

**McAleese Projections of likely**  
**“Funding & Program Tradeoffs”**  
**under Obama Administration**

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# I. Immediate expected impact of Secretary Gates:

(Excerpts from Secretary Gates' speech at National Defense University on September 29, 2008. Later published in Foreign Affairs Journal, and recently-reaffirmed during Congressional Hearings on January 27, 2009).

- *“In Iraq, the number of U.S. combat units there will decline over time -- as it was going to do no matter who was elected president in November. **Still, there will continue to be some kind of U.S. advisory and counterterrorism effort in Iraq for years to come.**”*
- *“In Afghanistan...U.S. troop levels are rising, with the likelihood of more increases in the year ahead. Given its terrain, poverty, neighborhood, and tragic history, **Afghanistan in many ways poses an even more complex and difficult long-term challenge than Iraq -- one that...will require a significant U.S. military and economic commitment for some time.**”*
- *“Support for conventional modernization programs is deeply embedded in the Defense Department's budget, in its bureaucracy, in the defense industry, and in Congress. My fundamental concern is that there is not commensurate institutional support -- including in the Pentagon -- for the capabilities needed to win today's wars and some of their likely successors.”*
- *“All told, the ‘2008 National Defense Strategy’ concludes that although U.S. predominance in conventional warfare is not unchallenged, it is sustainable for the medium term...U.S. air and sea forces have ample untapped striking power should the need arise to deter or punish aggression -- whether on the Korean Peninsula, in the Persian Gulf, or across the Taiwan Strait.”*
- *“In the case of China, Beijing's investments in cyberwarfare, antisatellite warfare, antiaircraft and antiship weaponry, submarines, and ballistic missiles could threaten the United States' primary means to project its power and help its allies in the Pacific...**This will put a premium on the United States' ability to strike from over the horizon and employ missile defenses and will require shifts from short-range to longer-range systems**, such as the next-generation bomber.”*

- *“...it is common to divide the ‘high end’ from the ‘low end,’ the conventional from the irregular, armored divisions on one side, guerrillas toting AK-47s on the other. In reality,...the categories of warfare are blurring and no longer fit into neat, tidy boxes. **One can expect to see more tools and tactics of destruction -- from the sophisticated to the simple -- being employed simultaneously in hybrid and more complex forms of warfare.**”*
- *“When it comes to procurement, for the better part of five decades, the trend has gone toward lower numbers as technology gains have made each system more capable. In recent years, these platforms have grown ever more baroque, have become ever more costly, are taking longer to build, and are being fielded in ever-dwindling quantities.*
- ***Given that resources are not unlimited, the dynamic of exchanging numbers for capability is perhaps reaching a point of diminishing returns. A given ship or aircraft, no matter how capable or well equipped, can be in only one place at one time.**”*
- ***“War is inevitably tragic, inefficient, and uncertain,...We should look askance at idealistic, triumphalist, or ethnocentric notions of future conflict that aspire to transcend the immutable principles and ugly realities of war, that imagine it is possible to cow, shock, or awe an enemy into submission, instead of tracking enemies down hilltop by hilltop, house by house, block by bloody block.**”*

(Emphasis supplied). DoD Transcript of Secretary Gates' Speech from September 29, 2008 is available at: <http://www.defenselink.mil/speeches/speech.aspx?speechid=1279>. Republished in Foreign Affairs Journal, “A Balanced Strategy Reprogramming the Pentagon for a New Age”, by Robert M. Gates, January/February 2009. Restatement by Secretary Gates during January 27<sup>th</sup>, 2009 SASC & HASC Hearings is available at: [http://armed-services.senate.gov/hearings.cfm?h\\_month=1#month](http://armed-services.senate.gov/hearings.cfm?h_month=1#month) and [http://armedservices.house.gov/hearing\\_information.shtml](http://armedservices.house.gov/hearing_information.shtml).

## **II. Themes emerging from incoming Obama Administration:**

(From public comments & articles of DoD Transition Team; surviving DoD Leadership; and Confirmation Hearings).

