

Financing Integrated Air and Missile Defense



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**Vice Admiral J.T. Blake
Deputy Chief of Naval Operations,
Integration of Capabilities and Resources (N8)**



Overview

- Fiscal landscape
- Lines of effort
 - Operating and sustaining the Fleet
 - Modernizing the Fleet
 - Recapitalizing the Fleet
- Summary



Budgetary Outlook: Navy Priorities

- Build and maintain a rotational and forward-deployed global force
- Deliver core capabilities for deterrence, power projection, and sea control for access to the global commons, to assure allies, and prevail in conflict
- Balance available resources among
 - Modernization
 - Force structure
 - Readiness
 - Forward presence
 - Manpower
- Develop procurement plans that are stable, affordable, realistic and transparent



Budgetary Outlook: Navy Challenges

- Anti-access and Area-denial
- Balancing procurement with sustained operational demand
- Fielding a “whole force” in an austere fiscal environment
- Combatant Commander Demand for Naval Forces
- Preserving fragile maritime industrial base



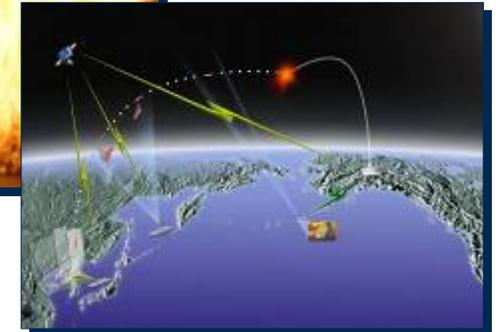
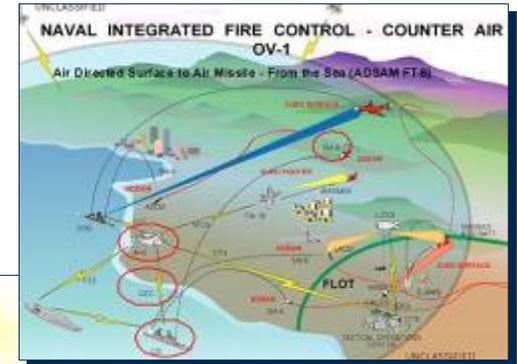
Financial Outlook

- “We plan to reduce the Defense budget by \$400B over the next 12 years.”
- “The Navy Budget for FY 12 is underestimated by \$64B due to rising prices and decreased purchasing power.”



Integrated Air and Missile Defense: Operations and Sustainment

- Aegis Fleet
- Carriers and affiliated airwings
- Ballistic Missile Defense (BMD) elements
- Ordnance stores
- DOTmLPF and associated infrastructure
- O&MN account: Fleet maintenance, beans, bullets, and black oil



***Combatant Commander Demand For Navy IAMD
Capability / Capacity Is Increasing....without bound***



Operations and Support: A macro view

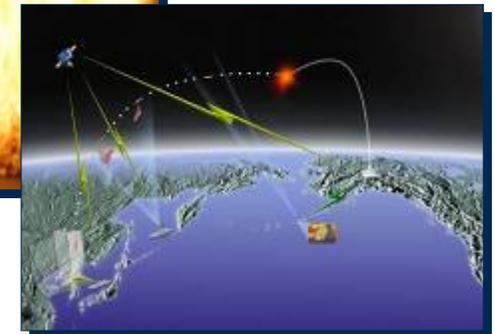
- Defense Department O&S costs are:
 - \$350B for FY12.....63% of DoD total...rising to 71% by 2030
 - Comprised of compensation, medical care, fuel and spare parts, etc.
 - Sensitive to spiraling medical care costs, pay raises for military and government civilians, and rising costs of everything from office supplies to aircraft fuel
- Biggest driver.....average cost to support each service member
 - 1980--\$55K
 - 2001--\$105K
 - 2010--\$211K

O&S consuming an increasing share of a declining topline.....adversely impacts both modernization and recapitalization



