

DEFENSE SENSE

OPTIONS FOR NATIONAL DEFENSE SAVINGS

FISCAL YEAR 2013

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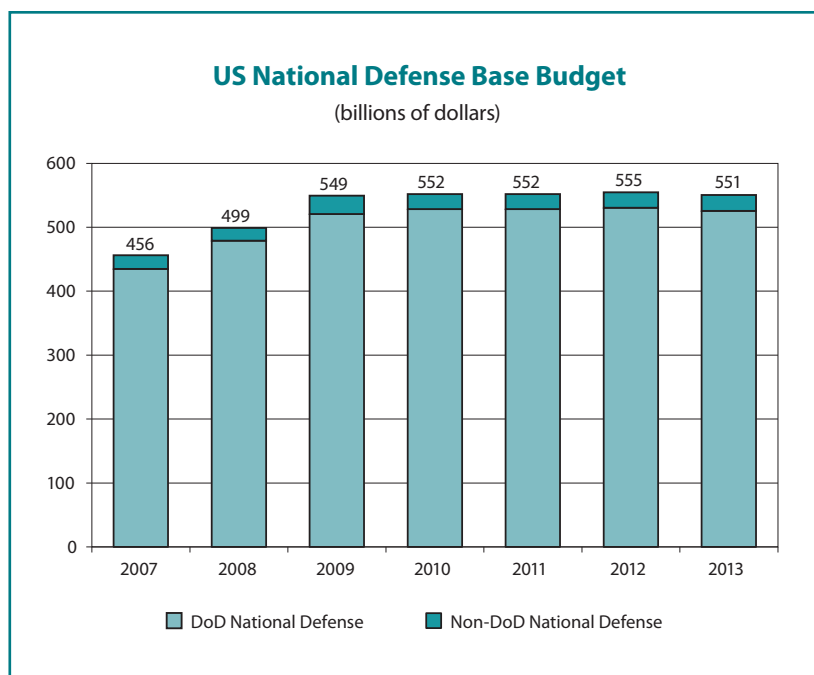
Cato Institute*

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Today the United States faces an unparalleled fiscal challenge. There is bipartisan support for halting the recent rapid growth in federal debt. And there is a commitment in law to cutting deficit spending by more than \$2.1 trillion over ten years. Yet, national leaders remain at an impasse, unable to agree on a way to accomplish these ends. The only unity that Congress and the President may find this year is in taking action to revise the Budget Control Act of 2011 and undo or delay the sequestration of funds that it entails. America needs more from its political leadership – and more is possible.

There has been insufficient progress with regard to defense spending, too. Here, a key issue is the Defense Department’s recurring or “base” budget, which is relevant to ensuring the nation’s long-term fiscal health. The Pentagon has agreed to roll back its aspirations for real spending growth during the next decade. However, it has resisted making significant reductions from current levels of base budget expenditure, which is more to the point. Looking at recent and prospective cuts shows them to be quite modest:

- The defense plan submitted in February 2012 sets a 10-year “base budget” spending level that is only 3% below the Fiscal Year 2012 level in real terms.
- There has been little real reduction in defense spending since 2010, when the drive to economize began. Setting aside war expenditures, spending for National Defense in 2012 is about 2.5% below the 2010 level in real terms.



* Affiliations are listed for identification purposes only and do not imply organizational endorsement of the authors’ findings, which are their own.

- As for Fiscal Year 2013, the administration's request for base National Defense spending shows a real reduction of two percent from the current level.
- Today, the National Defense base budget constitutes 52% of discretionary spending, apart from war. Since 2000, it has risen by 90% in nominal terms and 42% in real terms. It should play a bigger role in debt and deficit reduction. Moreover, additional savings in this area could play a role in facilitating the type of compromise on overall deficit reduction that has so far eluded national leadership.

In this report, we outline a series of options for immediate defense savings in FY 2013. These draw on, update, and add to previous efforts at defense budgeting reform, including the work of the Sustainable Defense Task Force.¹ Taken as a whole, the menu of options presented here could bring the FY 2013 National Defense budget down to \$538 billion. Notably, these options do not assume adjustments in US defense strategy but, instead, simply seek greater discipline in setting US defense priorities and in making defense investments. They are not meant to preclude consideration of additional savings. They are a start. Given the nation's current fiscal and economic troubles, US citizens should expect no less from their elected leaders.

