act (H.R. 1540/P.L. 112-81 of December 31, 2011) amended 10 U.S.C. 231 to reinstate the requirement to submit a 30-year shipbuilding plan each year, in conjunction with each year's defense budget.

**Table 6. Projected Navy Force Sizes in First 10 years of 30-Year Shipbuilding Plans**

Years shown are fiscal years; where two figures are shown, the first is the figure using existing rules for counting battle force ships, and the second is the figure using the Navy's proposed modified rules for counting battle force ships.

<b>FY of 30-year plan (year submitted)</b>	<b>01</b>	<b>02</b>	<b>03</b>	<b>04</b>	<b>05</b>	<b>06</b>	<b>07</b>	<b>08</b>	<b>09</b>	<b>10</b>	<b>11</b>	<b>12</b>	<b>13</b>	<b>14</b>	<b>15</b>	<b>16</b>	<b>17</b>	<b>18</b>	<b>19</b>	<b>20</b>	<b>21</b>	<b>22</b>	<b>23</b>	<b>24</b>	
FY01 plan (2000)	316	315	313	313	313	311	311	304	305	305															
FY02 plan (2001)		316	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a														
FY03 plan (2002)			314	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a													
FY04 plan (2003)				292	292	291	296	301	305	308	313	317	321												
FY05 plan (2004)					290	290	298	303	308	307	314	320	328	326											
FY06 plan (2005)						289	293	297	301	301	306	n/a	n/a	305	n/a										
FY07 plan (2006)							285	294	299	301	306	315	317	315	314	317									
FY08 plan (2007)								286	289	293	302	310	311	307	311	314	322								
FY09 plan (2008)									286	287	289	290	293	287	288	291	301	309							
FY10 plan (2009)										287	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a					
FY11 plan (2010)											284	287	287	285	285	292	298	305	311	315					
FY12 plan (2011)												290	287	286	286	297	301	311	316	322	324				
FY13 plan (2012)													285	279	276	284	285	292	300	295	296	298			
FY14 plan (2013)														282	270	280	283	291	300	295	296	297	297		
FY15 plan (2014)																274/ 284	280/ 290	286/ 296	295/ 304	301/ 309	304/ 308	304	306/ 307	311/ 314	313/ 315

**Source:** Navy 30-year shipbuilding plans supplemented by annual Navy budget submissions (including 5-year shipbuilding plans) for fiscal years shown. **n/a** means not available—see notes below.

**Notes:** The FY2001 30-year plan submitted in 2000 was submitted under a one-time-only legislative provision, Section 1013 of the FY2000 National Defense Authorization Act (S. 1059/P.L. 106-65 of October 5, 1999). No provision required DOD to submit a 30-year shipbuilding plan in 2001 or 2002, when Congress considered DOD's proposed FY2002 and FY2003 DOD budgets. Section 1022 of the FY2003 Bob Stump National Defense Authorization Act (H.R. 4546/P.L. 107-314 of December 2, 2002) created a requirement to submit a 30-year shipbuilding plan each year, in conjunction with each year's defense budget. This provision was codified at 10 U.S.C. 231. The first 30-year plan submitted under this provision was the one submitted in 2003, in conjunction with the proposed FY2004 DOD budget. For the next several years, 30-year shipbuilding plans were submitted each year, in conjunction with each year's proposed DOD budget. An exception occurred in 2009, the first year of the Obama Administration, when DOD submitted a proposed budget for FY2010 with no accompanying FYDP or 30-year Navy shipbuilding plan. The FY2006 plan included data for only selected years beyond FY2011. Section 1023 of the FY2011 Ike Skelton National Defense Authorization Act (H.R. 6523/P.L. 111-383 of January 7, 2011) amended 10 U.S.C. 231 to require DOD to submit a 30-year shipbuilding plan once every four years, in the same year that DOD submits a Quadrennial Defense Review (QDR). Consistent with Section 1023, DOD did not submit a new 30-year shipbuilding plan at the time that it submitted the proposed FY2012 DOD budget. At the request of the House Armed Services Committee, the Navy submitted the FY2012 30-year (FY2012-FY2041) shipbuilding plan in late-May 2011. Section 1011 of the FY2012 National Defense Authorization Act (H.R. 1540/P.L. 112-81 of December 31, 2011) amended 10 U.S.C. 231 to reinstate the requirement to submit a 30-year shipbuilding plan each year, in conjunction with each year's defense budget.

# Oversight Issues for Congress for FY2016

## Potential Impact on Size and Capability of Navy of Limiting DOD Spending to BCA Caps Through FY2021

One potential issue for Congress concerns the potential impact on the size and capability of the Navy of limiting DOD spending through FY2021 to levels at or near the caps established in the Budget Control Act of 2011 (BCA) as amended. Navy officials state that a decision to reduce DOD's budget to such levels would eventually lead to a smaller and less capable Navy.

Admiral Jonathan Greenert, the Chief of Naval Operations, provided detailed testimony on this question in his prepared statements for hearings before the Senate Armed Services Committee on November 7, 2013, and the House Armed Services Committee on September 18, 2013.<sup>8</sup> In further testimony on this issue to the Senate Armed Services Committee on January 28, 2015, Greenert stated:

A return to sequestration in FY 2016 would necessitate a revisit and revision of the DSG [Defense Strategic Guidance document of January 2012]. Required cuts will force us to further delay critical warfighting capabilities, reduce readiness of forces needed for contingency response, forego or stretch procurement of ships and submarines, and further downsize weapons capability. We will be unable to mitigate the shortfalls like we did in FY2013 [in response to the sequester of March 1, 2013] because [unobligated] prior-year investment balances [which were included in the funds subject to the sequester] were depleted under [the] FY 2013 sequester [of March 1, 2013].

The revised discretionary caps imposed by sequestration would be a reduction of about \$10 billion in our FY 2016 budget alone, as compared to PB-2015. From FY 2016-2020, the reduction would amount to approximately \$36 billion. If forced to budget at this level, it would reduce every appropriation, inducing deep cuts to Navy Operation and Maintenance (O&M), investment, and modernization accounts. The Research, Development, Test and Evaluation (RDT&E) accounts would likely experience a significant decline across the FYDP, severely curtailing the Navy's ability to develop new technologies and asymmetric capabilities.

As I testified to this committee in November 2013, any scenario to address the fiscal constraints of the revised discretionary caps must include sufficient readiness, capability and manpower to complement the force structure capacity of ships and aircraft. This balance would need to be maintained to ensure each unit will be effective, even if the overall fleet is not able to execute the DSG. There are many ways to balance between force structure, readiness, capability, and manpower, but none that Navy has calculated that enable us to confidently execute the current defense strategy within dictated budget constraints.

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<sup>8</sup> See Statement of Admiral Jonathan Greenert, U.S. Navy, Chief of Naval Operations, Before the Senate Armed Services Committee on the Impact of Sequestration on the National Defense, November 7, 2013, pp. 7-11, and Statement of Admiral Jonathan Greenert, U.S. Navy, Chief of Naval Operations, Before the House Armed Services Committee on Planning for Sequestration in FY 2014 and Perspectives of the Military Services on the Strategic Choices and Management Review, September 18, 2013, pp. 6-10.

As detailed in the Department of Defense's April 2014 report, "Estimated Impacts of Sequestration-Level Funding," one potential fiscal and programmatic scenario would result in a Navy of 2020 that would be unable to execute two of the ten DSG missions due to the compounding effects of sequestration on top of pre-existing FY 2013, 2014, and 2015 resource constraints. Specifically, the cuts would render us unable to sufficiently Project Power Despite Anti-Access/Area Denial Challenges and unable to Deter and Defeat Aggression. In addition, we would be forced to accept higher risk in five other DSG missions: Counter Terrorism and Irregular Warfare; Defend the Homeland and Provide Support to Civil Authorities; Provide a Stabilizing Presence; Conduct Stability and Counterinsurgency Operations; and Conduct Humanitarian, Disaster Relief, and Other Operations. (Table 2 provides more detail on mission risks.) In short, a return to sequestration in FY 2016 will require a revision of our defense strategy.

Critical assumptions I have used to base my assessments and calculate risk:

- Navy must maintain a credible, modern, and survivable sea-based strategic deterrent
- Navy must man its units
- Units that deploy must be ready
- People must be given adequate training and support services
- Readiness for deployed forces is a higher priority than contingency response forces
- Capability must be protected, even at the expense of some capacity
- Modernized and asymmetric capabilities (advanced weapons, cyber, electronic warfare) are essential to projecting power against evolving, sophisticated adversaries
- The maritime industrial base is fragile—damage can be long-lasting, hard to reverse

The primary benchmarks I use to gauge Navy capability and capacity are DoD Global Force Management Allocation Plan presence requirements, Combatant Commander Operation and Contingency Plans, and Defense Planning Guidance Scenarios. Navy's ability to execute DSG missions is assessed based on capabilities and capacity resident in the force in 2020.

The following section describes specific sequestration impacts to presence and readiness, force structure investments, and personnel under this fiscal and programmatic scenario:

#### Presence and Readiness

A return to sequestration would reduce our ability to deploy forces on the timeline required by Global Combatant Commands in the event of a contingency. Of the Navy's current battle force, we maintain roughly 100 ships forward deployed, or 1/3 of our entire Navy. Included among the 100 ships are two CSG and two ARG forward at all times. CSGs and ARGs deliver a significant portion of our striking power, and we are committed to keeping, on average, three additional CSGs and three additional ARGs in a contingency response status, ready to deploy within 30 days to meet operation plans (OPLANs). However, if sequestered, we will prioritize the readiness of forces forward deployed at the expense of those in a contingency response status. We cannot do both. We will only be able to provide a response force of one CSG and one ARG. Our current OPLANs require a significantly more ready force than this reduced surge capacity could provide, because they are predicated on our ability to respond rapidly. Less contingency response capacity can mean higher casualties as

wars are prolonged by the slow arrival of naval forces into a combat zone. Without the ability to respond rapidly enough, our forces could arrive too late to affect the outcome of a fight.

Our PB-2015 base budget funded ship and aviation depot maintenance to about 80 percent of the requirement in FY 2016-2019. This is insufficient in maintaining the Fleet and has forced us to rely upon Overseas Contingency Operations (OCO) funding to address the shortfall. Sequestration would further aggravate existing Navy backlogs. The impacts of these growing backlogs may not be immediately apparent, but will result in greater funding needs in the future to make up for the shortfalls each year and potentially more material casualty reports (CASREPs), impacting operations. For aviation depot maintenance, the growing backlog will result in more aircraft awaiting maintenance and fewer operational aircraft on the flight line, which would create untenable scenarios in which squadrons would only get their full complement of aircraft just prior to deployment. The situation will lead to less proficient aircrews, decreased combat effectiveness of naval air forces, and increased potential for flight and ground mishaps.

