



Integrated Warfare Systems Conference CBO Presentation December 6, 2011

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Relevant CBO Publications

- Found at www.cbo.gov:
 - *An Analysis of the Navy's Fiscal Year 2012 Shipbuilding Plan*, June 2011.
 - *Long-Term Implications of the 2012 Future Years Defense Program*, June 2011.
 - Testimony of CBO Director Douglas Elmendorf on *Discretionary Spending* before the Joint Select Committee on Deficit Reduction, October 26, 2011.

Outline

- Navy's 2012 Fiscal Year Shipbuilding Plan
- Potential Impact of Budget Control Act of 2011 on Navy Topline and Shipbuilding Budget
- Developments Since the 2012 Plan was Produced

Ships Goals under Fiscal Year 2012 Plan

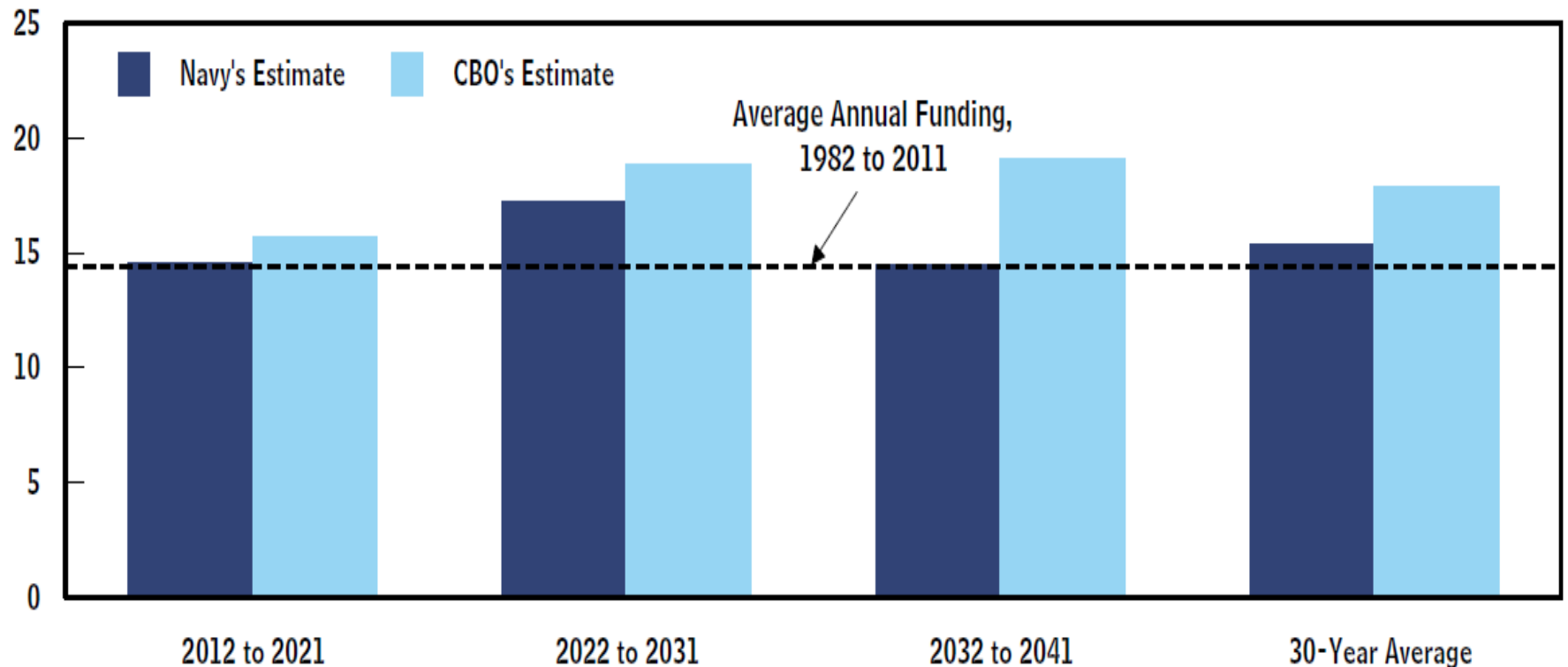
Ship Type	Inventory Objective
Aircraft Carriers	11
Ballistic Missile Submarines	12
Attack Submarines	48
Cruisers and Destroyers	94
Littoral Combat Ships	55
Amphibious Ships	33
Combat Logistics Ships	30
Joint High Speed Vessels	21
Other Support Ships	<u>24</u>
Total	328