STATE OF PLAY

Since 2010, the United States has sustained National Defense (050) spending (apart from war costs) at a level just above \$550 billion in nominal terms, with little change from year to year. This level marginally exceeds the last defense budget of the Bush administration. Taking inflation into account, there has been a modest 2.5 percent real decline in military spending since 2010. (During the same period, non-defense discretionary spending has declined 7.2 percent in real terms).

For 2013, the Obama administration has officially proposed \$550.6 billion in discretionary spending for National Defense, apart from war. House Republicans have countered with a base budget of \$554.2 billion, which essentially mirrors the 2012 spending level. There is more spending here than meets the eye, however.

The President's 2013 request reflects a transfer of approximately \$4.5 billion in military personnel costs from the Pentagon's base budget to the Overseas Contingency Operations (OCO) account. Republican leadership in the House is presumably following suit. Thus, an

accurate comparison of the 2013 proposals with previous budgets requires that we recalculate the proposals to be at least \$4.5 billion higher than stated. Doing so shows that the real reduction in defense spending this year is even more modest than it seems at first.

The reality is that, despite the fiscal challenges facing America, there has not been a significant decline in the Pentagon's base budget. And this has added to the difficulty of achieving debt and deficit reduction. More needs to be done.

The Budget Control Act (BCA) of 2011 sets an initial discretionary spending cap of \$546 billion for National Defense in 2013. Neither the President's defense request nor the Republican rejoinder manage to meet these caps – not even if one allows the shift of \$4.5 billion in costs from the base budget to the OCO account.

The BCA also requires an additional \$110 billion dollars in spending cuts via sequester, with half that total coming from DoD. This provision of the law now occurs automatically in January 2013 regardless of any additional spending cuts or revenues contained in the 2013 budget. However, the White House and leaders of both parties hope to amend the law to remove the provision while achieving equivalent or greater deficit reduction through other means. What they lack is agreement on the means to those savings. The options we outline here might help facilitate such an agreement.

OPTIONS FOR ADDITIONAL DEFENSE SAVINGS IN 2013

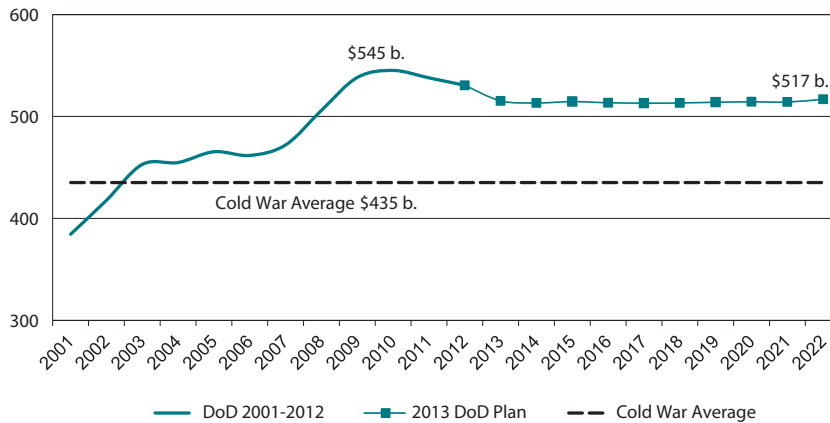
Since the beginning of 2010, a variety of task forces, commissions, and policy centers have developed a broad range of safe and sensible options for defense savings, going well beyond what the administration has proposed so far. In this brief report we draw on and adapt some of those options, showing possible applications to FY 2013 defense budget decisions. The sources include:

- Cato Institute, *Budgetary Savings from Military Restraint* (2010)
- Center for American Progress, *Defense in an Age of Austerity* (2012); and *Strong and Sustainable: How to Reduce Military Spending While Keeping Our Nation Safe* (2010)
- Center for a New American Security, *Hard Choices: Responsible Defense in an Age of Austerity* (2011)
- Senator Tom Coburn, *Back in Black: A Deficit Reduction Plan* (2011)

Room to Save More?

Pentagon Base "Non-War" Budget: Actual and Planned 2001-2022

(billions of 2012 dollars)



Sources: DoD, National Defense Budget Estimates; Budget of the US Government; DoD Budget Request FY 2013

1998 – was not a well-disciplined process. An important enabling condition for the absence of discipline was a permissive spending environment, which helped generate what one acquisition official has called a “culture of excess.”² It was not an environment conducive to making judicious choices based on clear priorities with careful attention to issues of need, effectiveness, and cost.