Critical to mission success, our shore infrastructure provides the platforms from which our Sailors train and prepare. However, due the shortfalls over the last three years, we have been compelled to reduce funding in shore readiness since FY 2013 to preserve the operational readiness of our fleet. As a result, many of our shore facilities are degrading. At sequestration levels, this risk will be exacerbated and the condition of our shore infrastructure, including piers, runways, and mission-critical facilities, will further erode. This situation may lead to structural damage to our ships while pierside, aircraft damage from foreign object ingestion on deteriorated runways, and degraded communications within command centers. We run a greater risk of mishaps, serious injury, or health hazards to personnel.

#### Force Structure Investments

We must ensure that the Navy has the required capabilities to be effective, even if we cannot afford them in sufficient capacity to meet the DSG. The military requirements laid out in the DSG are benchmarked to the year 2020, but I am responsible for building and maintaining capabilities now for the Navy of the future. While sequestration causes significant near-term impacts, it would also create serious problems that would manifest themselves after 2020 and would be difficult to recover from.

In the near term, the magnitude of the sequester cuts would compel us to consider reducing major maritime and air acquisition programs; delaying asymmetric capabilities such as advanced jammers, sensors, and weapons; further reducing weapons procurement of missiles, torpedoes, and bombs; and further deferring shore infrastructure maintenance and upgrades. Because of its irreversibility, force structure cuts represent options of last resort for the Navy. We would look elsewhere to absorb sequestration shortfalls to the greatest extent possible.

Disruptions in naval ship design and construction plans are significant because of the long-lead time, specialized skills, and extent of integration needed to build military ships. Because ship construction can span up to nine years, program procurement cancelled in FY 2016 will not be felt by the Combatant Commanders until several years later when the size of the battle force begins to shrink as those ships are not delivered to the fleet at the planned time. Likewise, cancelled procurement in FY 2016 will likely cause some suppliers and vendors of our shipbuilding industrial base to close their businesses. This skilled, experienced and innovative workforce cannot be easily replaced and it could take years to recover from layoffs and shutdowns; and even longer if critical infrastructure is lost. Stability and

predictability are critical to the health and sustainment of this vital sector of our Nation's industrial capacity.

#### Personnel

In FY 2013 and 2014, the President exempted all military personnel accounts from sequestration out of national interest to safeguard the resources necessary to compensate the men and women serving to defend our Nation and to maintain the force levels required for national security. It was recognized that this action triggered a higher reduction in non-military personnel accounts.

If the President again exempts military personnel accounts from sequestration in FY 2016, then personnel compensation would continue to be protected. Overall, the Navy would protect personnel programs to the extent possible in order to retain the best people. As I testified in March 2014, quality of life is a critical component of the quality of service that we provide to our Sailors. Our Sailors are our most important asset and we must invest appropriately to keep a high caliber all-volunteer force. We will continue to fund Sailor support, family readiness, and education programs. While there may be some reductions to these programs if sequestered in FY 2016, I anticipate the reductions to be relatively small. However, as before, this would necessitate higher reductions to the other Navy accounts.

#### Conclusion

Navy is still recovering from the FY 2013 sequestration in terms of maintenance, training, and deployment lengths. Only 1/3 of Navy contingency response forces are ready to deploy within the required 30 days. With stable and consistent budgets, recovery is possible in 2018. However, if sequestered, we will not recover within this FYDP.

For the last three years, the Navy has been operating under reduced top-lines and significant shortfalls: \$9 billion in FY 2013, \$5 billion in FY 2014 and \$11 billion in FY 2015, for a total shortfall of about \$25 billion less than the President's budget request. Reverting to revised sequester-level BCA caps would constitute an additional \$5-10 billion decrement each year to Navy's budget. With each year of sequestration, the loss of force structure, readiness, and future investments would cause our options to become increasingly constrained and drastic. The Navy already shrank 23 ships and 63,000 personnel between 2002 and 2012. It has few options left to find more efficiencies.

While Navy will do its part to help the Nation get its fiscal house in order, it is imperative we do so in a coherent and thoughtful manner to ensure appropriate readiness, warfighting capability, and forward presence—the attributes we depend upon for our Navy. Unless naval forces are properly sized, modernized at the right pace, ready to deploy with adequate training and equipment, and capable to respond in the numbers and at the speed required by Combatant Commanders, they will not be able to carry out the Nation's defense strategy as written. We will be compelled to go to fewer places, and do fewer things. Most importantly, when facing major contingencies, our ability to fight and win will neither be quick nor decisive.

Unless this Nation envisions a significantly diminished global security role for its military, we must address the growing mismatch in ends, ways, and means. The world is becoming more complex, uncertain, and turbulent. Our adversaries' capabilities are diversifying and expanding. Naval forces are more important than ever in building global security, projecting power, deterring foes, and rapidly responding to crises that affect our national security. A

return to sequestration would seriously weaken the United States Navy’s ability to contribute to U.S. and global security.<sup>9</sup>

Greenert’s testimony concluded with the following table:

**Figure I. Navy Table on Mission Impacts of Limiting Navy’s Budget to BC Levels**

Quadrennial Defense Review Objectives		Mission Impacts to a Sequestered Navy	
		Defense Strategic Guidance Missions	Navy Ability to Execute
Project Power and Win Decisively	Project power against a technologically capable adversary		Major challenges to achieve warfighting objectives in denied areas: <ul style="list-style-type: none"> <li>• Inadequate power projection capacity</li> <li>• Too few strike fighter, command/control, electronic warfare assets</li> <li>• Limited advanced radar and missile capacity</li> <li>• Insufficient munitions</li> </ul>
	Execute large-scale ops in one region, deter another adversary’s aggression elsewhere		Limited ready capacity to execute two simultaneous large scale ops: <ul style="list-style-type: none"> <li>• 2/3 of required contingency response force (2 of 3 Carrier Strike Groups and 2 of 3 Amphibious Readiness Groups) not ready to deploy within 30 days</li> </ul>
	Conduct limited counterinsurgency and other stability operations		Increased risk due to: <ul style="list-style-type: none"> <li>• Reduced funding to Navy Expeditionary Combat Command</li> <li>• Reduced ISR capacity (especially tactical rotary wing drones)</li> </ul>
	Operate effectively in space and cyber space		This mission is fully executable in a sequestered environment <ul style="list-style-type: none"> <li>• Navy continues to prioritize cyber capabilities</li> </ul>
Protect the Homeland	Conduct globally-distributed counter terrorism and irregular warfare operations		Increased risk due to: <ul style="list-style-type: none"> <li>• Fewer sea base options and less ISR capacity (drones)</li> <li>• Reduced funding to Navy Expeditionary Combat Command</li> </ul>
	Conduct humanitarian assistance and disaster relief		Increased risk due to: <ul style="list-style-type: none"> <li>• Reduction in operations, maintenance, and flying hour accounts</li> </ul>
	Defend the Homeland and provide support to civil authorities		Increased risk due to: <ul style="list-style-type: none"> <li>• Reduction in operations, maintenance, and flying hour accounts</li> </ul>
	Maintain a safe, secure, effective nuclear deterrent		This mission is fully executable in a sequestered environment <ul style="list-style-type: none"> <li>• Navy’s top budget priority in any fiscal scenario</li> </ul>
Build Security Globally	Prevent the proliferation and use of nuclear, biological, and chemical weapons		This mission is fully executable in a sequestered environment
	Provide a stabilizing presence to influence events, reassure allies, and respond to crises		Increased risk due to: <ul style="list-style-type: none"> <li>• Less ships forward</li> <li>• Decline of steady state presence &amp; contingency response forces</li> </ul>

Table 2: Mission Impacts to a Sequestered Navy

**Source:** Statement of Admiral Jonathan Greenert, U.S. Navy, Chief of Naval Operations, Before the Senate Armed Services Committee on the Impact of Sequestration on National Defense, January 28, 2015.

## Appropriate Future Size and Structure of Navy in Light of Strategic and Budgetary Changes

A related oversight issue for Congress concerns the appropriate future size and structure of the Navy. Changes in strategic and budgetary circumstances have led to a broad debate over the future size and structure of the military, including the Navy. Changes in strategic circumstances include, among other things, the end of major U.S. ground combat operations in Iraq, the winding down of U.S. combat operations in Afghanistan, China’s military (including naval) modernization

<sup>9</sup> Statement of Admiral Jonathan Greenert, U.S. Navy, Chief of Naval Operations, Before the Senate Armed Services Committee on the Impact of Sequestration on National Defense, January 28, 2015, pp. 4-9.



effort,<sup>10</sup> maritime territorial disputes involving China,<sup>11</sup> Russia's seizure and annexation of Crimea, and the U.S. commitment to counter the Islamic State organization.

The Navy's current goal for a fleet of 306 ships reflects a number of judgments and planning factors (some of which the Navy receives from the Office of the Secretary of Defense), including but not limited to the following:

- U.S. interests and the U.S. role in the world, and the U.S. military strategy for supporting those interests and that role;
- current and projected Navy missions in support of U.S. military strategy, including both wartime operations and day-to-day forward-deployed operations;
- current and projected capabilities of potential adversaries, including their anti-access/area-denial (A2/AD) capabilities;
- regional combatant commander (COCOM) requests for forward-deployed Navy forces;
- the individual and networked capabilities of current and future Navy ships and aircraft;
- basing arrangements for Navy ships, including numbers and locations of ships homeported in foreign countries;
- maintenance and deployment cycles for Navy ships; and
- fiscal constraints.

With regard to the fourth point above, Navy officials testified in March 2014 that a Navy of 450 ships would be required to fully meet COCOM requests for forward-deployed Navy forces.<sup>12</sup> The difference between a fleet of 450 ships and the current goal for a fleet of 306 ships can be viewed as one measure of the operational risk associated with the goal of a fleet of 306 ships. A goal for a fleet of 450 ships might be viewed as a fiscally unconstrained goal.