Integrated Air and Missile Defense: Operations and Sustainment

- Wholeness reviews require cash infusion to restore Fleet Readiness
- FY12 O&MN increments due to increased OPTEMPO:
 - Steaming days: +\$24B
 - Flying Hours: +\$252M
 - Ship Maintenance: +\$182M
 - AIMD: +\$92M
- BMD O&S transitioning from MDA to Navy: \$150M annually beginning in FY13
- O&MN account is further pressurized by fuel price volatility in execution year

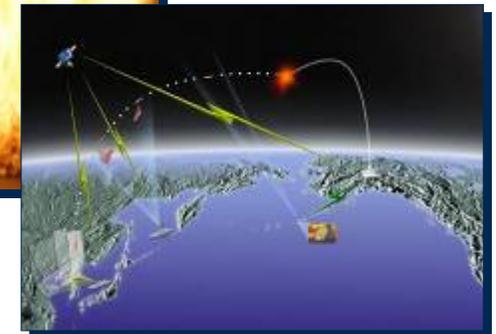
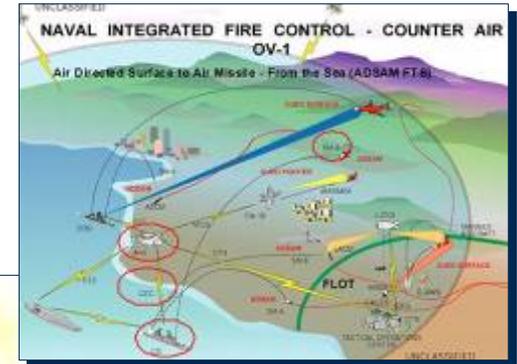


O&S Bottom Line: Adverse trends in Fleet Readiness likely to continue due to real world operations



Integrated Air and Missile Defense: Modernization

- Aegis modernization is centerpiece of Surface IAMD program
- BMD ship Balanced Capability and Capacity plan is bridge to answer COCOM demand
- E-2D is game changer for Naval Aviation
- Three more years of F/A-18 buys required in APN