America’s ongoing fiscal and economic problems compel us to adopt a more thoughtful and disciplined approach to meeting our security needs. Today, more so than ever, our defense investments must clearly correspond to current and emerging challenges. And they must deliver capabilities that are ready, reliable, and

cost-effective. The FY 2013 savings options set out below focus on reducing or curtailing:

- The “Domenici-Rivlin” Debt Reduction Task Force, *Restoring America’s Future* (2010)
- Project on Defense Alternatives, *Strategic Adjustment to Sustain the Force: A Survey of Current Proposals* (2011); and *The Pentagon’s New Mission Set: A Sustainable Choice?* (2011)
- Project on Government Oversight and Taxpayers for Common Sense, *Spending Less, Spending Smarter: Recommendations for National Security Savings FY 2012 to FY 2021* (2011)
- *Report of the Task Force on a Unified Security Budget for the United States* (2011)
- Henry L. Stimson Center, *A Leaner And Meaner Defense* (2011); and *Choosing Defense Mission Priorities* (2010)
- The “Bowles-Simpson” Commission, *The Moment of Truth: Report of the National Commission on Fiscal Responsibility and Reform* (2010)
- Sustainable Defense Task Force, *Debt, Deficits, and Defense: A Way Forward* (2010), and
- US Public Interest Research Group and National Taxpayers Union, *Toward Common Ground* (2011).

Most of these earlier efforts shared a recognition that the sharp rise in the Pentagon’s base budget over the past 12-14 years – up 52% percent in real terms since

- Assets and capabilities that mismatch or substantially exceed current and emerging military challenges;
- Assets and capabilities for which more cost-effective alternatives exist;
- Investments that are tied to the past, reflecting bureaucratic inertia or individual service interests, rather than current collective defense needs;
- Acquisition programs that exhibit serious, persistent cost overruns, while failing to deliver promised capability, and
- Acquisition programs that are based on immature or unproven technologies.

For FY 2013, we identify options that can bring National Defense spending down by as much as \$17 billion to \$20 billion below currently planned levels.

Even more savings could be safely achieved by rethinking our national security commitments, strategy, and missions. Several studies pursue that course to deeper reductions (including work by the authors of this report).³ Although the options set out in this report are more modest in scope, they illustrate a way to responsibly balance the requirements of military power and those of national strength.

Selected FY 2013 Defense Modernization Programs: Costs and Quantities

(millions of dollars)

<i>Programs</i>	<i>FY-2013 Total</i>	<i>Quantity</i>	<i>Procurement (includes spares)</i>	<i>R&D</i>
AEGIS Ballistic Missile Defense (Joint)	1382.0	29	389.6	992.4
AN/TPY-2 BMD Radars (Joint)	574.4	1	227.4	347.0
B61 nuclear bomb Life Extension Program (DoE)	369.0			
BMD Ballistic Missile Defense (Joint)	9720.8*		1944.6	7327.9
DDG-51 AEGIS Destroyer (USN)	3514.9	2	3514.9	
F-35 Joint Strike Fighter (USAF)	4965.9	19	3747.5	1218.4
F-35 Joint Strike Fighter (USN)	1858.2	4	1114.3	743.9
F-35 JSF (USMC)	2347.1	6	1609.9	737.15
GMD Ground-Based Midcourse Defense (Joint)	903.2	5		903.2
LCS Littoral Combat Ship (USN)	2245.6	4	1816.2	429.4
Long Range Strike Bomber (USAF)	300.0			300.0
Mixed Oxide Fuel Fabrication Facility (DoE)	388.8			
P-8A Poseidon (USN)	3258.2	13	2837.1	421.1
Patriot/MEADS (Joint)	400.9			400.9
SBIRS Space Based Infrared System (USAF)	950.0	2	501.4	448.6
SSBN(X) Ohio-class Submarine Replacement (USN)	565.0			565.0
SSN-774 VIRGINIA Class Submarine (USN)	4257.7	2	4092.5	165.2
THAAD Terminal High Altitude Area Defense (Joint)	777.6	36	460.7	316.9
Trident II Ballistic Missile Modifications	1512.6		1411.3	101.3
Uranium Processing Facility at Y-12 Complex (DoE)	340.0			
V-22 Osprey (Joint)	1955.3	21	1872.9	82.4
W78 Nuclear Warhead Life Extension Study (DoE)	369.0			

* Includes \$448.3 million in operations, maintenance, and military construction spending

Source: *FY 2013 Program Acquisition Costs by Weapon System* (Office of the Under Secretary of Defense–Comptroller, Feb 2012); *National Nuclear Security Administration, Department of Energy, FY 2013 Congressional Budget Request* (Office of Chief Financial Officer, DoE, Feb 2012).