Actions by China starting in November 2013 that appear aimed at achieving a greater degree of control over China's near-seas region,<sup>13</sup> followed by Russia's seizure and annexation of Crimea in March 2014, have led to a discussion among observers about whether we are currently shifting from the familiar post-Cold War era of the last 20 to 25 years to a new and different strategic era characterized by, among other things, renewed great power competition and challenges to key aspects of the U.S.-led international order that has operated since World War II. A shift in strategic eras can lead to a reassessment of defense funding levels, strategy, missions, plans, and programs. The shift from the Cold War to the post-Cold War era led to such a reassessment in the

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<sup>10</sup> For more on the modernization of China's military (particularly naval) capabilities and its potential implications for required U.S. Navy capabilities, see CRS Report RL33153, *China Naval Modernization: Implications for U.S. Navy Capabilities—Background and Issues for Congress*, by Ronald O'Rourke.

<sup>11</sup> For a discussion of these disputes, see CRS Report R42784, *Maritime Territorial and Exclusive Economic Zone (EEZ) Disputes Involving China: Issues for Congress*, by Ronald O'Rourke. See also CRS Report R42930, *Maritime Territorial Disputes in East Asia: Issues for Congress*, by Ben Dolven, Mark E. Manyin, and Shirley A. Kan.

<sup>12</sup> Spoken testimony of Admiral Jonathan Greenert at a March 12, 2014, hearing before the House Armed Services Committee on the Department of the Navy's proposed FY2015 budget, as shown in transcript of hearing.

<sup>13</sup> For a summary of these actions, see CRS Report R42784, *Maritime Territorial and Exclusive Economic Zone (EEZ) Disputes Involving China: Issues for Congress*, by Ronald O'Rourke.

early 1990s. A shift from the post-Cold War era to a new strategic era could lead to a new reassessment of defense funding levels, strategy, missions, plans, and programs.<sup>14</sup>

For additional discussion of the relationship between U.S. strategy and the size and structure of U.S. naval forces that can form part of the context for assessing the 30-year shipbuilding plan, see **Appendix C**.

Some study groups have made their own proposals for Navy ship force structure that reflect their own perspectives on the points listed above (particularly the first three and the final one). For purposes of comparison, **Table 7** also shows the Navy's 306-ship goal of January 2013.

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<sup>14</sup> For a discussion, see CRS Report R43838, *A Shift in the International Security Environment: Potential Implications for Defense—Issues for Congress*, by Ronald O'Rourke.

**Table 7. Recent Study Group Proposals for Navy Ship Force Structure**

Ship type	Navy's 306-ship goal of January 2013	Project on Defense Alternatives (PDA) (November 2012)	Heritage Foundation (April 2011)	Cato Institute (September 2010) <sup>a</sup>	Independent Panel Assessment of 2010 QDR (July 2010)	Sustainable Defense Task Force (June 2010)	Center for a New American Security (CNAS) (November 2008)	Center for Strategic and Budgetary Assessments (CSBA) (2008) <sup>b</sup>
<i>Submarines</i>								
SSBN	12	7	14 <sup>c</sup>	6	14	7	14	12
SSGN	0	6-7	4	0	4	4	0	2
SSN	48	42	55	40	55	37	40	41
<i>Aircraft carriers</i>								
CVN	11	9	11	8	11	9	8	11
CVE	0	0	0	0	0	0	0	4
<i>Surface combatants</i>								
Cruiser	88	72-74	88	22	n/a	85	18	14
Destroyer				65	n/a		56	73
Frigate	0	2-7 <sup>i</sup>	28 <sup>d</sup>	14	n/a	0	0	9 <sup>e</sup>
LCS	52	12 <sup>j</sup>		4	n/a	25	48	55
SSC	0	i	0	0	n/a	0	40	0 <sup>f</sup>
<i>Amphibious and Maritime Prepositioning Force (Future) (MPF[F]) ships</i>								
Amphibious ships	33	≥23	37	23	n/a	27	36	33
MPF(F) ships	0	n/a	0	0	n/a	n/a	0	3 <sup>g</sup>
LSD station ships	0	0	0	0	0	0	0	7 <sup>h</sup>
<i>Other: Mine warfare (MIW) ships; Combat Logistics Force (CLF) ships (i.e., at-sea resupply ships), and support ships</i>								
MIW	0	14 <sup>i</sup>	14	11	0	0	0	0
CLF ships	29	n/a	33	21	n/a	36	40	31
Support ships	33	n/a	25	27	n/a			31
<b>TOTAL battle force ships</b>	<b>306</b>	<b>230</b>	<b>309</b>	<b>241</b>	<b>346</b>	<b>230</b>	<b>300</b>	<b>326<sup>i</sup></b>

**Source:** Table prepared by CRS based on the following sources: **For Heritage Foundation:** *A Strong National Defense[.] The Armed Forces America Needs and What They Will Cost*, Heritage Foundation, April 5, 2011, pp. 25-26. **For Cato Institute:** Benjamin H. Friedman and Christopher Preble, *Budgetary Savings from Military Restraint*, Washington, Cato Institute, September 23, 2010 (Policy Analysis No. 667), pp. 6, 8-10, and additional information provided by Cato Institute to CRS by email on September 22, 2010. **For Independent Panel Assessment:** Stephen J. Hadley and William J. Perry, co-chairmen, et al., *The QDR in Perspective: Meeting America's National Security Needs In the 21<sup>st</sup> Century, The Final Report of the Quadrennial Defense Review Independent Panel*, Washington, 2010, Figure 3-2 on pages 58-59. **For Sustainable Defense Task Force:** *Debt, Deficits, and Defense, A Way Forward[.] Report of the Sustainable Defense Task Force*, June 11, 2010, pp. 19-20. **For CNAS:** Frank Hoffman, *From Preponderance to Partnership: American Maritime Power in the 21<sup>st</sup> Century*. Washington, Center for a New American Security, November 2008. p. 19 (Table 2). **For CSBA:** Robert O. Work, *The US Navy[.] Charting a Course for Tomorrow's Fleet*. Washington, Center for Strategic and Budgetary Assessments, 2008. p. 81 (Figure 5). **For PDA:** Carl Conetta, *Reasonable Defense*, Project on Defense Alternatives, November 14, 2012, 31 pp.

**Notes:** *n/a* is not addressed in the report. **SSBN** is nuclear-powered ballistic missile submarine; **SSGN** is nuclear-powered cruise missile and special operations forces submarine; **SSN** is nuclear-powered attack submarine; **CVN** is large nuclear-powered aircraft carrier; **CVE** is medium-sized aircraft carrier; **LCS** is Littoral Combat Ship; **SSC** (an acronym created by CRS for this table) is small surface combatant of 1,000+ tons displacement—a ship similar to late-1990s Streetfighter concept; **MPF(F)** is Maritime Prepositioning Force (Future) ship; **LSD** is LSD-41/49 class amphibious ship operating as a station ship for a formation like a Global Fleet Station (GFS); **MIW** is mine warfare ship; **CLF** is combat logistics force (i.e., resupply) ship.

- a. Figures shown are for the year 2020; for subsequent years, reductions from these figures would be considered.
- b. Figures shown are for the year 2028.
- c. The report calls for a force of 280 SLBMs, which appears to equate to a force of 14 SSBNs, each with 20 SLBM tubes.
- d. The report calls for a force of 28 small surface combatants, and appears to use the term small surface combatants the same way that the Navy does in the 30-year shipbuilding plan—as a way of collectively referring to frigates and LCSs. The small surface combatants (SSCs) called for in the November 2008 CNAS report are separate from and smaller than the LCS.
- e. Maritime Security Frigates.
- f. Plan includes 28 patrol craft (PCs) of a few hundred tons displacement each, as well as 29 boat detachments and seven riverine squadrons.
- g. Plan shows three Mobile Landing Platform (MLP) ships that the Navy currently plans for the MPF(F) squadron, plus 16 existing current-generation maritime prepositioning force (MPF) ships and 17 existing prepositioning ships for Army and other service/agency equipment. Plan also shows 67 other DOD sealift ships.
- h. T-LSDs, meaning LSDs operated by the Military Sealift Command (MSC) with a partly civilian crew.
- i. The CSBA report shows a total of 488 units by including 162 additional force units that do not count toward the 306-ship goal under the battle force ships counting method that has been used since the early 1980s for public policy discussions of the size of the Navy. These 162 additional force units include 16 existing current-generation maritime prepositioning force (MPF) ships and 17 existing prepositioning ships for Army and other service/agency equipment, 67 other DOD sealift ships, 28 PCs, 29 boat detachments, and certain other small-scale units. The CSBA report proposes a new counting method for naval/maritime forces that includes units such as these in the total count.
- j. The report “prescribes ending procurement of the LCS with the 12 already purchased. The *Reasonable Defense* model foresees a future cohort of 28 to 33 small surface combatants, including a mix of the 12 LCS that have already been procured, 14 Mine Counter Measure (MCM) ships already in the fleet, and small frigates or ocean-going corvettes. As the MCM ships age and leave the fleet, the LCS should assume their role. The would leave a post-MCM requirement for 16 to 21 additional small surface combatants. For this, the Navy needs a simpler, less expensive alternative to the LCS.”

A potential key question for Congress concerns whether the U.S. Navy in coming years will be large enough to adequately counter improved Chinese maritime A2/AD forces while also adequately performing other missions of interest to U.S. policymakers around the world. Some observers are concerned that a combination of growing Chinese naval capabilities and budget-driven reductions in the size of the U.S. Navy could encourage Chinese military overconfidence and demoralize U.S. allies and partners in the Pacific, and thereby make it harder for the United States to defend its interests in the region.<sup>15</sup> Potential oversight questions for Congress include the following:

<sup>15</sup> See, for example, Dan Blumenthal and Michael Mazza, “Asia Needs a Larger U.S. Defense Budget,” *Wall Street Journal*, July 5, 2011; J. Randy Forbes, “Defence Cuts Imperil US Asia Role,” *The Diplomat* (<http://the-diplomat.com>), October 26, 2011. See also Andrew Krepinevich, “Panetta’s Challenge,” *Washington Post*, July 15, 2011: 15; Dean Cheng, *Sea Power and the Chinese State: China’s Maritime Ambitions*, Heritage Foundation Backgrounder No. 2576, (continued...)