Ships Purchased between 2012-2041

Ship Type	Number
Aircraft Carriers	6
Ballistic Missile Submarines	12
Attack Submarines	44
Destroyers	
DDG-51 Flight IIA	9
DDG-51 Flight III/DDG(X)	43
Littoral Combat Ships	71
Amphibious Ships	20
Combat Logistics Ships	19
Joint High Speed Vessels	34
Other Support Ships	<u>17</u>
Total	275

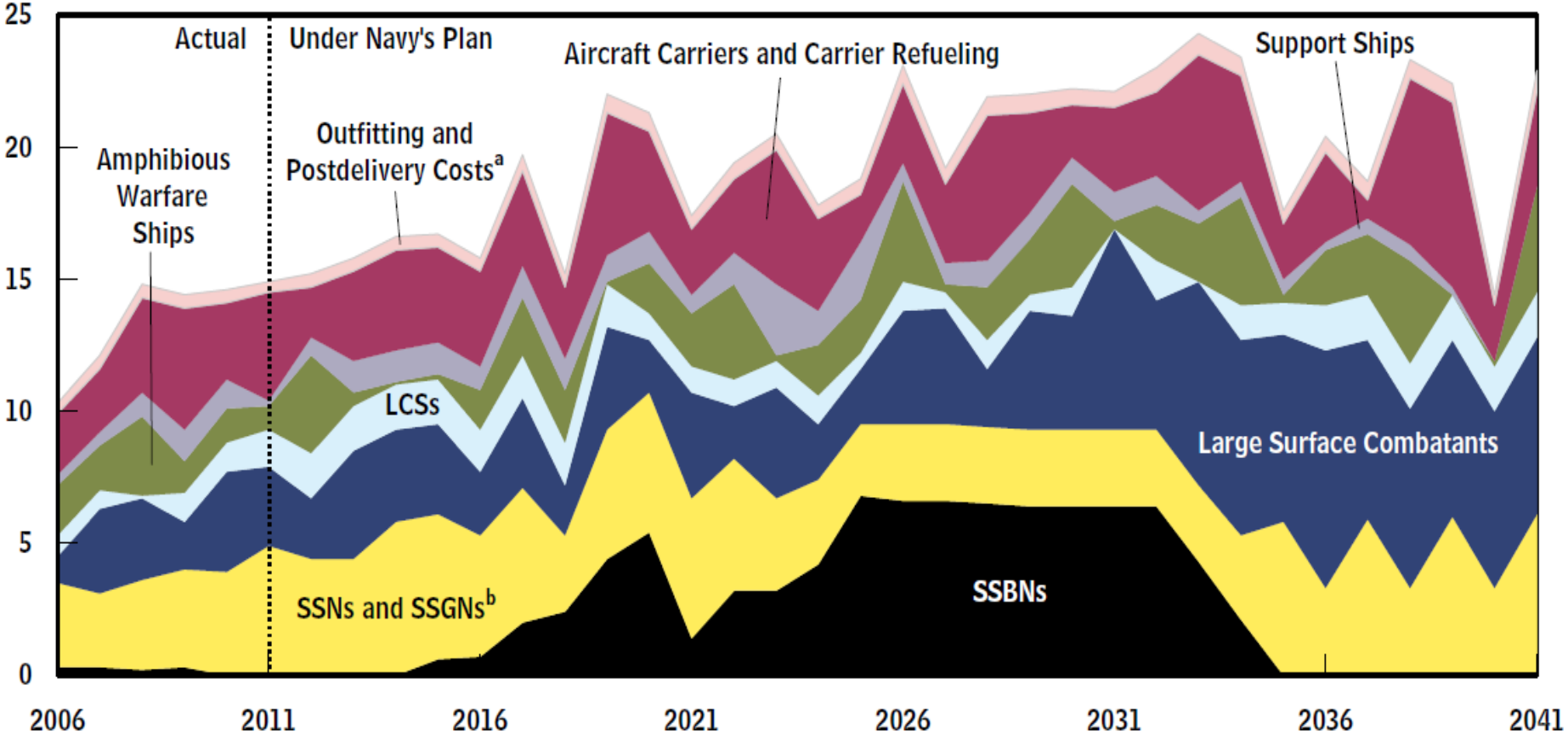
Average Annual Costs of New-Ship Construction Under the Navy's 2012 Plan

(Billions of 2011 dollars)