OPTIONS

FOR FISCAL YEAR 2013 NATIONAL DEFENSE SAVINGS

PERSONNEL

1. DoD Personnel Costs

Recommendation: Rescind the planned shift of DoD personnel costs from the base budget to the Overseas Contingency Operations (OCO) account.

FY 2013 Savings: None. While lowering OCO costs, this option would increase the calculation of the Pentagon base budget by an equivalent amount – approximately \$4.5 billion.

Comment: This option aims to preserve the integrity of the deficit reduction process. Success in this process depends on foreclosing the use of accounting measures to give the false appearance of savings or to shield any part of discretionary spending from deficit reduction.

The Pentagon's FY 2013 budget request increases the personnel costs included under the OCO account by 24.5%. However, the number of US troops involved in or supporting OCOs is set to decline from the 2012 level by 21%. (All told, 38,600 troops will be released from Overseas Contingency Operations by the end of FY 2013). OCO personnel numbers and personnel costs are set to move in opposite directions largely because many more US troops than ever before are to have their basic compensation paid entirely out of the OCO account. In FY 2012, 19,000 troops were fully covered by OCO expenditures; for FY 2013, another 46,000 will be moved under the OCO umbrella. The net result of this change in accounting is that the Pentagon's base budget will appear approximately \$4.5 billion lower than it would otherwise.

By and large, basic compensation for troops in war has come out of the base Pentagon budget because the availability of troops to fight the nation's wars is the primary reason we retain them at all. On occasion, an exceptionally large war may require a temporary boost in the size of the military. This situation does not pertain today. In 2013, the ratio between total military "end strength" and the number of troops employed in OCOs will be more favorable than in 2009-2012, when a smaller portion of personnel costs was covered by OCO expenditures. If anything, fewer troops, not more should be covered next year

in the OCO account. There is no good reason for changing the accounting practice now – except that it gives the appearance of a decline in the Pentagon's base budget.

2. Military Personnel in Europe

Recommendation: Remove an additional 10,000 military personnel from Europe by the end of FY 2013.

FY 2013 Savings: \$100 million in FY 2013; \$188 million per year after withdrawal is complete.

Citations: Cato, SDTF, Domenici-Rivlin, CAP, Coburn

Comment: The Obama administration currently plans to withdraw approximately 10,000 troops from Europe (including 7,000 Army troops) by the end of FY 2013, out of a total of 82,000. The recommendation would double the number of personnel withdrawn from Europe and achieve \$100 million in additional savings in FY 2013, assuming that the withdrawal occurs incrementally beginning in late FY 2012 and ending by 1 October 2013. The proposal also assumes that the return of troops to the United States will take advantage of existing excess base capacity and that planned reductions in overall end strength will obviate any substantial new construction requirement in the United States.

3. Active-Component Military Personnel

Recommendation: Reduce end-strength by an additional 10,000 personnel by the end of FY 2013.

FY 2013 Savings: At least \$400 million in FY 2013. More than \$860 million recurring annual savings.

Citations: SDTF, Cato

Comment: The DoD FY 2013 budget request foresees reducing the size of the active-component military by 21,000 personnel by the end of FY 2013. However, the demand on the armed services for Overseas Contingency Operations (OCO) will decline by 38,600 troops. This enables a further reduction in military end strength during 2013. Demobilizing another 10,000 troops will bring the size of the active-component military down to

1,392,000 personnel, which is approximately the size it was in mid-2007. Based on average per person expenditures, the savings in the personnel and family housing accounts should exceed \$860 million yearly, once the rollback has been completed. Somewhat more than half as much in savings should be realized in FY 2013, assuming that the reductions are phased-in, beginning in late FY 2012. Additional savings, not counted here, will accrue to the Operations and Maintenance account. Costs may include some level of involuntary separation compensation. However, most of the personnel reductions can be achieved by constricting recruitment and retention, which together routinely involves more than 300,000 personnel per year.