- Under the Administration’s plans, will the Navy in coming years be large enough to adequately counter improved Chinese maritime A2/AD forces while also adequately performing other missions of interest to U.S. policymakers around the world?
- What might be the political and security implications in the Asia-Pacific region of a combination of growing Chinese naval capabilities and budget-driven reductions in the size of the U.S. Navy?
- If the Navy is reduced in size and priority is given to maintaining Navy forces in the Pacific, what will be the impact on Navy force levels in other parts of the world, such as the Persian Gulf/Indian Ocean region or the Mediterranean Sea, and consequently on the Navy’s ability to adequately perform its missions in those parts of the world?
- To what extent could the operational impacts of a reduction in Navy ship numbers be mitigated through increased use of forward homeporting, multiple crewing, and long-duration deployments with crew rotation (i.e., “Sea Swap”)? How feasible are these options, and what would be their potential costs and benefits?<sup>16</sup>
- Particularly in a situation of constrained DOD resources, if enough funding is allocated to the Navy to permit the Navy in coming years to maintain a fleet of 306 ships including 11 aircraft carriers, how much would other DOD programs need to be reduced, and what would be the operational implications of those program reductions in terms of DOD’s overall ability to counter improved Chinese military forces and perform other missions?<sup>17</sup>

One observer—the person who until recently was the Navy’s lead force-structure planner—stated the following regarding the Navy’s approach to fleet design:

It is time to rethink how we will design the future Fleet in a way that rebalances affordability, platform capability, and deployment processes. We must build it as a whole instead of continuing to “let it happen” one platform requirements decision at a time....

Today the Navy operates about 50 different types of ships and aircraft with individual design-service lives of 20 to 50 years. On average, about two classes of ship or aircraft annually come up for a decision on replacement at the end of their service lives. Each of these decisions, a multi-year joint bureaucratic process with dozens of participating organizations, is made individually. Typically, as a starting point, the new platform must do everything the old one did, except in the more challenging threat environment of the future. All of the decision-making organizations generally advocate for the next-generation platform to have the desired capabilities unmet by the old one—particularly since any additional unit cost is not their bill. It is no surprise that this process leads to steadily increasing platform and overall Fleet cost....

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(...continued)

July 11, 2011, p. 10.

<sup>16</sup> For further discussion of these options, see CRS Report RS21338, *Navy Ship Deployments: New Approaches—Background and Issues for Congress*, by Ronald O’Rourke.

<sup>17</sup> For further discussion, see CRS Report RL33153, *China Naval Modernization: Implications for U.S. Navy Capabilities—Background and Issues for Congress*, by Ronald O’Rourke.

The future Fleet is being designed ad hoc, one platform at a time, and we cannot afford this. How can we change the trend toward an ever-smaller Fleet of ever-better platforms while maintaining the capability superiority needed to execute our missions? It will take a top-down design to provide a structure in which individual platform requirements can be shaped and disciplined despite all of the pressures. We will have to consider distributing capabilities to a greater extent across a force that is securely networked, at least within line of sight, rather than putting as many as possible on each individual platform and continuing to drive up its size and cost.

We will have to consider separating weapon magazines from the sensors that direct the weapons rather than putting both on the same platform. Another option is increasing reliance on deep-magazine directed energy systems, and on force-wide coordinated soft-kill and counter-targeting techniques, rather than on engaging each threat with ever-larger and more expensive kinetic weapons. We can also think about increasing reliance on penetrating high-threat areas with longer-range weapons or with preprogrammed unmanned systems rather than with manned platforms. Few of these options would rise to the top in the requirements decision-making process for any individual platform. They only start to make sense when considered and competed at a Fleet-wide level.

Developing an overall fleet design to structure and discipline individual platform requirements is no small task. Simply constraining platform cost without dealing with how capabilities might be delivered differently is not sufficient. This is not a once-and-done process, as changes in threat and in our own technology options will never stop. But neither can it be a process that changes the design in some fundamental way every year or two—it will have to influence platform requirements for a long period of time to affect a significant number of new platform designs.

We cannot afford to retire legacy platforms prematurely simply because they are not optimized within our new Fleet design, which will take time to implement and have to be done incrementally. Real and fundamental change in the roles, missions, and interdependencies among platform types, and in the balance between manned and unmanned and between platform and payload, is an inevitable outcome of a Fleet design process. That is the point. Change is hard, and it will have to be authorized and directed by the Navy's leadership or risk not happening.

A number of ideas for a new Fleet design have been offered recently from outside the Navy's decision-making mainstream. However, all have had significant flaws, so they have not received serious consideration. They have assumed things such as beyond line-of-sight networking that has no survivable future in the face of adversary counter-space capability; autonomy of unmanned vehicles in executing lethal missions that is beyond the projected capability of software and U.S. rules of engagement to support; and the use of platforms too small to be capable of global deployment and sustained sea-based operations, which is how the U.S. Navy must deliver global naval power. The future Fleet design must be grounded in technical and operational reality, and it has to come from inside the Navy system....

Developing a rich list of operationally-realistic options supported by rigorous analysis of cost and feasibility is foundational. It could include:

- The use of a common large aviation-ship hull for Navy sea-control/power-projection air wings and for Marine Corps vertical-raid/assault-air wings, reconfigurable between the two missions between the deployments;
- Surface combatants with smaller vertical-launch magazines that can reload at sea from logistic ships or remotely fire weapons carried in supplementary magazines on logistic ships;

- Separate classes of surface combatants optimized for air defense or antisubmarine warfare within a common hull type that can self-defend in peacetime but aggregate to fight offensively in wartime;
- Tactical-combat aircraft that are optimized for endurance and carriage of long-range weapons rather than for penetrating sophisticated defenses carrying short-range weapons;
- Large shore-launched unmanned undersea vehicles that take the place of submarines for preprogrammed missions such as covert surveillance or mine-laying;
- Use of a common hull type for all of the large non-combatant ship missions such as command ships, tenders, hospital ships, ground vehicle delivery, and logistics; and
- Elimination of support models that are based on wartime reliance on reach-back access to unclassified cyber networks connected by vulnerable communications satellites or to an indefensible global internet....

The Navy's long-term force structure requirement is a 306-ship Fleet of the currently-planned designs, of which about 120 (or 40 percent of the force) would be deployed day-to-day. It would also be able to surge an additional 75 ships (another 25 percent) within two months to meet warfighting capacity requirements. In other words, about 65 percent is employed or rapidly employable.

This sounds good, but the reality is that 30 of these 120 deployed ships would be permanently homeported overseas; 26 would be LCSs that use the rotation of their small military crews to keep 50 percent of that class forward deployed; and 40 would be Military Sealift Command support ships that use rotational civilian mariner crewing to keep the ships deployed 75 percent of the time. The remaining 25 of the forward-deployed force will be large and complex multibillion dollar warships with all-military crews, supported out of a rotation base of 140 such ships.

In other words, we plan to buy and operate five of our most expensive ships to keep one deployed. This is not an efficient way to operate. In times of reduced funding our design must address ways to meet our deployment goals with a smaller rotation base while preserving wartime surge capacity.

Many studies and trials have been done over the years on options for reducing the total number of ships needed to sustain the Navy's robust peacetime forward-deployed posture. Increasing forward homeporting in other nations always comes up as the first choice. While it is a good one, few countries beyond those that currently support this (Japan, Spain, Italy, and Bahrain) are willing to tolerate a permanent new U.S. shore footprint. Building new shore-support infrastructure in foreign countries to back this results in a large bill for construction jobs outside the United States, which Congress normally finds unappetizing.

Using rotational crews to keep ships forward for extended periods without long deployments for their sailors is an efficient option that works for ships with small crews like LCSs, legacy mine-warfare ships, or Military Sealift Command support ships. Experiments in which this has been done with military crews on large complex warships have not turned out well. This was due both to the logistics of moving large crews overseas for turnovers and the difficulty of maintaining exact configuration commonality within ships of a class so that a crew arriving on a ship overseas has trained before deployment on an identical ship (or simulator) at home. Conversions of ships from military manning to Military Sealift Command civilian mariner crews that routinely rotate individual crewmembers to sustain ships forward are limited by the law of war concerning what military actions civilians can perform, and there are few legal options left for further expansion of this approach.

What is left in the force-generation model of our current Fleet is a force of our most complex warships—aircraft carriers, submarines, destroyers, and amphibious ships—operating with permanently-assigned military crews in the “Fleet Readiness Program” cycle of maintain-train-deploy with a deployed output of one in five. Future designs must address this model and find ways to get more deployed time out of these expensive ships and crews—without exceeding the current objective of having military crewmembers spend no more than 50 percent of their time away from homeport over a complete multi-year operating cycle. The current limiting factor is the period required to train the crew as a team before deployment following the inactivity and crew turnover of the shipyard maintenance period.

Naval aviation is steadily moving toward the increased use of high-fidelity single and multi-aircraft simulation as a means of developing and sustaining operational proficiency with reduced use of expensive live flying. These simulators are funded as part of the overall fielding plan for the aircraft and were also built for the ballistic-missile submarine force to support its Blue-Gold crew manning concept. There is no equivalent model or set of off-ship simulators for major sections of the crews of conventional surface warships (other than the LCS) for nuclear-aircraft carriers or for attack submarines. A Fleet design that bought such simulation capability as part of its ship production programs—the way that aircraft programs do—would have significant potential for improving operational output by reducing the time to train for deployment after maintenance periods.

Today’s Fleet design is the product of many separate and disconnected decisions about the required capabilities of 50 different types of ships and aircraft. While not ineffective, it is definitely too expensive. The budget constraints facing the Navy for the next 20 years are not matched by a projected reduction in the quantity or capability of forces that must be delivered forward every day or surged forward in wartime.

The only way to meet these demands within available resources is to develop a design that provides a structure within which the capabilities of future platforms can be shaped to meet the Fleet’s missions efficiently as an overall force. Doing this will require a systems-level approach to defining what it must be able to do, and will mean abandoning some cherished traditions of what each type of platform should do. The alternative is a Navy no longer large or capable enough to do the nation’s business.<sup>18</sup>

## **Affordability of 30-Year Shipbuilding Plan**

Another potential oversight issue for Congress concerns the prospective affordability of the Navy’s 30-year shipbuilding plan. In assessing the prospective affordability of the 30-year plan, key factors that Congress may consider include estimated ship procurement costs and future shipbuilding funding levels. Each of these is discussed below.

### **Estimated Ship Procurement Costs**

If one or more Navy ship designs turn out to be more expensive to build than the Navy estimates, then the projected funding levels shown in the 30-year shipbuilding plan will not be sufficient to procure all the ships shown in the plan. Ship designs that can be viewed as posing a risk of being more expensive to build than the Navy estimates include Gerald R. Ford (CVN-78) class aircraft carriers, Ohio-replacement (SSBNX) class ballistic missile submarines, the Flight III version of the DDG-51 destroyer, the TAO(X) oiler, and the LX(R) amphibious ship.

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<sup>18</sup> Arthur H. Barber, “Rethinking The Future Fleet,” *U.S. Naval Institute Proceedings*, May 2014: 48-52.