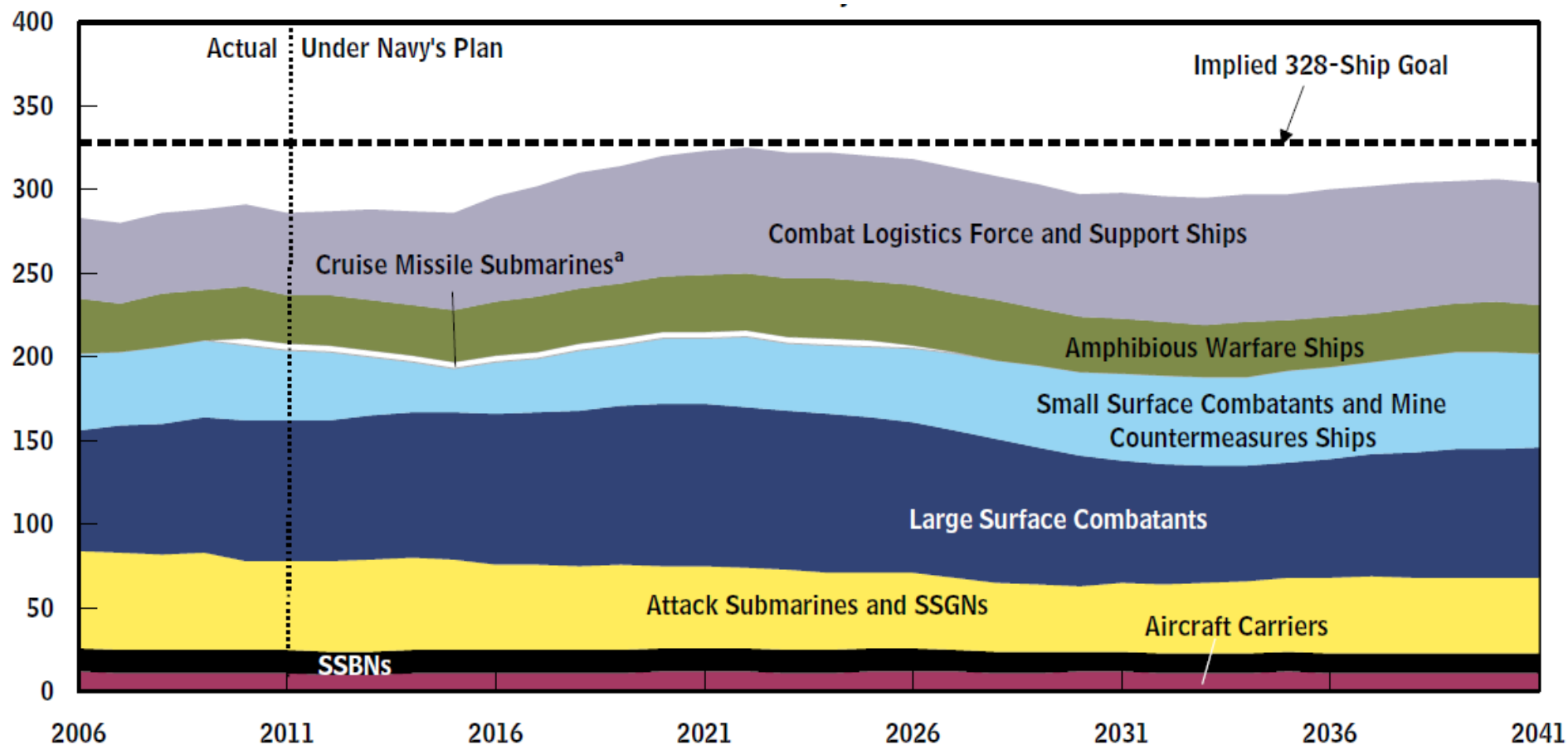


CBO's Estimate of Annual Total Shipbuilding Costs Implied by the Navy's 2012 Plan