4. DoD Civilian Direct-Hire Personnel

Recommendation: Reduce the currently planned number of civilian direct-hire personnel by 8,000 positions.

FY 2013 Savings: Approximately \$380 million in FY 2013. Subsequent annual recurring savings will be approximately \$770 million per year.

Citations: CAP, Cato, CNAS, Coburn

Comment: DoD currently plans to reduce its civilian workforce by 8,000 positions for FY 2013. The proposal would double the size of that reduction. This initiative would rollback DoD civilian personnel to the level of 2010.

KEY TO CITATIONS

ACA – Arms Control Association. Tom Z. Collina and Daryl G. Kimball, *Time to Rethink and Reduce Nuclear Weapons Spending*, 2 December 2011.

Bowles-Simpson – National Commission on Fiscal Responsibility and Reform. *The Moment of Truth: Report of the National Commission on Fiscal Responsibility and Reform*, 1 December 2010; “Co-Chairs’ Proposal: \$200 Billion in Illustrative Savings,” 10 November 2010.

CAP – Center for American Progress. Alex Rothman and Lawrence J. Korb, *Defense in an Age of Austerity*, 6 January 2012; Lawrence J. Korb and Laura Conley, *Strong and Sustainable: How to Reduce Military Spending While Keeping Our Nation Safe*, 23 September 2010.

Cato – The Cato Institute. Benjamin H. Friedman and Christopher Preble, *Budgetary Savings from Military Restraint*, 21 September 2010.

CBO – Congressional Budget Office. *Reducing the Deficit: Spending and Revenue Options*, March 2011; *Budget Options, Volume 2*, August 2009

Coburn – Senator Tom Coburn, *Back in Black: A Deficit Reduction Plan*, July 2011.

CNAS – Center for a New American Security. Lt. Gen. David Barno, Nora Bensahel, and Travis Sharp, *Hard Choices: Responsible Defense in an Age of Austerity*, 3 October 2011.

Domenici-Rivlin – The Debt Reduction Task Force. *Restoring America’s Future*, Bipartisan Tax Center, November 2010.

FAS – Federation of American Scientists. Hans M. Kristensen, *The B61 Life-Extension Program: Increasing*

NATO Nuclear Capability and Precision Low-Yield Strikes, June 2011.

GAO – Government Accountability Office, *Nuclear Weapons: National Nuclear Security Administration’s Plans for Its Uranium Processing Facility Should Better Reflect Funding Estimates and Technology Readiness*, November 2010.

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POGO-TCS – Project on Government Oversight and Taxpayers for Common Sense, *Spending Less, Spending Smarter: Recommendations for National Security Savings FY 2012 to FY 2021*, updated 19 October 2011.

SDTF – Sustainable Defense Task Force. *Debt, Deficits, and Defense: A Way Forward*, 11 June 2010.

Stimson – Henry L. Stimson Center. Gordon Adams and Matthew Leatherman, “A Leaner And Meaner Defense: How to Cut the Pentagon’s Budget While Improving Its Performance,” *Foreign Affairs* (January/February 2011); Gordon Adams, Matthew Leatherman, and Hans-Inge Lango, *Choosing Defense Mission Priorities: A Stimson Plan to Save \$1.1 Trillion in Defense Costs*, 17 November 2010.

UCS – Union of Concerned Scientists. Lisbeth Gronlund and Stephen Young, “The Future of the W-78 Warhead: More or Less the W-87,” *All Things Nuclear*, 9 March 2011; Ed Lyman, “It’s Time to Pull the Plug on the MOX ‘Factory to Nowhere’,” *All Things Nuclear*, February 2011.

USB – Lawrence J. Korb and Miriam Pemberton, *Report of the Task Force on a Unified Security Budget for the United States*, July 2011.

5. DoD Contract Personnel

Recommendation: Cap FY 2013 spending on DoD “base budget” contract personnel at \$129 billion – a 5% reduction from FY 2012 levels.

FY 2013 Savings: \$1.4 billion in FY 2013, assuming that reductions are phased-in beginning in late FY 2012 and completed by the end of FY 2013. Subsequent annual recurring savings will be approximately \$2.9 billion.

Citations: CAP, CNAS, Bowles-Simpson, Coburn

Comment: DoD’s FY 2013 base budget request foresees a contractor workforce of 308,500 full-time equivalents. The proposal would reduce that number by approximately 6,500 positions.