The Navy delivered its narrative report on the FY2015 30-year shipbuilding plan to CRS on July 3, 2014. As shown in the bottom half of **Table 8**, the Navy estimates in the report that the FY2015 30-year plan would cost an average of about \$16.7 billion per year in constant FY2014 dollars to implement, including an average of about \$15.7 billion per year during the first 10 years of the plan, an average of about \$19.7 billion per year during the middle 10 years of the plan, and an average of about \$14.6 billion per year during the final 10 years of the plan.

As also shown in the bottom half of **Table 8**, a December 2014 Congressional Budget Office (CBO) report on the Navy’s FY2015 30-year shipbuilding plan estimates that the plan will require about 13% more funding to implement than the Navy estimates, including about 6% more than the Navy estimates during the first 10 years of the plan, about 14% more than the Navy estimates during the middle 10 years of the plan, and about 20% more than the Navy estimates during the final 10 years of the plan.<sup>19</sup> Over the years, CBO’s estimates of the cost to implement the Navy’s 30-year shipbuilding plan have generally been higher than the Navy’s estimates.

Some of the difference between CBO’s estimates and the Navy’s estimates is due to a difference between CBO and the Navy in how to treat inflation in Navy shipbuilding. This difference compounds over time, making it increasingly important as a factor in the difference between CBO’s estimates and the Navy’s estimates the further one goes into the 30-year period. In other words, other things held equal, this factor tends to push the CBO and Navy estimates further and further apart as one proceeds from the earlier years of the plan to the later years of the plan.

**Table 8. Navy and CBO Estimates of Cost of FY2014 and FY2015 30-Year Shipbuilding Plans**

Funding for new-construction ships, in billions of constant FY2013 or FY2014 dollars

	First 10 years of the plan	Middle 10 years of the plan	Final 10 years of the plan	Entire 30 years of the plan
<b>FY2014 30-year (FY2014-FY2043) plan (in constant FY2013 dollars)</b>				
Navy estimate	15.4	19.8	15.2	16.8
CBO estimate	16.3	22.6	19.1	19.3
% difference between Navy and CBO estimates	6%	14%	26%	15%
<b>FY2015 30-year (FY2015-FY2044) plan (in constant FY2014 dollars)</b>				
Navy estimate	~15.7	~19.7	~14.6	~16.7
CBO estimate	16.7	22.5	17.5	18.9
% difference between Navy and CBO estimates	6%	14%	20%	13%

**Source: For FY2014 30-year plan:** Congressional Budget Office, *An Analysis of the Navy’s Fiscal Year 2014 Shipbuilding Plan*, October 2013, Table 3 (page 13). **For FY2015 30-year plan:** *Report to Congress on the Annual Long-Range Plan for Construction of Naval Vessels for FY2015*, p. 8.

<sup>19</sup> Congressional Budget Office, *An Analysis of the Navy’s Fiscal Year 2015 Shipbuilding Plan*, December 2014, Table 3 on page 14.

The shipbuilding program that contributes the most to the difference between the CBO and Navy estimates of the cost of the 30-year plan is a future destroyer, called the DDG-51 Flight IV, that appears in the final 15 years of the 30-year plan. As shown in the CBO report, this one program accounts for 38% of the total difference between CBO and the Navy on the estimated cost to implement the 30-year shipbuilding plan, making it almost twice as significant as the next-largest contributor to the overall difference (the Ohio replacement program, which accounts for 20%).<sup>20</sup>

The relatively large contribution of the Flight IV destroyer to the overall difference between CBO and the Navy on the cost of the 30-year shipbuilding plan appears to be due primarily to three factors:

- There are many of these Flight IV destroyers in the 30-year plan—a total of 35, or 13% of the 264 total ships in the plan.
- There appears to be a basic difference between CBO and the Navy over the likely size (and thus cost) of this ship. The Navy appears to assume that the ship will use the current DDG-51 hull design, whereas CBO believes the growth potential of the current DDG-51 hull design will be exhausted by then, and that the ship will require a larger hull design (either a lengthened version of the DDG-51 hull design, or an entirely new hull design).
- These destroyers occur in the final 15 years of the 30-year plan, where the effects of the difference between CBO and the Navy on how to treat inflation in Navy shipbuilding are the most pronounced.

## **Future Shipbuilding Funding Levels**

It has been known for some time that implementing the 30-year shipbuilding plan would require shipbuilding budgets in coming years that are considerably greater than those of recent years, and that funding requirements for the Ohio-replacement (SSBN[X]) ballistic missile submarine program will put particular pressure on the shipbuilding budget during the middle years of the 30-year plan. The Navy's report on the FY2015 30-year plan states:

Beginning in FY2020 and running through the end of the 30-year plan horizon, the plan requires an average annual investment of about \$17.2B [billion] (FY14\$) [i.e., in constant FY2014 dollars] to finance, which is ~\$4B/year more than our historical average annual investment of ~\$13B/yr. In particular, for the period while we are procuring the OHIO Replacement (OR) SSBN (essentially FY[20]25-FY[20]34), the Navy will have to provide an average of \$19.7B annually with the peak year in FY[20]32 at slightly more than \$24B. Even if the OHIO Replacement Program (ORP) is removed from the [required] resource total [by funding the program through a different part of the defense budget], the average funding required beginning in FY2020 is ~\$14-15B/yr to build the FSA [Force Structure Assessment] force [i.e., the planned 306-ship fleet]....

While the force structure presented [in this report] describes a battle force that meets the requirements of the National Security Strategy and the 2014 QDR [Quadrennial Defense Review]; it requires funding at an unsustainable level, particularly between FY[20]25 and FY[20]34... The average cost of this plan during the period in which the DON [Department

<sup>20</sup> Congressional Budget Office, *An Analysis of the Navy's Fiscal Year 2015 Shipbuilding Plan*, December 2014, Table A-1 on page 31.

of the Navy] is procuring OR SSBN[s] (~\$19.7B/year [during] FY2025-[FY]2034) cannot be accommodated by the Navy from existing resources—particularly if DOD is required to be funded at the BCA [Budget Control Act] levels....

The DON can only afford the SSBN procurement costs with significant increases in our [budget] top-line or by having the SSBN funded from sources that do not result in any reductions to the DON's current resourcing level....

If the DON is unable to sustain the average annual shipbuilding budgets of \$19.7 billion over the course of the mid-term planning period, which is unlikely to be the case,<sup>21</sup> the battle force will fall far short of meeting the QDR requirements.<sup>22</sup>

In assessing the Navy's ability to reach the higher annual shipbuilding funding levels described above, one perspective is to note that doing so would require the shipbuilding budget to be increased by 30% to 50% from levels in recent years. In a context of constraints on defense spending and competing demands for defense dollars, this perspective can make the goal of increasing the shipbuilding budget to these levels appear daunting.

Another perspective is to note that the additional annual funding needed (roughly \$4 billion to \$6.7 billion) equates to roughly 0.8% to 1.3% of a defense budget of \$521 billion per year (the Budget Control Act figure for defense spending FY2015). Some observers, noting the U.S. strategic rebalancing toward the Asia-Pacific region, have advocated shifting a greater share of the DOD budget to the Navy and Air Force, on the grounds that the Asia-Pacific region is primarily a maritime and aerospace theater for DOD. In discussing the idea of shifting a greater share of the DOD budget to the Navy and Air Force, some of these observers refer to breaking the so-called "one-third, one-third, one-third" division of resources among the three military departments—a shorthand term sometimes used to refer to the more-or-less stable division of resources between the three military departments that existed for the three decades between the end of U.S. participation in the Vietnam War in 1973 and the start of the Iraq War in 2003.<sup>23</sup> In a context of breaking the "one-third, one-third, one-third" allocation with an aim of better aligning defense spending with the strategic rebalancing, shifting 0.8% to 1.3% of the defense budget into the Navy's shipbuilding account would appear to be quite feasible.

More broadly, if defense spending were to remain constrained to the revised cap levels in the Budget Control Act, then fully funding the Department of the Navy's total budget at the levels shown in the current Future Years Defense Plan (FYDP) would require increasing the Department of the Navy's share of the non-Defense-Wide part of the DOD budget to about 41%, compared to about 36% in the FY2014 budget and an average of about 37% for the three-decade period

<sup>21</sup> This can be read as a double negative—that it is *unlikely* the Navy will be *unable* to sustain average annual shipbuilding budgets at this level. The Navy's intent appears to be to state that it is *unlikely* the Navy will be *able* to do this.

<sup>22</sup> *Report to Congress on the Annual Long-Range Plan for Construction of Naval Vessels for FY2015*, June 2014, pp. 5, 6, 7, 9.

<sup>23</sup> The "one-third, one-third, one-third" terminology, though convenient, is not entirely accurate—the military departments' shares of the DOD budget, while more or less stable during this period, were not exactly one-third each: the average share for the Department of the Army was about 26%, the average share for the Department of the Navy (which includes both the Navy and Marine Corps) was about 32%, the average share for the Department of the Air Force was about 30%, and the average share for Defense-Wide (the fourth major category of DOD spending) was about 12%. Excluding the Defense-Wide category, which has grown over time, the shares for the three military departments of the remainder of DOD's budget during this period become about 29% for the Department of the Army, about 37% for the Department of the Navy, and about 34% for the Department of the Air Force.

between the Vietnam and Iraq wars.<sup>24</sup> While shifting 4% or 5% of DOD's budget to the Department of the Navy would be a more ambitious reallocation than shifting 0.8% to 1.3% of the DOD budget to the Navy's shipbuilding account, similarly large reallocations have occurred in the past.<sup>25</sup>

## Legislative Activity for FY2016

### FY2016 Funding Request

The Navy's proposed FY2016 budget requests funding for the procurement of nine new battle force ships (i.e., ships that count against the Navy's goal for achieving and maintaining a fleet of 306 ships). The nine ships include two Virginia-class attack submarines, two DDG-51 class Aegis destroyers, three Littoral Combat Ships (LCSs), one LPD-17 class amphibious ship, and one TAO(X) class oiler. The Navy's proposed FY2016 shipbuilding budget also requests funding for ships that have been procured in prior fiscal years, and ships that are to be procured in future fiscal years.

### CRS Reports Tracking Legislation on Specific Navy Shipbuilding Programs

Detailed coverage of legislative activity on certain Navy shipbuilding programs (including funding levels, legislative provisions, and report language) can be found in the following CRS reports:

- CRS Report RS20643, *Navy Ford (CVN-78) Class Aircraft Carrier Program: Background and Issues for Congress*, by Ronald O'Rourke.
- CRS Report R41129, *Navy Ohio Replacement (SSBN[X]) Ballistic Missile Submarine Program: Background and Issues for Congress*, by Ronald O'Rourke.
- CRS Report RL32418, *Navy Virginia (SSN-774) Class Attack Submarine Procurement: Background and Issues for Congress*, by Ronald O'Rourke.