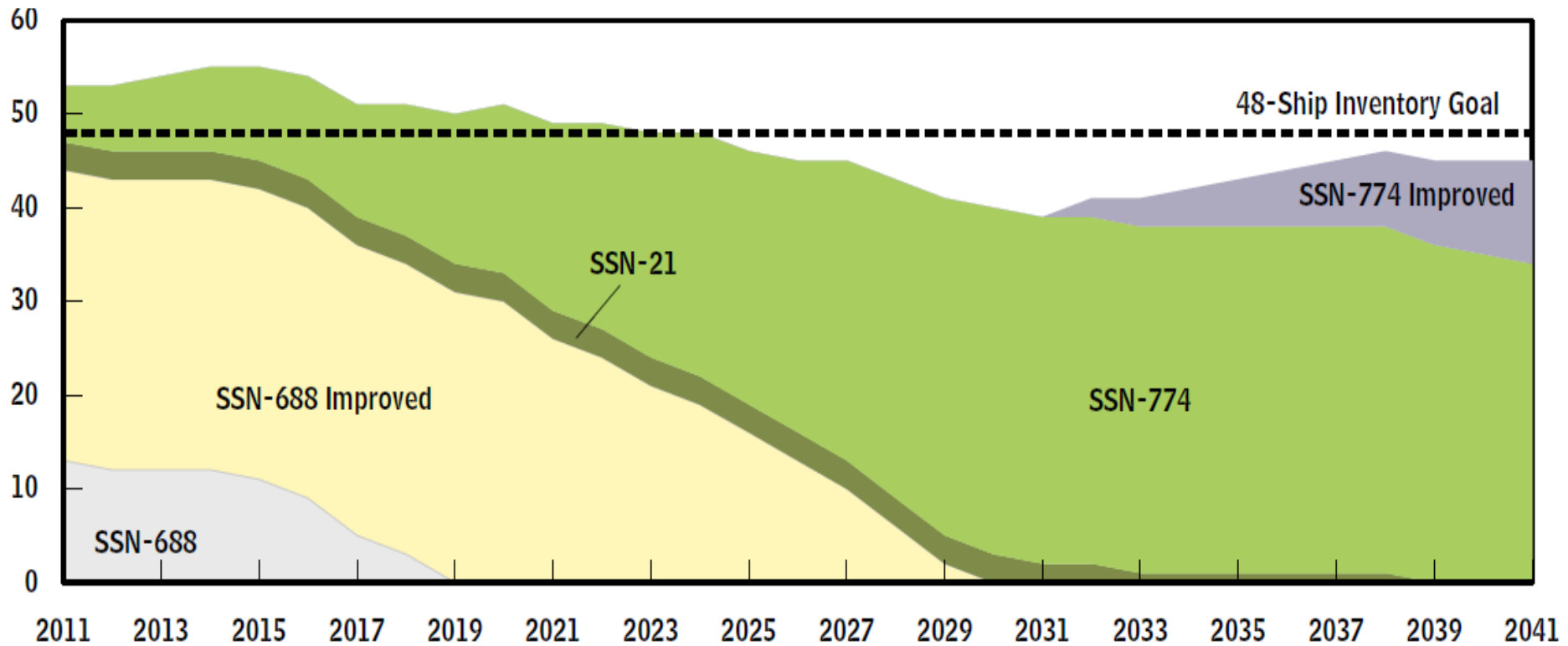
(Billions of 2011 dollars)



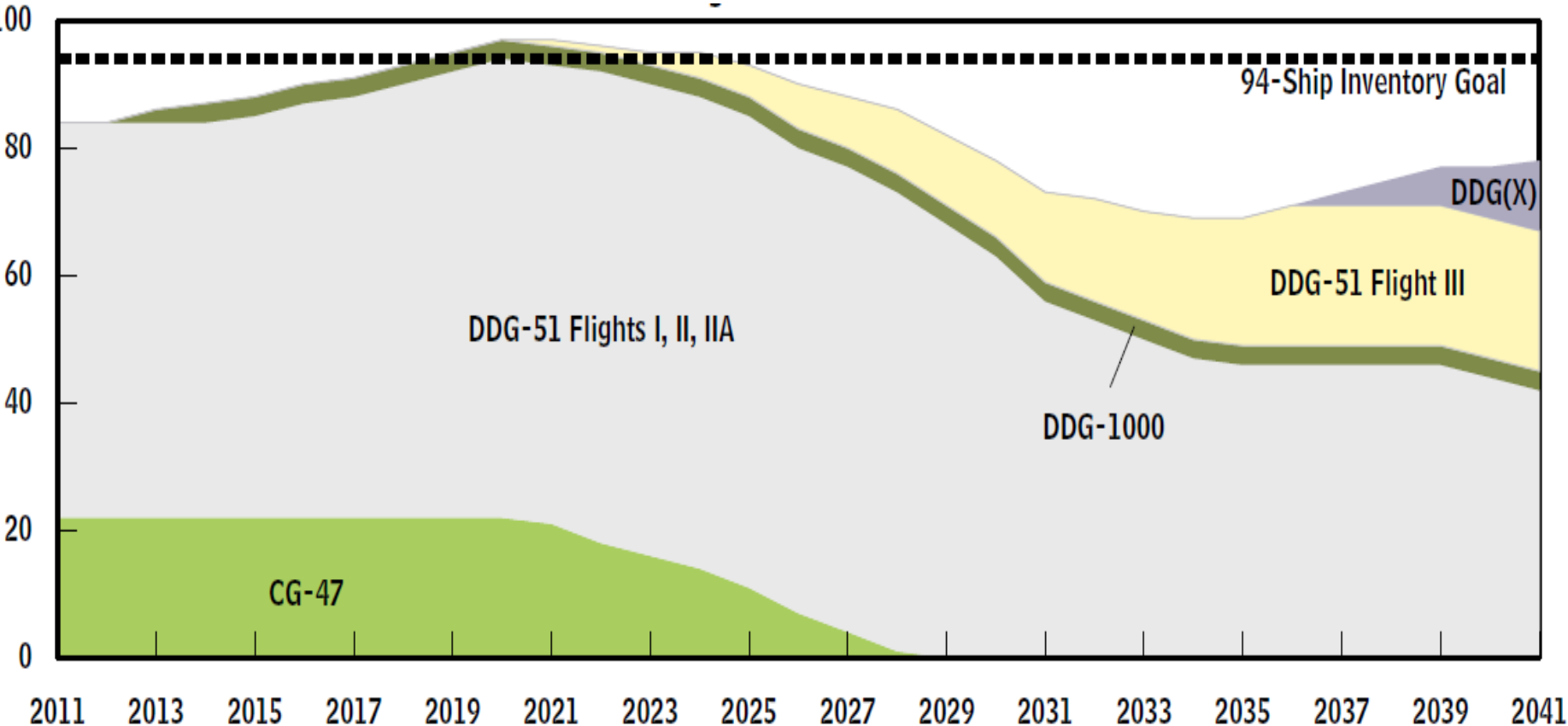
Battle Force Ship Inventory under the Navy's 2012 Shipbuilding Plan