STRATEGIC SYSTEMS

6. Trident D5 Missile Life Extension Program

FY 2013 request: \$1,512.6 million

Recommendation: Freeze the program.

FY 2013 savings: \$1.5 billion

Citations: SDTF, CAP

Comment: Purchases of the D-5 missile over the past five years and the progress of the Life Extension program to date surpass the requirement for this weapon, given planned reduction in Trident launchers and the prospect of more reductions in the future.

7. SSBN(X) Ohio-Class Submarine Replacement Program

FY 2013 request: \$565 million

Recommendation: Delay the program; rollback R&D spending.

FY 2013 savings: \$450 million

Citations: POGO-TCS

Comment: The program remains prohibitively expensive and, until recently, not accounted for within the Navy’s shipbuilding budget. Progress requires a more affordable design or a decision to reduce the SSBN cohort. DoD can partially compensate for any temporary shortfall in the size of the fleet by increasing the load of warheads.

8. Long Range Strike Bomber

FY 2013 request: \$300 million

Recommendation: Delay the program; rollback R&D expenditure.

FY 2013 savings: \$200 million

Citations: SDTF, POGO-TCS, ACA

Comment: DoD has not yet identified a cost-effective design concept for this follow-on bomber, and existing nuclear-delivery capabilities are sufficient to meet requirements for several decades.

NUCLEAR WEAPONS AND SUPPORT INFRASTRUCTURE

9. B61 Nuclear Bomb Life Extension Program (LEP)

FY 2013 request: \$369 million

Recommendation: Cancel or curtail. Current arsenal substantially exceeds requirement, which is likely to recede further.

FY 2013 savings: \$369 million

Citations: FAS, POGO-TCS, SDTF, USB

Comment: Nuclear modernization proceeds at an accelerated pace despite a diminishing requirement. In the case of the B-61 nuclear bomb, this involves an exceptionally expensive program of enhancements. Although there is an ongoing need to replace worn parts, the B-61 LEP aims to accomplish much more than that, including substantial upgrades to capability that correspond to no new military requirement. At any rate, there already exists a program for routine maintenance. Any need for bolstering investment in the B-61 also depends on the disposition of the stockpile in Europe, which is yet to be settled.

10. Construction of Uranium Processing Facility (UPC) at Y-12 Complex in Tennessee

FY 2013 request: \$340 million

Recommendation: Halt construction.

FY 2013 savings: \$340 million

Citations: POGO-TCS, SDTF, GAO

Comment: The UPC is intended to replace existing facilities for the processing of the uranium used in building

nuclear weapons. While upgrades to existing facilities are needed, the UPC entails a top-to-bottom replacement that will be too costly and take too long to complete. Advocates promise a quantum leap in efficiency, but the project depends on numerous new technological advances that may not bear out and that would not be entirely ready before construction begins. The Government Accountability Office reports that shortfalls in essential new technology might compel costly redesign of the project. The project's cost has already doubled since its inception. Given moderate upgrades, existing facilities can meet the nation's requirements.

11. Construction of the Mixed Oxide Fuel Fabrication Facility at the Savannah River Site in South Carolina

FY 2013 request: \$388.8 million

Recommendation: Cancel.

FY 2013 savings: \$389 million

Citations: POGO-TCS, UCS, SDTF

Comment: The facility is intended to reprocess materials from dismantled nuclear weapons into fuel for nuclear power plants. However, the process is more dangerous than cost-effective. The project has grown in cost by a factor of five since its inception and has no reliable customers for its product, the disposition of which poses both environmental and nuclear proliferation challenges.

MISSILE DEFENSE

12. Missile Defense: Various Programs

FY 2013 request: \$9,720.8 million

Recommendation: Selectively focus procurement and end-stage development (Engineering and Manufacturing Development) on those systems with proven, reliable, cost-effective capability.

FY 2013 savings: \$2.5 billion

Citations: SDTF, USB, POGO-TCS, CAP, Cato, CBO, Coburn, Domenici-Rivlin, PIRG-NTU

Comment: The United State has invested many tens of billions of dollars in various missile defense programs over the past three decades, but the goal of establishing a comprehensive national defense remains in doubt. Meanwhile, with the exception of systems designed to

protect US military personnel in forward-deployed positions, most theater missile defenses provide protection against dubious and distant threats. While some funding for research into effective anti-ballistic missile defenses is worthwhile, the United States should refrain from deploying systems that are based on unproven technologies or that have not undergone sufficient testing.