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<sup>24</sup> Since the Defense-Wide portion of the budget has grown from just a few percent in the 1950s and 1960s to about 15% in more recent years, including the Defense-Wide category of spending in the calculation can lead to military department shares of the budget in the 1950s and 1960s that are somewhat more elevated compared to those in more recent years, making it more complex to compare the military departments' shares across the entire period of time since the end of the World War II. For this reason, military department shares of the DOD budget cited in this statement are calculated after excluding the Defense-Wide category. The points made in this statement, however, can still be made on the basis of a calculation that includes the Defense-Wide category.

<sup>25</sup> For example, from the mid-1950s to the mid-1960s, reflecting a U.S. defense strategy at the time that placed a strong reliance on the deterrent value of nuclear weapons, the Department of the Air Force's share of the non-Defense-Wide DOD budget increased by several percentage points. The Department of the Air Force's share averaged about 45% for the 10-year period FY1956-FY1965, and peaked at more than 47% in FY1957-FY1959. As another example, for the 11-year period FY2003-FY2013, as a consequence of combat operations in Iraq and Afghanistan, the Department of the Army's share of the non-Defense-Wide DOD budget increased by roughly 10 percentage points. The Department of the Army's share during this period averaged about 39%, and peaked at more than 43% in FY2008. U.S. combat operations in Iraq and Afghanistan during this period reflected the implementation of U.S. national strategy as interpreted by policymakers during those years.

- CRS Report RL32109, *Navy DDG-51 and DDG-1000 Destroyer Programs: Background and Issues for Congress*, by Ronald O'Rourke.
- CRS Report RL33741, *Navy Littoral Combat Ship (LCS)/Frigate Program: Background and Issues for Congress*, by Ronald O'Rourke.
- CRS Report R43543, *Navy LX(R) Amphibious Ship Program: Background and Issues for Congress*, by Ronald O'Rourke.
  - This report also covers the issue of funding for the procurement of a 12<sup>th</sup> San Antonio (LPD-17) class amphibious ship.
- CRS Report R43546, *Navy TAO(X) Oiler Shipbuilding Program: Background and Issues for Congress*, by Ronald O'Rourke.

Individual Navy shipbuilding programs that are not covered in detail in the above reports are covered in this report.

## **Appendix A. Comparing Past Ship Force Levels to Current or Potential Future Ship Force Levels**

In assessing the appropriateness of the current or potential future number of ships in the Navy, observers sometimes compare that number to historical figures for total Navy fleet size. Historical figures for total fleet size, however, can be a problematic yardstick for assessing the appropriateness of the current or potential future number of ships in the Navy, particularly if the historical figures are more than a few years old, because

- the missions to be performed by the Navy, the mix of ships that make up the Navy, and the technologies that are available to Navy ships for performing missions all change over time; and
- the number of ships in the fleet in an earlier year might itself have been inappropriate (i.e., not enough or more than enough) for meeting the Navy's mission requirements in that year.

Regarding the first bullet point above, the Navy, for example, reached a late-Cold War peak of 568 battle force ships at the end of FY1987,<sup>26</sup> and as of February 24, 2015, included a total of 284 battle force ships (using the new counting rules proposed by the Navy as part of its FY2015 budget submission). The FY1987 fleet, however, was intended to meet a set of mission requirements that focused on countering Soviet naval forces at sea during a potential multi-theater NATO-Warsaw Pact conflict, while the February 2015 fleet is intended to meet a considerably different set of mission requirements centered on influencing events ashore by countering both land- and sea-based military forces of potential regional threats other than Russia, including improved Chinese military forces and non-state terrorist organizations. In addition, the Navy of FY1987 differed substantially from the February 2015 fleet in areas such as profusion of precision-guided air-delivered weapons, numbers of Tomahawk-capable ships, and the sophistication of C4ISR systems and networking capabilities.<sup>27</sup>

In coming years, Navy missions may shift again, and the capabilities of Navy ships will likely have changed further by that time due to developments such as more comprehensive implementation of networking technology, increased use of ship-based unmanned vehicles, and the potential fielding of new types of weapons such as lasers or electromagnetic rail guns.

The 568-ship fleet of FY1987 may or may not have been capable of performing its stated missions; the 284-ship fleet of February 2015 may or may not be capable of performing its stated missions; and a fleet years from now with a certain number of ships may or may not be capable of

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<sup>26</sup> Some publications have stated that the Navy reached a peak of 594 ships at the end of FY1987. This figure, however, is the total number of active ships in the fleet, which is not the same as the total number of battle force ships. The battle force ships figure is the number used in government discussions of the size of the Navy. In recent years, the total number of active ships has been larger than the total number of battle force ships. For example, the Naval History and Heritage Command (formerly the Naval Historical Center) states that as of November 16, 2001, the Navy included a total of 337 active ships, while the Navy states that as of November 19, 2001, the Navy included a total of 317 battle force ships. Comparing the total number of active ships in one year to the total number of battle force ships in another year is thus an apples-to-oranges comparison that in this case overstates the decline since FY1987 in the number of ships in the Navy. As a general rule to avoid potential statistical distortions, comparisons of the number of ships in the Navy over time should use, whenever possible, a single counting method.

<sup>27</sup> C4ISR stands for command and control, communications, computers, intelligence, surveillance, and reconnaissance.

performing its stated missions. Given changes over time in mission requirements, ship mixes, and technologies, however, these three issues are to a substantial degree independent of one another.

For similar reasons, trends over time in the total number of ships in the Navy are not necessarily a reliable indicator of the direction of change in the fleet’s ability to perform its stated missions. An increasing number of ships in the fleet might not necessarily mean that the fleet’s ability to perform its stated missions is increasing, because the fleet’s mission requirements might be increasing more rapidly than ship numbers and average ship capability. Similarly, a decreasing number of ships in the fleet might not necessarily mean that the fleet’s ability to perform stated missions is decreasing, because the fleet’s mission requirements might be declining more rapidly than numbers of ships, or because average ship capability and the percentage of time that ships are in deployed locations might be increasing quickly enough to more than offset reductions in total ship numbers.

Regarding the second of the two bullet points above, it can be noted that comparisons of the size of the fleet today with the size of the fleet in earlier years rarely appear to consider whether the fleet was appropriately sized in those earlier years (and therefore potentially suitable as a yardstick of comparison), even though it is quite possible that the fleet in those earlier years might not have been appropriately sized, and even though there might have been differences of opinion among observers at that time regarding that question. Just as it might not be prudent for observers years from now to tacitly assume that the 289-ship Navy of September 2014 was appropriately sized for meeting the mission requirements of 2014, even though there currently are differences of opinion among observers on that question (as reflected, for example, in **Table 7**) simply because a figure of 289 ships appears in the historical records for 2014, so, too, might it not be prudent for observers today to tacitly assume that the number of ships of the Navy in an earlier year was appropriate for meeting the Navy’s mission requirements that year, even though there might have been differences of opinion among observers at that time regarding that question, simply because the size of the Navy in that year appears in a table like **Table D-1**.

Previous Navy force structure plans, such as those shown in **Table 1**, might provide some insight into the potential adequacy of a proposed new force-structure plan, but changes over time in mission requirements, technologies available to ships for performing missions, and other force-planning factors, as well as the possibility that earlier force-structure plans might not have been appropriate for meeting the mission demands of their times, suggest that some caution should be applied in using past force structure plans for this purpose, particularly if those past force structure plans are more than a few years old. The Reagan-era plan for a 600-ship Navy, for example, was designed for a Cold War set of missions focusing on countering Soviet naval forces at sea, which is not an appropriate basis for planning the Navy today, and there was considerable debate during those years as to the appropriateness of the 600-ship goal.<sup>28</sup>

<sup>28</sup> Navy force structure plans that predate those shown in **Table 1** include the Reagan-era 600-ship plan of the 1980s, the Base Force fleet of more than 400 ships planned during the final two years of the George H. W. Bush Administration, the 346-ship fleet from the Clinton Administration’s 1993 Bottom-Up Review (or BUR, sometimes also called Base Force II), and the 310-ship fleet of the Clinton Administration’s 1997 QDR. The table below summarizes some key features of these plans.

**Features of Recent Navy Force Structure Plans**

Plan	600-ship	Base Force	1993 BUR	1997 QDR
<b>Total ships</b>	~600	~450/416 <sup>a</sup>	346	~305/310 <sup>b</sup>
<b>Attack submarines</b>	100	80/~55 <sup>c</sup>	45-55	50/55 <sup>d</sup>

(continued...)

## Appendix B. Independent Panel Assessment of 2010 QDR

The law that requires DOD to perform QDRs once every four years (10 U.S.C. 118) states that the results of each QDR shall be assessed by an independent panel. The report of the independent panel that assessed the 2010 QDR was released on July 29, 2010. The independent panel’s report recommended a Navy of 346 ships, including 11 aircraft carriers and 55 attack submarines.<sup>29</sup> The report stated the following, among other things:

- “The QDR should reflect current commitments, but it must also plan effectively for potential threats that could arise over the next 20 years.... we believe the 2010 QDR did not accord sufficient priority to the need to counter anti-access challenges, strengthen homeland defense (including our defense against cyber threats), and conduct post-conflict stabilization missions.” (Page 54)
- “In this remarkable period of change, global security will still depend upon an American presence capable of unimpeded access to all international areas of the Pacific region. In an environment of ‘anti-access strategies,’ and assertions to create unique ‘economic and security zones of influence,’ America’s rightful and historic presence will be critical. To preserve our interests, the United States will need to retain the ability to transit freely the areas of the Western Pacific for security and economic reasons. Our allies also depend on us to be fully present in the Asia-Pacific as a promoter of stability and to ensure the free flow of commerce. A robust U.S. force structure, largely rooted in maritime strategy but including other necessary capabilities, will be essential.” (Page 51)
- “The United States will need agile forces capable of operating against the full range of potential contingencies. However, the need to deal with irregular and hybrid threats will tend to drive the size and shape of ground forces for years to

(...continued)

<b>Aircraft carriers</b>	15 <sup>e</sup>	12	11+1 <sup>f</sup>	11+1 <sup>f</sup>
<b>Surface combatants</b>	242/228 <sup>g</sup>	~150	~124	116
<b>Amphibious ships</b>	~75 <sup>h</sup>	51 <sup>i</sup>	41 <sup>i</sup>	36 <sup>i</sup>

**Source:** Prepared by CRS based on DOD and U.S. Navy data.

a. Commonly referred to as 450-ship plan, but called for decreasing to 416 ships by end of FY1999.

b. Original total of about 305 ships was increased to about 310 due to increase in number of attack submarines to 55 from 50.

c. Plan originally included 80 attack submarines, but this was later reduced to about 55.

d. Plan originally included 50 attack submarines but this was later increased to 55.

e. Plus one additional aircraft carrier in the service life extension program (SLEP).

f. Eleven active carriers plus one operational reserve carrier.

g. Plan originally included 242 surface combatants but this was later reduced to 228.

h. Number needed to lift assault echelons of one Marine Expeditionary Force (MEF) plus one Marine Expeditionary Brigade (MEB).

i. Number needed to lift assault echelons of 2.5 MEBs. Changing numbers needed to meet this goal reflect in part changes in the design and capabilities of amphibious ships.