***Modernization Bottom Line: Urgently required to keep
Fleet warfighting capability relevant in IAMD***



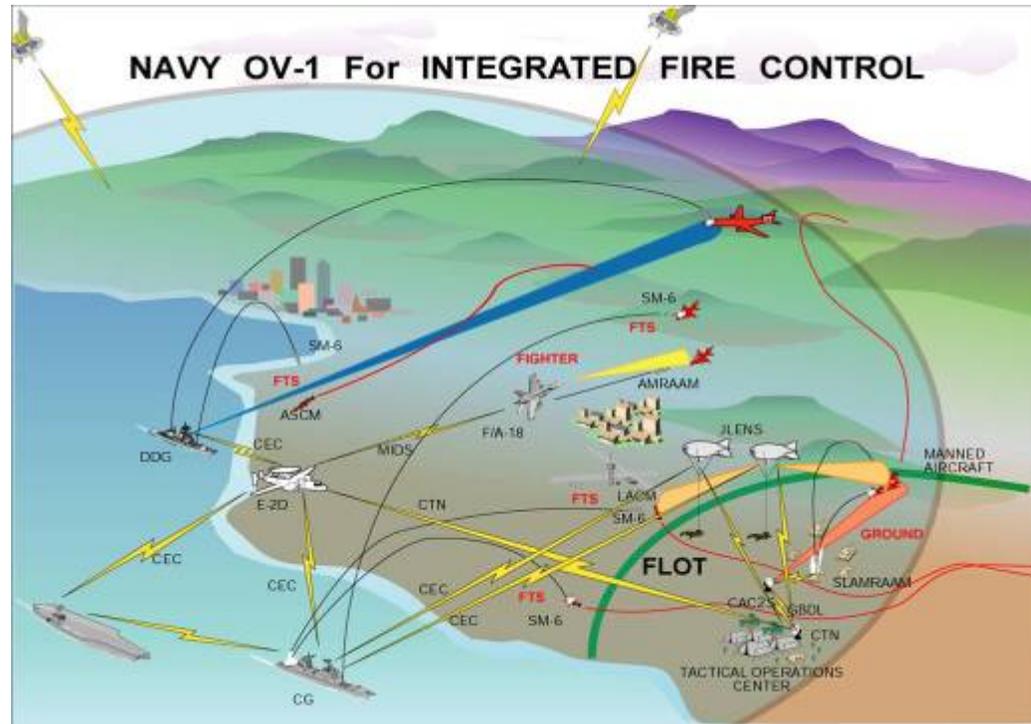
Aegis Multi-Mission Surface Combatants

	22 Ships  CG Multi-Mission	62+ Ships  DDG-51 Multi-Mission
Warfighting Mission Area		
BMD	 (9 of 22)	
Air Warfare		
Undersea Warfare		
Precision Land Attack		
Naval Surface Fire Support		



NIFC-CA/System Description

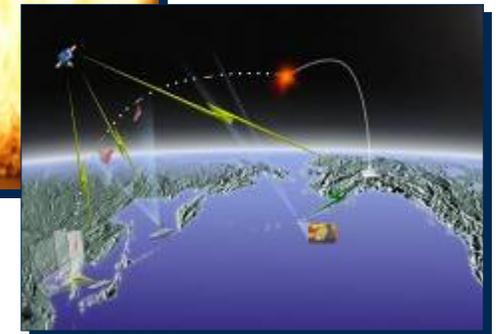
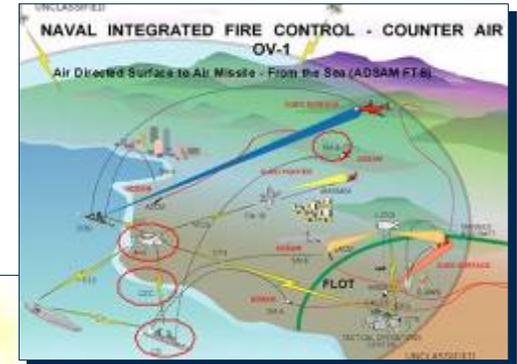
- **Mission:** NIFC-CA provides an Engage-On-Remote and Over-The-Horizon air defense capability using a sensor network in support of the full kinematic range of active missiles against manned aircraft and cruise missiles, overland and at sea.
- **Employment:** NIFC-CA uses the full capability of CEC and Link-16 to engage threats at significantly greater ranges.





Integrated Air and Missile Defense: Recapitalization

- DDG re-start key to future large surface combatant strategy
- DDG Flight III essential to pacing emerging A2AD threat
- BMD is a growth industry....DDG 112 and up built from keel up with advanced capability
- JSF key to keep Navy Air competitive with the threat



Recapitalization Bottom Line: New technology landing pad to cope with burgeoning IAMD threat