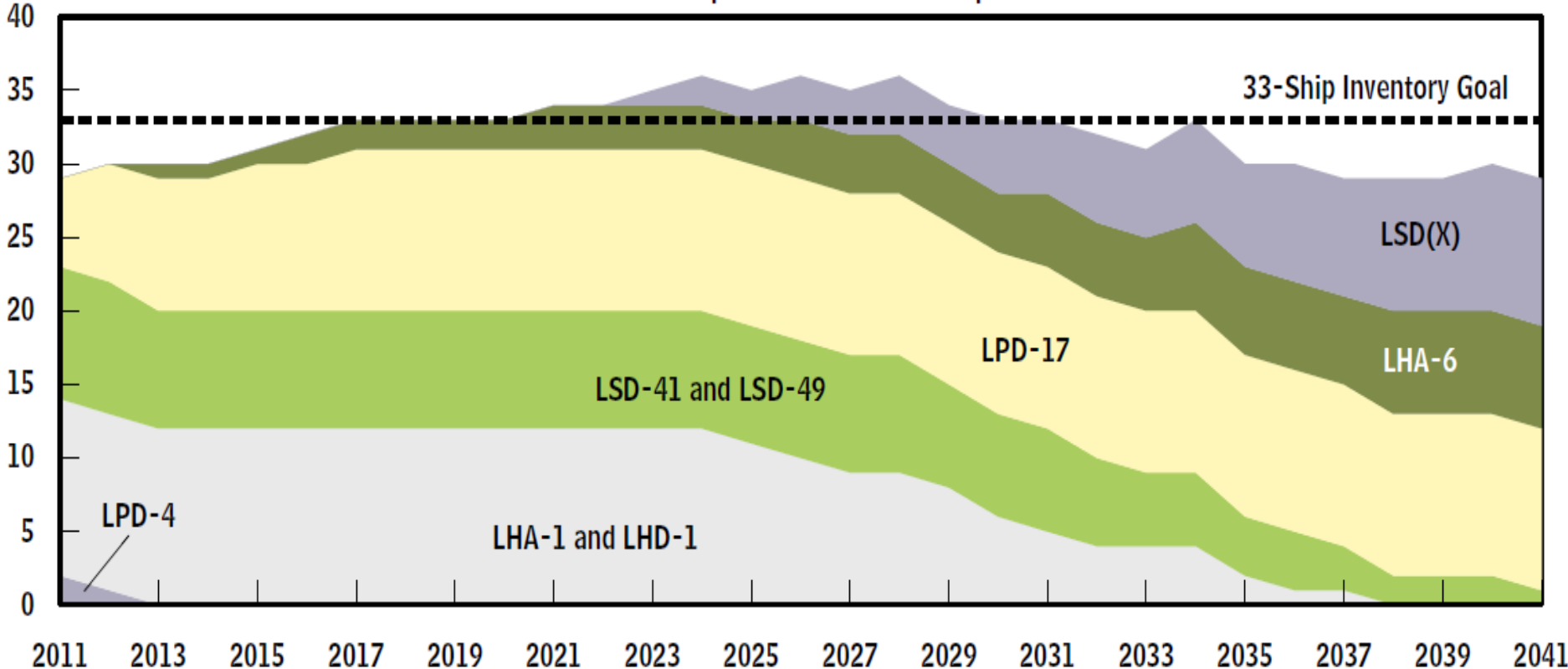
Attack Submarine Inventory under 2012 Plan