<sup>29</sup> Stephen J. Hadley and William J. Perry, co-chairmen, et al, *The QDR in Perspective: Meeting America’s National Security Needs In the 21<sup>st</sup> Century, The Final Report of the Quadrennial Defense Review Independent Panel*, Washington, 2010, Figure 3-2 on page 58.



- come, whereas the need to continue to be fully present in Asia and the Pacific and other areas of interest will do the same for naval and air forces.” (Page 55)
- “The force structure in the Asia-Pacific needs to be increased. In order to preserve U.S. interests, the United States will need to retain the ability to transit freely the areas of the Western Pacific for security and economic reasons. The United States must be fully present in the Asia-Pacific region to protect American lives and territory, ensure the free flow of commerce, maintain stability, and defend our allies in the region. A robust U.S. force structure, one that is largely rooted in maritime strategy and includes other necessary capabilities, will be essential.” (Page 66)
  - “Force structure must be strengthened in a number of areas to address the need to counter anti-access challenges, strengthen homeland defense (including defense against cyber threats), and conduct post-conflict stabilization missions: First, as a Pacific power, the U.S. presence in Asia has underwritten the regional stability that has enabled India and China to emerge as rising economic powers. The United States should plan on continuing that role for the indefinite future. The Panel remains concerned that the QDR force structure may not be sufficient to assure others that the United States can meet its treaty commitments in the face of China’s increased military capabilities. Therefore, we recommend an increased priority on defeating anti-access and area-denial threats. This will involve acquiring new capabilities, and, as Secretary Gates has urged, developing innovative concepts for their use. Specifically, we believe the United States must fully fund the modernization of its surface fleet. We also believe the United States must be able to deny an adversary sanctuary by providing persistent surveillance, tracking, and rapid engagement with high-volume precision strike. That is why the Panel supports an increase in investment in long-range strike systems and their associated sensors. In addition, U.S. forces must develop and demonstrate the ability to operate in an information-denied environment.” (Pages 59-60)
  - “To compete effectively, the U.S. military must continue to develop new conceptual approaches to dealing with operational challenges, like the Capstone Concept for Joint Operations (CCJO). The Navy and Air Force’s effort to develop an Air-Sea Battle concept is one example of an approach to deal with the growing anti-access challenge. It will be necessary to invest in modernized capabilities to make this happen. The Chief of Naval Operations and Chief of Staff of the Air Force deserve support in this effort, and the Panel recommends the other military services be brought into the concept when appropriate.” (Page 51; a similar passage appears on page 67)

In recommending a Navy of 346 ships, the independent panel’s report cited the 1993 Bottom-Up Review (BUR) of U.S. defense plans and policies. **Table B-1** compares the Navy’s 306-ship goal of March 2012 to the 346-ship Navy recommended in the 1993 BUR (as detailed partly in subsequent Navy testimony and publications) and the ship force levels recommended in the independent panel report.

**Table B-1. Comparison of Navy’s 306-ship goal, Navy Plan from 1993 BUR, and Navy Plan from 2010 QDR Review Panel**

Ship Type	Navy’s 306-ship goal of March 2012	Bottom-Up Review (BUR) (1993)	2010 QDR Independent Review Panel (July 2010)
SSBNs	12-14	18 (SSBN force was later reduced to 14 as a result of the 1994 Nuclear Posture Review)	14
SSGNs	0-4	0 (SSGN program did not yet exist)	4
SSNs	~48	45 to 55 (55 in FY99, with a long-term goal of about 45)	55
Aircraft carriers	11 active	11 active + 1 operational/reserve	11 active
Surface combatants	~145	124 (114 active + 10 frigates in Naval Reserve Force; a total of 110-116 active ships was also cited)	n/a
Cruisers and destroyers	~90	n/a	n/a
Frigates	0 (to be replaced by LCSs)	n/a	n/a
LCSs	~55	0 (LCS program did not exist)	n/a
Amphibious ships	~32 (30 operational ships needed to lift 2.0 MEBs)	41 (Enough to lift 2.5 MEBs)	n/a
Dedicated mine warfare ships	0 (to be replaced by LCSs)	26 (LCS program did not exist)	n/a
CLF ships	~29	43	n/a
Support ships	~33	22	n/a
<b>TOTAL ships</b>	<b>~306</b>	<b>346</b>	<b>346</b>
		<b>(numbers above add to 331-341)<sup>a</sup></b>	

**Source:** Table prepared by CRS. **Sources for 1993 Bottom-Up Review:** Department of Defense, *Report on the Bottom-Up Review*, October 1993, Figure 7 on page 28; Department of the Navy, *Highlights of the FY 1995 Department of the Navy Budget*, February 1994, p. 1; Department of the Navy, *Force 2001, A Program Guide to the U.S. Navy*, 1994 edition, p. 15; Statement of VADM T. Joseph Lopez, U.S. Navy, Deputy Chief of Naval Operations (Resources, Warfare Requirements & Assessments), Testimony to the Military Forces and Personnel Subcommittee of the House Armed Services Committee, March 22, 1994, pp. 2-5. **Source for independent panel report:** Stephen J. Hadley and William J. Perry, co-chairmen, et al., *The QDR in Perspective: Meeting*

*America's National Security Needs In the 21<sup>st</sup> Century, The Final Report of the Quadrennial Defense Review Independent Panel*, Washington, 2010, Figure 3-2 on pages 58-59.

**Notes:** **n/a** is not addressed in the report. **SSBN** is nuclear-powered ballistic missile submarine; **SSGN** is nuclear-powered cruise missile and special operations forces submarine; **SSN** is nuclear-powered attack submarine; **LCS** is Littoral Combat Ship; **MPF(F)** is Maritime Prepositioning Force (Future) ship; **CLF** is combat logistics force (i.e., resupply) ship; **MEB** is Marine Expeditionary Brigade.

- a. The Navy testified in 1994 that the planned number was adjusted from 346 to 330 to reflect reductions in numbers of tenders and early retirements of some older amphibious ships.

In a letter dated August 11, 2010, Secretary of Defense Robert Gates provided his comments on the independent panel's report. The letter stated in part:

I completely agree with the Panel that a strong navy is essential; however, I disagree with the Panel's recommendation that DoD should establish the 1993 Bottom Up Review's (BUR's) fleet of 346 ships as the objective target. That number was a simple projection of the then-planned size of [the] Navy in FY 1999, not a reflection of 21<sup>st</sup> century, steady-state requirements. The fleet described in the 2010 QDR report, with its overall target of 313 to 321 ships, has roughly the same number of aircraft carriers, nuclear-powered attack submarines, surface combatants, mine warfare vessels, and amphibious ships as the larger BUR fleet. The main difference between the two fleets is in the numbers of combat logistics, mobile logistics, and support ships. Although it is true that the 2010 fleet includes fewer of these ships, they are all now more efficiently manned and operated by the Military Sealift Command and meet all of DoD's requirements....

I agree with the Panel's general conclusion that DoD ought to enhance its overall posture and capabilities in the Asia-Pacific region. As I outlined in my speech at the Naval War College in April 2009, "to carry out the missions we may face in the future... we will need numbers, speed, and the ability to operate in shallow waters." So as the Air-Sea battle concept development reaches maturation, and as DoD's review of global defense posture continues, I will be looking for ways to meet plausible security threats while emphasizing sustained forward presence – particularly in the Pacific.<sup>30</sup>

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<sup>30</sup> Letter dated August 11, 2010, from Secretary of Defense Robert Gates to the chairmen of the House and Senate Armed Services and Appropriations Committees, pp. 3 and 4. The ellipsis in the second paragraph appears in the letter.

## Appendix C. U.S. Strategy and the Size and Structure of U.S. Naval Forces

This appendix presents some observations on the relationship between U.S. strategy and the size and structure of U.S. naval forces that can form part of the context for assessing Navy force structure goals and shipbuilding plans.<sup>31</sup>

Strategic considerations that can be considered in assessing Navy force structure goals and shipbuilding plans include, among other things, the U.S. strategic rebalancing toward the Asia-Pacific region,<sup>32</sup> China's modernization of its maritime military capabilities,<sup>33</sup> and requests from U.S. regional combatant commanders (COCOMs) for forward-deployed U.S. naval forces that the Navy has testified would require a Navy of about 450 ships to fully meet.<sup>34</sup>

More broadly, from a strategic perspective it can be noted that that U.S. naval forces, while not inexpensive, give the United States the ability to convert the world's oceans—a global commons that covers more than two-thirds of the planet's surface—into a medium of maneuver and operations for projecting U.S. power ashore and otherwise defending U.S. interests around the world. The ability to use the world's oceans in this manner—and to deny other countries the use of the world's oceans for taking actions against U.S. interests—constitutes an immense asymmetric advantage for the United States. This point would be less important if less of the world were covered by water, or if the oceans were carved into territorial blocks, like the land. Most of the world, however, is covered by water, and most of those waters are international waters, where naval forces can operate freely. The point, consequently, is not that U.S. naval forces are intrinsically special or privileged—it is that they have a certain value simply as a consequence of the physical and legal organization of the planet.

An additional point that can be noted in relating U.S. naval forces to U.S. national strategy is that most of the world's people, resources, and economic activity are located not in the Western Hemisphere, but in the other hemisphere, particularly Eurasia. In response to this basic feature of world geography, U.S. policymakers for the last several decades have chosen to pursue, as a key element of U.S. national strategy, a goal of preventing the emergence of a regional hegemon in one part of Eurasia or another, on the grounds that such a hegemon could represent a concentration of power strong enough to threaten core U.S. interests by, for example, denying the United States access to some of the other hemisphere's resources and economic activity. Although U.S. policymakers do not often state this key national strategic goal explicitly in public, U.S.