- Programs to be cancelled or postponed:
 - Patriot/MEADS
 - Space Based Infrared System (SBIRS)
 - Aegis Ashore EPAA Phase II, military construction
- Programs to be rolled back and/or re-focused on Research & Development include:
 - BMDs AN/TPY-2 Radars
 - Directed Energy Research
 - SM-3 Block IIB
 - Land-Based SM-3
 - Aegis SM-3 Block IIA
 - Terminal High-Altitude Area Defense (THAAD)
 - Ground-Based Midcourse Defense (GMD)

CONVENTIONAL WEAPONS SYSTEMS

13. F-35 Joint Strike Fighter

FY 2013 request: \$9,171.2 million

Recommendation: Cancel the Marine Corps version of the Joint Strike Fighter and buy equivalent numbers of the F/A-18 E/F.

FY 2013 savings: \$1.8 billion

Citations: SDTF, USB, POGO-TCS, Cato, CAP, Bowles-Simpson, CNAS, Coburn, CBO, PIRG-NTU, Domenici-Rivlin

Comment: The F-35 Joint Strike Fighter program exemplifies the current problems in US defense acquisition. In prospect, it exceeds discernible defense requirements, while in fact suffering chronic cost growth and development problems. Among the three versions, the Marine Corps' Short Take-Off and Vertical Landing (STOVL) version is the most costly and troubled. Moreover, conventional fixed-wing fighters and combat helicopters can adequately substitute in the missions it is likely to perform. So the recommendation focuses on this version. However, alternative options exist for the Navy and Air Force programs as well:

- Options worth considering for the Navy are to:
 1. Terminate the program and buy equivalent numbers of F/A-18E/Fs in 2013, saving \$1.4 billion for the year, or
 2. Continue the program but reduce the buy, splitting procurement between F-35s and new F/A-18E/Fs, saving \$450 million in FY 2013.
- Options worth considering for the Air Force would be to:
 1. Terminate the program and buy equivalent numbers of F-16 Block 60 fighters, saving \$2.8 billion in 2013, or
 2. Continue the program but reduce the buy, splitting procurement between F-35s and new F-16 Block 60 fighters, saving \$1.2 billion in FY 2013.

14. Littoral Combat Ship (LCS)

FY 2013 request: \$2,245.6 million

Recommendation: End procurement at 10. Cancel new buys and seek alternative. In the meantime, the USN can retain some frigates slated for retirement.

FY 2013 savings: \$2 billion

Citations: SDTF, POGO-TCS, Cato, CAP, CNAS

Comment: As well documented by the Project on Government Oversight and others, the Littoral Combat Ship has been plagued by development and performance problems as well as high cost. The cost and complexity of the platform does not accord with its operational concept, which depends on a large number of ships. Cost and complexity are also at odds with the goal of investing capability at the level of “networks,” rather than individual platforms. The Navy seems intent on procuring overly expensive platforms, both large and small, rather than pursuing an inter-dependent “Hi-Lo” mix of ships. The Navy should consider a less expensive alternative to the LCS – possibly corvettes. Fiscal constraints also compel us to reconsider how much littoral combat capability is really needed for US national security. It appears to be a niche capability, needed only in limited scenarios and numbers. Finally, the pace and scale of investment in this concept should reflect a recognition that it is untested. In the near-term, there are some putative LCS missions that could be addressed by refurbished frigates, such as anti-submarine warfare and security cooperation with smaller navies.

15. V-22 Osprey

FY 2013 request: \$1,955.3 million

Recommendation: Cancel and buy helicopter alternative.

FY 2013 savings: \$1.2 billion

Citations: POGO-TCS, SDTF, USB, Cato, CAP, Bowles-Simpson, CNAS, Coburn, PIRG-NTU

Comment: The V-22 Osprey stands out as one of the most troubled systems in America’s arsenal. As pointed out in numerous reports, the system has not proved itself to be cost-effective and has shown only limited operational utility. Greater investment in and dependence on this aircraft is not warranted. Either MH-60 or CH-53 helicopters, or some mix of the two, provide a ready alternative for the remainder of the buy.

16. SSN-774 Virginia-class Submarine

FY 2013 request: \$4,257.7 million

Recommendation: Slow procurement, while reassessing fleet size. Buy only one submarine in FY 2013 and fund advance procurement for two more, rather than three.