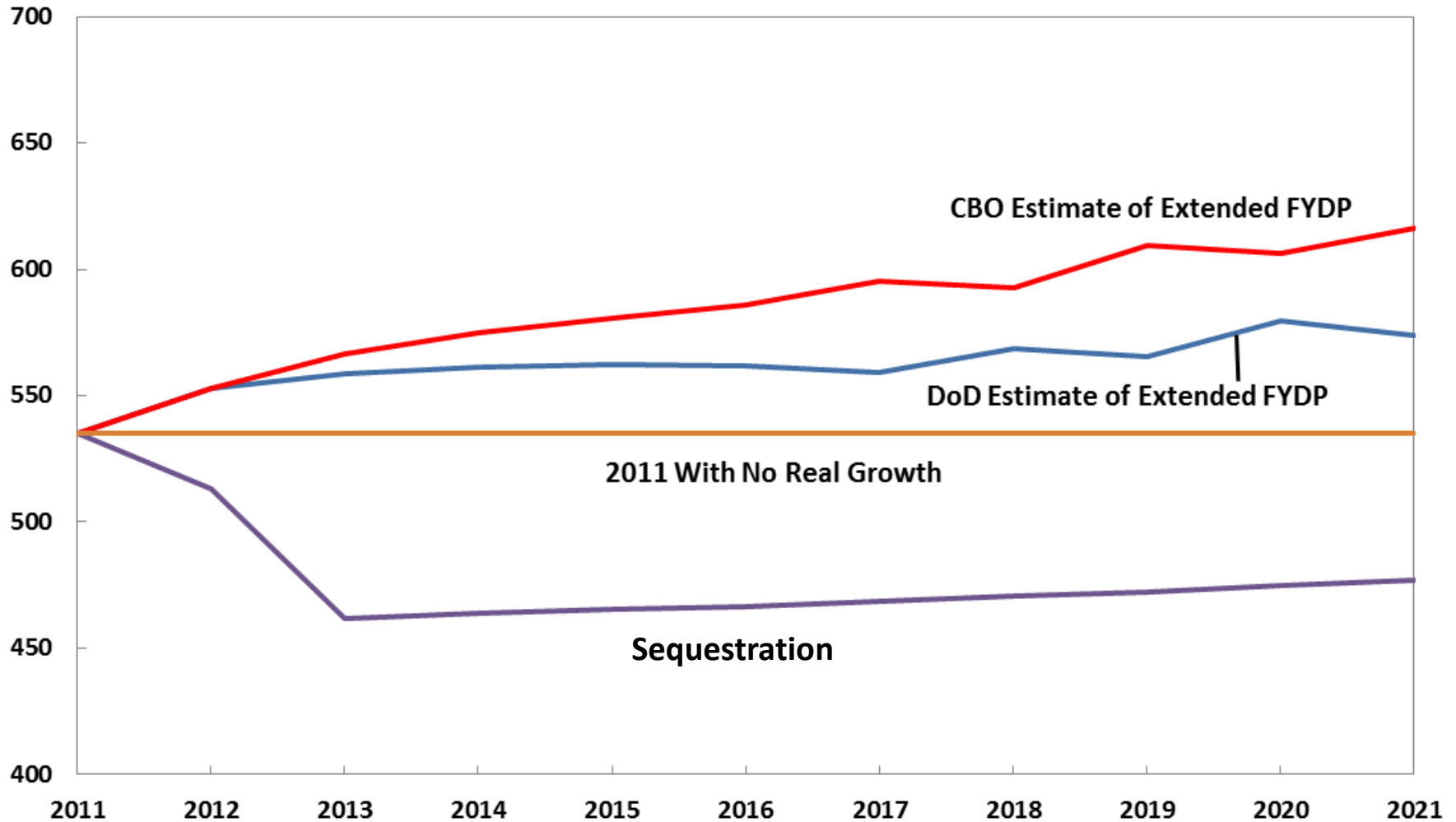
Surface Combatants under the 2012 Plan



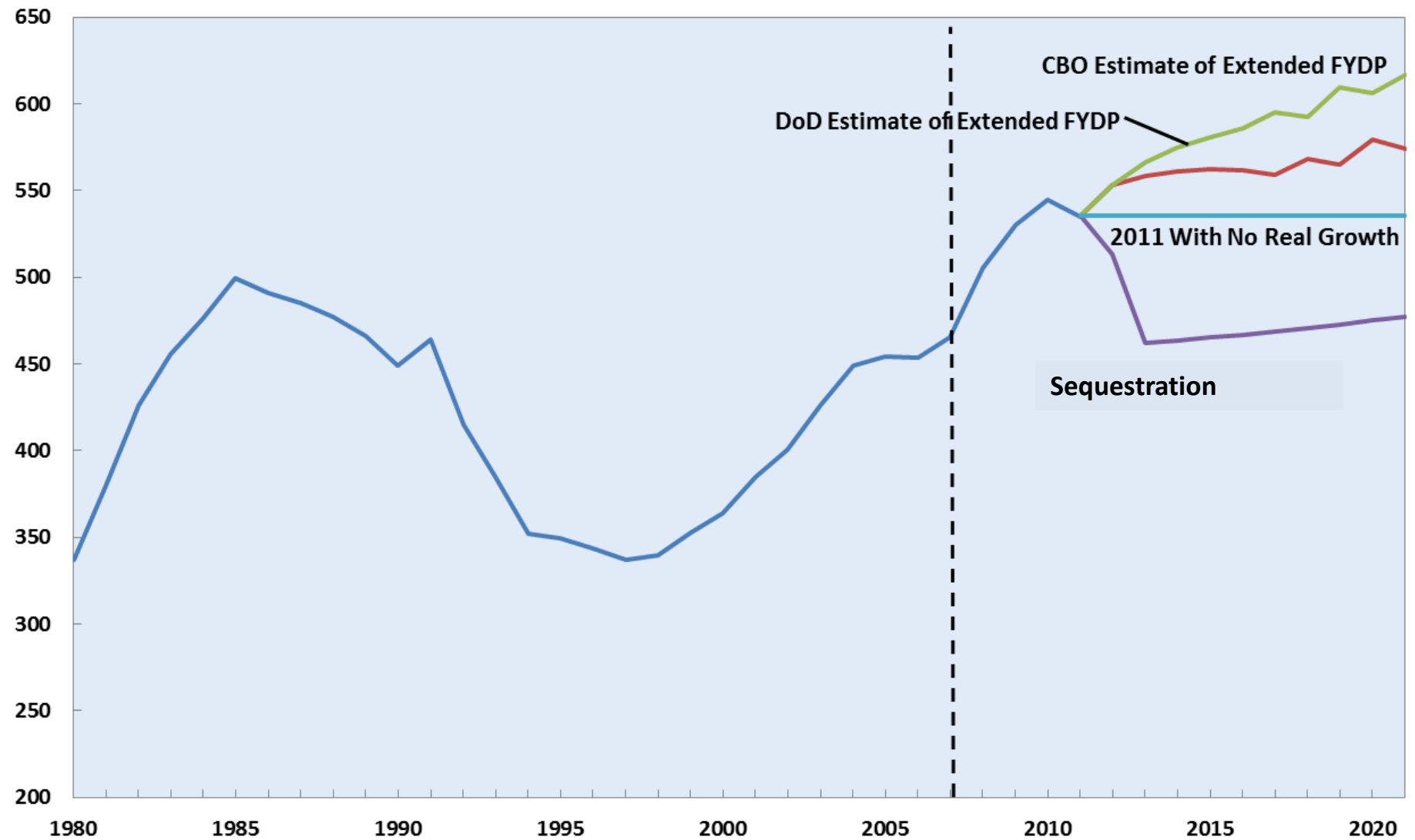
Amphibious Ships under the 2012 Plan



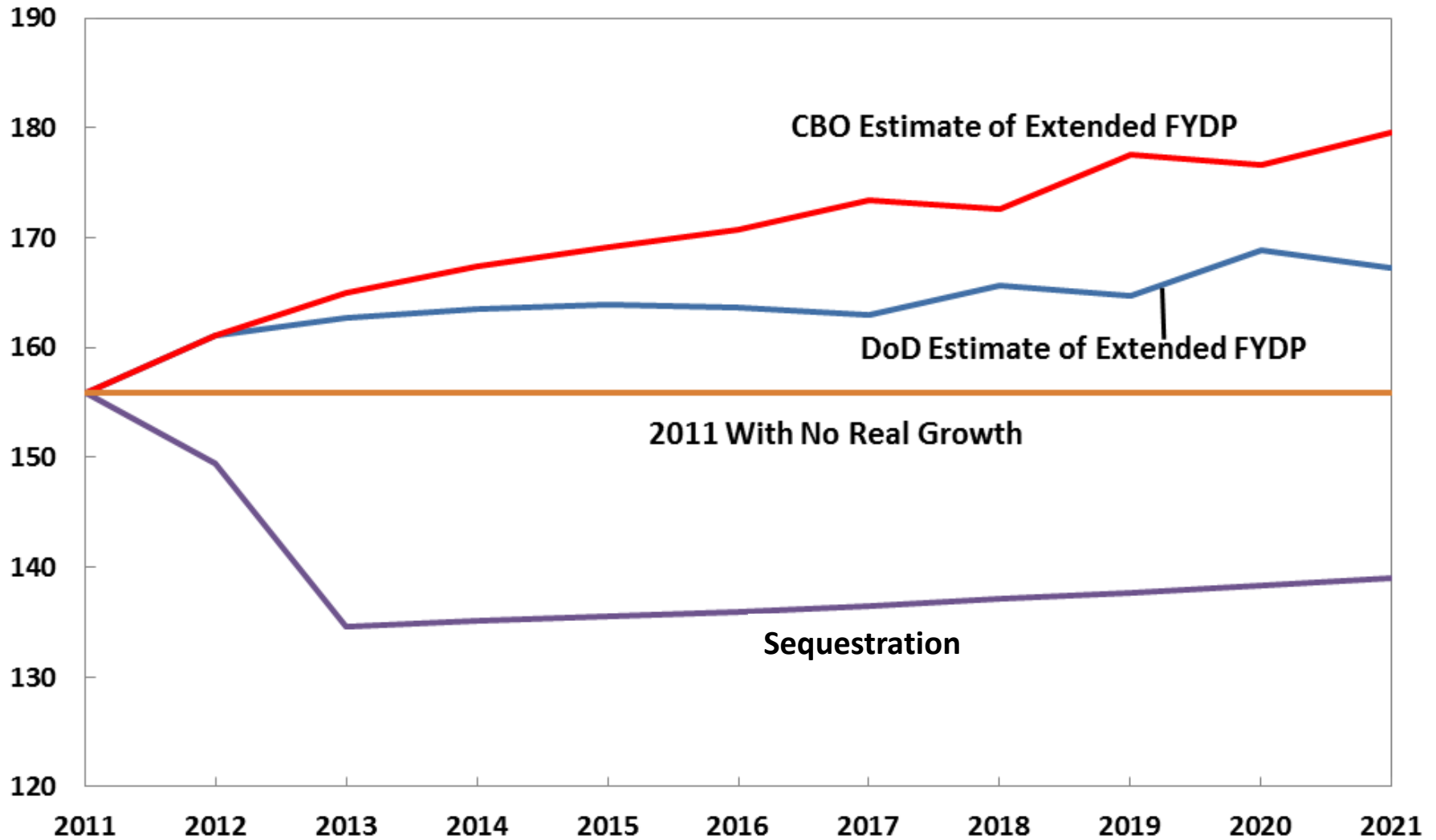
DoD Budget Under Various Scenarios (2012 Dollars)



DoD Base Budget, 1980-2021 (2012 Dollars)



DoN Budget Under Various Scenarios (2012 Dollars)



Ships Purchased between 2012-2021

Ship Type	Number
Aircraft Carriers	2
Ballistic Missile Submarines	1
Attack Submarines	19
Destroyers	
DDG-51 Flight IIA	9
DDG-51 Flight III	7
Littoral Combat Ships	32
Amphibious Ships	6
Combat Logistics Ships	8
Joint High Speed Vessels	13
Other Support Ships	<u>8</u>
Total	105

Total Shipbuilding Costs: 2012-2021

