

DEPARTMENT OF DEFENSE
PRESENTATION TO THE
HOUSE ARMED SERVICES COMMITTEE
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS

SUBJECT: 30-Year Shipbuilding and Aircraft Procurement Plans

COMBINED STATEMENT OF:

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Chairman Wittman, Ranking Member Cooper, and members of the committee, thank you for the opportunity to appear before you to discuss the department's 30-year aviation procurement and shipbuilding plans. Through our combined statement and continued discussion with the committee, we hope to contribute to a productive session covering the use of these plans in supporting congressional oversight of defense-related shipbuilding and aircraft procurement activities.

While the department has always done long range planning, the value of these plans lies more in what we learn through the planning process than in the content of the plans themselves, especially for projections past five years or more. The planning process provides a useful opportunity to consider and confront outyear implications of our near-term decisions. For example, long range planning can identify times when projected needs align in unaffordable ways. By finding these problems early, we can work to plan a program that will meet the needs but spread the costs more reasonably over time.

The drawback of outyear planning is that it involves considerable speculation about the future security environment, technology development, operational concepts, and fiscal constraints. The speculative nature of projecting beyond the 5-year window of the Future Years Defense Plan (FYDP) does not stem from any process and organizational failure; it is caused by the inherent uncertainty of the future. For example, the explosive demand for, and growth in, unmanned vehicles would have been impossible to accurately predict ten years ago. Therefore, while there is value in looking ahead, especially to the near future, we should recognize that the accuracy and value of the plans diminishes the further we get into the future.

The 30-Year Shipbuilding Plan

The shipbuilding plan covers Department of the Navy investment in battle force ships. Currently the Navy invests about \$16B annually in new construction to support an inventory of approximately 300 ships. The first submission of the shipbuilding plan was in 2000. The FY 2003 NDAA made it an enduring requirement. Prior to 2009, the shipbuilding plans were submitted to Congress with the Presidential Budget materials. The department did not submit either the FY 2010 aircraft or shipbuilding plan with the President's FY 2010 budget due to

uncertainty regarding our defense strategy. During this period a new national security strategy and associated defense budget projection were being developed. The FY 2011 NDAA changed the reporting requirement for the shipbuilding plan from an annual report to a quadrennial report, revising the date for the next required submission to 2014. However, the department submitted the shipbuilding data and tables to congressional subcommittees when they were requested.

The Navy develops its shipbuilding plan in coordination with its budget submission using a collaborative process involving Navy, Marine Corps, Joint Staff, and Office of the Secretary of Defense representatives. The plan takes into account its current battle force inventory, retirement and recapitalization plans for these ships, and current acquisition plans. The coordinated Navy plan is then submitted to OSD for final review before transmission to Congress.

The 30-Year Aircraft Procurement Plan

The aircraft procurement plan covers United States Air Force and Department of the Navy procurement of fighter/attack, bomber, intelligence, surveillance, and reconnaissance (ISR), intra-theater airlift, strategic airlift, and tanker aircraft. Service investment in these categories averages about \$26B per year and supports a total inventory of 5,500 aircraft across 65 aircraft types.

The department submitted the first 30-year aircraft procurement plan with the FY 2011 Presidential Budget materials in February, 2010. This year, the department submitted the aviation plan on the 12th of April. The plan was delayed because internal budget decisions were concluded much later than usual. Also, this year there was more debate than last year on outyear aviation plans. Resolving these issues and coordinating the results further delayed submission of the plan.

Once internal budget decisions are firm, the department has considerable work to do. The services refine projections beyond the FYDP, reconcile these projections with Selected Acquisition Report (SAR) data, ensure the estimates adhere to fiscal constraints, and obtain approval from their leadership. Meantime, the Director of Cost Assessment and Program Evaluation (CAPE) drafts the narrative, developing tables and charts, refining themes, applying quality control on the data, and combining service inputs to form an integrated view.

Concluding Thoughts

These plans are the department's best effort to address the challenge of forecasting highly complex plans over a 30-year period. The development of these plans involves a great deal of collaborative analyses throughout the department in order to work through fiscal, technical, and operational assumptions. These plans are not precise procurement blueprints. Rather, they represent the department's best forecast of what tomorrow's forces may look like given the knowledge we have today.