FY 2013 savings: \$2 billion

Citations: SDTF, USB, Cato, CAP, CBO

Comment: The Virginia-class submarine is a more capable and much more expensive replacement for the Los Angeles-class. But both were designed principally to meet a scale and quality of threat that no longer exists – and that will not likely re-emerge for 20 years or more,

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if ever. Specifically, their target was the Soviet fleet and, especially, its 200 submarines. Since the end of the Cold War, other missions for attack submarines have gained greater prominence, including intelligence gathering and land attack. But the Virginia-class is not an efficient solution for many of these missions. The Navy needs to look to a more cost-effective mix of platforms, including fewer submarines. If maintaining or increasing the size of the attack submarine fleet is a paramount goal, then a less expensive complement to the Virginia must be sought. While slowing procurement of the Virginia class now, the Navy can hedge against uncertainty by not retiring Los Angeles-class submarines early.

17. DDG-51 Aegis Destroyer

FY 2013 request: \$3,514.9 million

Recommendation: Fund only one destroyer in FY 2013, rather than two.

FY 2013 savings: \$1.5 billion

Citations: SDTE, Cato, CAP

Comment: America's substantial margin of superiority at sea suggests that DoD should consider reducing the number of large surface combatants in the Navy's fleet. A more modest peacetime presence abroad, smaller battle groups, and innovative crew rotation practices could all contribute to reducing the future requirement for large surface combatants. In the meantime, the Navy might hedge by reconsidering its plans to retire cruisers early.

18. P-8A Poseidon Anti-Submarine Warfare & Maritime Patrol Aircraft

FY 2013 request: \$3,258.2 million

Recommendation: Reduce FY 2013 buy to seven aircraft rather than planned 13.

FY 2013 savings: \$1.5 billion

Comment: The P-8A Poseidon is a much more costly and capable follow-on to the P-3 Orion anti-submarine warfare (ASW) aircraft. It will operate in conjunction with UAVs to provide broad-area surveillance. Given fiscal constraints and the current ASW environment, DoD should explore a more cost-effective mix of P-8As, UAVs, and other aircraft to meet mid-term requirements.

NOTES

1. Sustainable Defense Task Force, *Debt, Deficits, and Defense: A Way Forward* (Washington DC: 2010)
2. Major General Wendy M. Masiello, Air Force deputy assistant secretary for contracting quoted in "Budget Crunch Spurs Contracting Reforms in Air Force Programs," *National Defense* (6 October 2011)
3. Gordon Adams and Matthew Leatherman, "A Leaner and Meaner Defense," *Foreign Affairs* (January/February 2011); Lt. Gen. David Barno, Nora Bensahel, and Travis Sharp, *Hard Choices: Responsible Defense in an Age of Austerity* (Washington DC: Center for a New American Security, 3 October 2011); Richard K. Betts, "A Disciplined Defense: How to Regain Strategic Solvency," *Foreign Affairs* (November/December 2007); Carl Conetta, *A Reasonable Defense* (Cambridge MA: Project on Defense Alternatives, forthcoming June 2012); Patrick Cronin, *Restraint: Recalibrating American Strategy* (Washington DC: Center for a New American Security, 6 June 2010); Benjamin H. Friedman and Christopher Preble, *Budgetary Savings from Military Restraint* (Washington DC: Cato Institute, 21 September 2010); Charles Knight, *Strategic Adjustment to Sustain the Force: A Survey of Current Proposals* (Cambridge MA: Project on Defense Alternatives, 25 October 2011); Sameer Lalwani and Joshua Shifrinson, *Whither Command of the Commons? Choosing Security Over Control* (New America Foundation, 13 September 2011); Douglas A. MacGregor, "A Radical Plan for Cutting the Defense Budget and Reconfiguring the U.S. Military," *Foreign Policy* (26 April 2011); Barry Posen, "The Case for Restraint," *The American Interest* (November/December 2007).

OTHER RESOURCES

A Compendium of Deficit Reduction Proposals
by Center for Arms Control and Nonproliferation
http://armscontrolcenter.org/Deficit_Proposals_PDF.pdf

*Comparing Defense Savings Plans
Across the Political Spectrum*
Office of Congressman John Garamendi
<http://garamendi.house.gov/ComparingDefenseSavingsPlans.pdf>