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<sup>31</sup> This appendix adapts material originally presented in Statement of Ronald O'Rourke, Specialist in Naval Affairs, Congressional Research Service, Before the House Armed Services Committee Subcommittee on Seapower and Projection Forces on the Navy's FY2014 30-Year Shipbuilding Plan, October 23, 2013, pp. 1, 17-18.

<sup>32</sup> For more on the strategic rebalancing, see CRS Report R42146, *Assessing the January 2012 Defense Strategic Guidance (DSG): In Brief*, by Catherine Dale and Pat Towell; and CRS Report R42448, *Pivot to the Pacific? The Obama Administration's "Rebalancing" Toward Asia*, coordinated by Mark E. Manyin.

<sup>33</sup> For more on China's modernization of its maritime military capabilities, see CRS Report RL33153, *China Naval Modernization: Implications for U.S. Navy Capabilities—Background and Issues for Congress*, by Ronald O'Rourke.

<sup>34</sup> Navy officials testified in March 2014 that a Navy of 450 ships would be required to fully meet COCOM requests for forward-deployed Navy forces. (Spoken testimony of Admiral Jonathan Greenert at a March 12, 2014, hearing before the House Armed Services Committee on the Department of the Navy's proposed FY2015 budget, as shown in transcript of hearing.)

military operations in recent decades—both wartime operations and day-to-day operations—have been carried out in no small part in support of this key goal.

The U.S. goal of preventing the emergence of a regional hegemon in one part of Eurasia or another is a major reason why the U.S. military is structured with force elements that enable it to cross broad expanses of ocean and air space and then conduct sustained, large-scale military operations upon arrival. Force elements associated with this goal include, among other things, an Air Force with significant numbers of long-range bombers, long-range surveillance aircraft, long-range airlift aircraft, and aerial refueling tankers, and a Navy with significant numbers aircraft carriers, nuclear-powered attack submarines, large surface combatants, large amphibious ships, and underway replenishment ships.

The United States is the only country in the world that designs its military to cross broad expanses of ocean and air space and then conduct sustained, large-scale military operations upon arrival. The other countries in the Western Hemisphere do not design their forces to do this because they cannot afford to, and because the United States is, in effect, doing it for them. Countries in the other hemisphere do not design their forces to do this for the very basic reason that they are already in the other hemisphere, and consequently instead spend their defense money on forces that are tailored largely for influencing events in their own local region.

The fact that the United States designs its military to do something that other countries do not design their forces to do—cross broad expanses of ocean and air space and then conduct sustained, large-scale military operations upon arrival—can be important to keep in mind when comparing the U.S. military to the militaries of other nations. For example, in observing that the U.S. Navy has 11 aircraft carriers while other countries have no more than one or two, it can be noted other countries do not need a significant number of aircraft carriers because, unlike the United States, they are not designing their forces to cross broad expanses of ocean and air space and then conduct sustained, large-scale military operations upon arrival.

As another example, it is sometimes noted, in assessing the adequacy of U.S. naval forces, that U.S. naval forces are equal in tonnage to the next dozen or more navies combined, and that most of those next dozen or more navies are the navies of U.S. allies. Those other fleets, however, are mostly of Eurasian countries, which do not design their forces to cross to the other side of the world and then conduct sustained, large-scale military operations upon arrival. The fact that the U.S. Navy is much bigger than allied navies does not necessarily prove that U.S. naval forces are either sufficient or excessive; it simply reflects the differing and generally more limited needs that U.S. allies have for naval forces. (It might also reflect an underinvestment by some of those allies to meet even their more limited naval needs.)

Countries have differing needs for naval and other military forces. The United States, as a country located in the Western Hemisphere with a goal of preventing the emergence of a regional hegemon in one part of Eurasia or another, has defined a need for naval and other military forces that is quite different from the needs of allies that are located in Eurasia. The sufficiency of U.S. naval and other military forces consequently is best assessed not through comparison to the militaries of other countries, but against U.S. strategic goals.

## Appendix D. Size of the Navy and Navy Shipbuilding Rate

### Size of the Navy

**Table D-1** shows the size of the Navy in terms of total number of ships since FY1948; the numbers shown in the table reflect changes over time in the rules specifying which ships count toward the total. Differing counting rules result in differing totals, and for certain years, figures reflecting more than one set of counting rules are available. Figures in the table for FY1978 and subsequent years reflect the battle force ships counting method, which is the set of counting rules established in the early 1980s for public policy discussions of the size of the Navy.

As shown in the table, the total number of battle force ships in the Navy reached a late-Cold War peak of 568 at the end of FY1987 and began declining thereafter.<sup>35</sup> The Navy fell below 300 battle force ships in August 2003 and as of February 24, 2015, included 284 battle force ships.

As discussed in **Appendix A**, historical figures for total fleet size might not be a reliable yardstick for assessing the appropriateness of proposals for the future size and structure of the Navy, particularly if the historical figures are more than a few years old, because the missions to be performed by the Navy, the mix of ships that make up the Navy, and the technologies that are available to Navy ships for performing missions all change over time, and because the number of ships in the fleet in an earlier year might itself have been inappropriate (i.e., not enough or more than enough) for meeting the Navy's mission requirements in that year.

For similar reasons, trends over time in the total number of ships in the Navy are not necessarily a reliable indicator of the direction of change in the fleet's ability to perform its stated missions. An increasing number of ships in the fleet might not necessarily mean that the fleet's ability to perform its stated missions is increasing, because the fleet's mission requirements might be increasing more rapidly than ship numbers and average ship capability. Similarly, a decreasing number of ships in the fleet might not necessarily mean that the fleet's ability to perform stated missions is decreasing, because the fleet's mission requirements might be declining more rapidly than numbers of ships, or because average ship capability and the percentage of time that ships are in deployed locations might be increasing quickly enough to more than offset reductions in total ship numbers.

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<sup>35</sup> Some publications have stated that the Navy reached a peak of 594 ships at the end of FY1987. This figure, however, is the total number of active ships in the fleet, which is not the same as the total number of battle force ships. The battle force ships figure is the number used in government discussions of the size of the Navy. In recent years, the total number of active ships has been larger than the total number of battle force ships. For example, the Naval History and Heritage Command (formerly the Naval Historical Center) states that as of November 16, 2001, the Navy included a total of 337 active ships, while the Navy states that as of November 19, 2001, the Navy included a total of 317 battle force ships. Comparing the total number of active ships in one year to the total number of battle force ships in another year is thus an apples-to-oranges comparison that in this case overstates the decline since FY1987 in the number of ships in the Navy. As a general rule to avoid potential statistical distortions, comparisons of the number of ships in the Navy over time should use, whenever possible, a single counting method.

**Table D-1. Total Number of Ships in the Navy Since FY1948**

FY <sup>a</sup>	Number	FY <sup>a</sup>	Number	FY <sup>a</sup>	Number	FY <sup>a</sup>	Number
1948	737	1970	769	1992	466	FY2014	289
1949	690	1971	702	1993	435		
1950	634	1972	654	1994	391		
1951	980	1973	584	1995	373		
1952	1,097	1974	512	1996	356		
1953	1,122	1975	496	1997	354		
1954	1,113	1976	476	1998	333		
1955	1,030	1977	464	1999	317		
1956	973	1978	468	2000	318		
1957	967	1979	471	2001	316		
1958	890	1980	477	2002	313		
1959	860	1981	490	2003	297		
1960	812	1982	513	2004	291		
1961	897	1983	514	2005	282		
1962	959	1984	524	2006	281		
1963	916	1985	541	2007	279		
1964	917	1986	556	2008	282		
1965	936	1987	568	2009	285		
1966	947	1988	565	2010	288		
1967	973	1989	566	2011	284		
1968	976	1990	547	2012	287		
1969	926	1991	526	2013	285		

**Source:** Compiled by CRS using U.S. Navy data. Numbers shown reflect changes over time in the rules specifying which ships count toward the total. Figures for FY1978 and subsequent years reflect the battle force ships counting method, which is the set of counting rules established in the early 1980s for public policy discussions of the size of the Navy.

- a. Data for earlier years in the table may be for the end of the calendar year (or for some other point during the year), rather than for the end of the fiscal year.

## Shipbuilding Rate

**Table D-2** shows past (FY1982-FY2014) and requested or programmed (FY2015-FY2019) rates of Navy ship procurement.

**Table D-2. Battle Force Ships Procured or Requested/Programmed, FY1982-FY2020**  
(Procured FY1982-FY2015; requested or programmed FY2016-FY2020)

82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	00	01
17	14	16	19	20	17	15	19	15	11	11	7	4	4	5	4	5	5	6	6
02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	
6	5	7	8	4 <sup>a</sup>	5 <sup>a</sup>	3 <sup>a</sup>	8	7	10	11 <sup>b</sup>	11 <sup>c</sup>	8	8	9	10	10	9	10	

**Source:** CRS compilation based on Navy budget data and examination of defense authorization and appropriation committee and conference reports for each fiscal year. The table excludes non-battle force ships that do not count toward the 306-ship goal, such as certain sealift and prepositioning ships operated by the Military Sealift Command and oceanographic ships operated by agencies such as the National Oceanic and Atmospheric Administration (NOAA).

- a. The totals shown for FY2006, FY2007, and FY2008, reflect the cancellation two LCSs funded in FY2006, another two LCSs funded in FY2007, and an LCS funded in FY2008.
- b. The total shown for FY2012 includes two JHSVs—one that was included in the Navy’s FY2012 budget submission, and one that was included in the Army’s FY2012 budget submission. Until FY2012, JHSVs were being procured by both the Navy and the Army. The Army was to procure its fifth and final JHSV in FY2012, and this ship was included in the Army’s FY2012 budget submission. In May 2011, the Navy and Army signed a Memorandum of Agreement (MOA) transferring the Army’s JHSVs to the Navy. In the FY2012 DOD Appropriations Act (Division A of H.R. 2055/P.L. 112-74 of December 23, 2011), the JHSV that was in the Army’s FY2012 budget submission was funded through the Shipbuilding and Conversion, Navy (SCN) appropriation account, along with the JHSV that the Navy had included in its FY2012 budget submission. The four JHSVs that were procured through the Army’s budget prior to FY2012, however, are *not* included in the annual totals shown in this table.
- c. Figure shown does not reflect potential quantity reduction resulting from March 1, 2013, sequester on FY2013 funding.

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