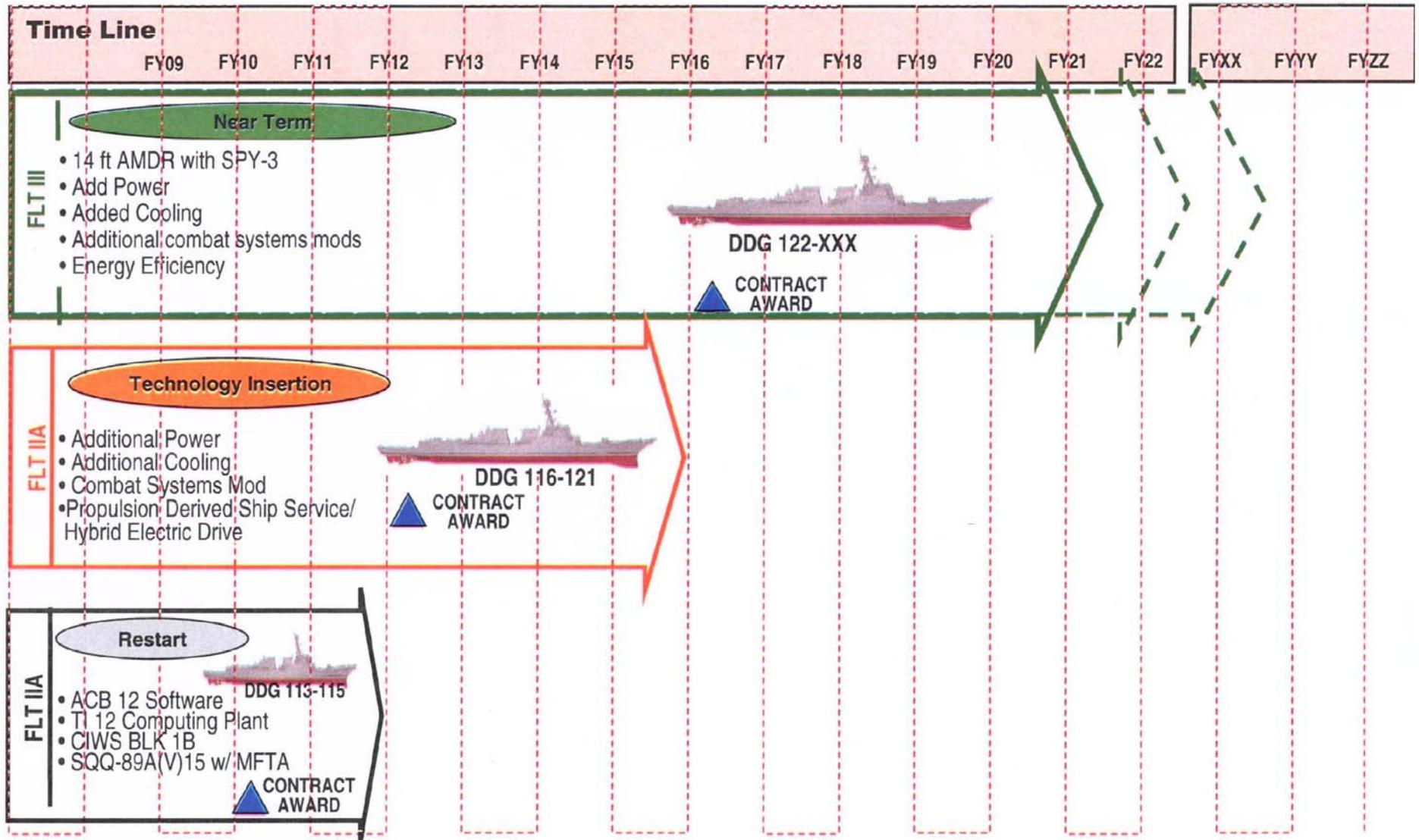
Air and Missile Defense Radar

- **Description**
 - The Air and Missile Defense Radar (AMDR) suite is being designed to support maritime Integrated Air and Missile Defense (IAMD)
 - AMDR is envisioned as a radar suite scalable to accommodate mission requirements for multiple ships
- **AMDR will consist of S-band (AMDR-S) and X-band (AMDR-X) radars and a Radar Suite Controller (RSC)**
 - AMDR-S- volume search, tracking, Ballistic Missile Defense (BMD) discrimination, and missile communications
 - AMDR-X- horizon search, precision tracking, missile communication and terminal illumination
 - RSC- interface between AMDR-S, AMDR-X, and combat system, and resource coordination
- **Program Status- proceeding to Milestone A**
 - AMDR Concept Studies- Completed
 - Three fixed-price concept development contracts
 - Each contractor developed conceptual design and technology maturation plans
 - AMDR-X RFI
 - Currently evaluating responses
 - AMDR-S/RSC Technology Development
 - Award anticipated Q4 FY10 (up to 3 Fixed Price Incentive contracts)
 - Focused on demonstrating AMDR key Technologies are scalable and sufficiently mature





DDG Evolution





IAMD Summary

- **Operate**, maintain, and retain the legacy IAMD Fleet and Fleet Air Arm
- **Modernize** the IAMD Fleet of Multi-mission Surface Combatants and Tactical aircraft to pace the threat
- **Recapitalize** to remain relevant to the Joint IAMD Fight at Sea, Ashore, and Over Land