Estimate Method	Billions of 2012 Dollars
10% of Navy Budget under DoD Extended FYDP	164
10% of Navy Budget Under CBO Estimate of Extended FYDP	171
Navy's 2012 30-Year Shipbuilding Plan	167
CBO's Estimate of Navy's 2012 30-Year Shipbuilding Plan	179
Sequestration	138

This represents almost to the dollar the exact amount spent on shipbuilding between 2002-2011.



Sequestration: Potential Shipbuilding Cuts (2012-2021)

- Navy Ship Cost Estimates: 18
 - CBO Ship Cost Estimates: 24
- Both Numbers are Understated: Cuts of that size will increase individual and thus average ship costs.
- By 2025, the fleet would fall to ~260 ships and likely continue to decline.

New 313-Ship Plan Inventory Objective

Ship Type	FY 2012 Plan*	September 2011
Aircraft Carriers	11	11
Ballistic Missile Submarines	12	12
Cruise Missile Submarines	0	4
Attack Submarines	48	48
Cruisers and Destroyers	94	94
Littoral Combat Ships	55	55
Amphibious Ships	33	33
Combat Logistics Ships	30	30
Joint High Speed Vessels	21	10
Other Support Ships	<u>24</u>	<u>16</u>
Total	328	313

* Represent changes since Feb. 2006 requirement of 313-ships.

Smaller Fleet Options?

- Navy reportedly considering:
 - ~250-ship fleet with 10 CVNs
 - ~240-ship fleet with 8 CVNs
 - Fleet with 9 CVNs
 - Retiring 9 Aegis cruisers and 3 LSDs
- Assumptions underlying those options and possibly others are not clear.

Backups

Annual Rates of Shipbuilding Inflation and GDP Price Inflation

(Percent)