- DoD recognizes that Supplemental funding must fall significantly by 2011. **Expect DoD Leadership to propose much-smaller 2011 GWOT Request, in exchange for final year of significant growth in DoD's 2011 base budget.**
- Rumored maximum of \$57B in additional 2010 DoD base funding, would have resulted in ≈\$581B 2010 DoD request, comprised of:
  - ≈\$17B to Army;
  - ≈\$14B to Navy/USMC;
  - ≈\$10B to USAF; and
  - ≈\$16B remainder to “DoD-Wide” Accounts. (Rumored \$57B was on top of planned \$524B in 2010 under previous Administration; up slightly from current \$515B 2009 base funding).
- **Actual growth of ≈\$20B in 2010 DoD base budget is not sufficient to fund “recurring-cost-of-wars”, Operations & Support for “expanded Army & USMC”, “Wounded Warrior” Initiatives, etc.** (13% growth in 2010 of \$581B, was never credible. DoD probably had genuine goal of ≈6%-8%, for range of \$544B-\$558B. Basic Operating Assumption is that ≈2/3 would have been O&M/Milper, plus ≈1/3 RDT&E/Procurement).
- **Immediate 2009-2010 Supplemental costs could actually increase**, because of returning Iraq/OIF Combat Brigades; plus deployment & “build-up” for ≈20K-30K additional U.S. Troops to Afghanistan/OEF, (e.g., large-scale infrastructure; Wheeled Tactical Vehicles; Aviation assets; ISR assets; etc.).

- “Mini-surge” in Afghanistan requires expansion of agricultural, infrastructure & economic aid as well. (Driven by mountainous-topography; lack of transportation infrastructure; severe poverty; massive illiteracy; lack of public communications infrastructure; “narco-terrorism”; lack of unbiased law enforcement & courts; and tribal perception of endemic corruption in National Government).
- While DoD is still committed to “two-nearly-simultaneous-Major-Regional-Conflicts”, evolving Force Structure construct anticipates that only one of those conflicts will be a platform-intensive “Major Combat Operation”, while the other conflict will be a “long-duration-Irregular-Warfare-Campaign”. This distinction between “Capability” (to fight two near-simultaneous Major-Combat-Operations), versus “Capacity” (to provide rotational-forward-presence), has impact of:
  - For Army, “Capacity” requirement drives end-strength, with “must-pay-bills” for Operations & Support, which inherently competes against Army Procurement.
  - For Navy, this weakens requirement for “high-end” Surface Combatants; favoring Littoral Combat Ships, expansion of DDG-51/CG-47 fleet, and also Virginia-Class Submarines (NSSN) for covert ISR & Strike taskings.
  - For USAF, this increases both Airlift & Aerial Refueling requirements, while potentially-reducing a portion of previous “high-end” TACAIR requirements, (due to reduction to only one-sustained “Major Combat Operation”, against regional or near-peer competitor).
- Recapitalization is also constrained by increasing “Affordability” limitations. New Administration is focused on:
  - “Cost Predictability”;
  - “Program Affordability”;
  - “Multi-Mission Platforms”;
  - Compressed-Development-Schedule for “Minimalist Platforms” (“75% solution in months”, versus “99% solution in years/decades”);
  - “Elimination of Duplicative Programs”; and
  - Pro-active development of Counter-Insurgency capabilities for “Hybrid & Complex” Warfare. (Potential for OSD alteration of resource allocation among Services, and within “DoD-wide” Accounts).

### III. Likely “Funding & Program Tradeoffs” among Military Services:

- USAF:

- President Obama, and DoD Transition Team, have previously-expressed public concern over USAF “shortfall” in both Airlift capacity, as well as increasingly-frail Aerial Refueling Fleet. Perception is that USAF has not fully-prioritized “critical-joint-enablers”, particularly Airlift (C-17 & C-130J), Tankers (KC-X), and ISR Assets. **Expect USAF to prioritize expansion of C-130J production under another multi-year-procurement.**
- **Expect Congress to unilaterally “plus-up” additional C-17 orders in 2009 GWOT Supplemental. Incoming Administration could also seek to reincorporate C-17 production into 2011 base budget, through QDR.** (But C-17 & KC-X would then be “zero-sum” competitors within USAF’s “Airlift Procurement” Account, particularly if Congress mandates Tanker “Dual-Production”).
- **Expect eventual USAF/OSD/Congressional compromise, to allow for F-22 production extension through at least 2010 initially, and presumably through 2011-2012 eventually.** (Mission requirement is genuinely-driven by need for survivability against proliferating “double-digit-SAM” threats. Fleet of 187 total F-22 only results in ≈126-140 combat aircraft). Expect:
  - USAF has formally-conceded requirement for 381 F-22 fleet.
  - USAF to agree to at least partial acceleration of F-35 CTOL orders in 2011-2013, for “affordability” & “balanced-fleet-mix”.
  - **Primary issue will be whether OSD provides part-or-all, of ≈\$3.1B Top-Line relief to fund F-22 production extension in 2010 base budget.**
  - **Congress, could also seek “compromise” of ≈\$2.5B for 16 additional F-22 orders in 2009 GWOT Request, (beyond 4 F-22 orders already expected in 2009 GWOT).** Precedent already exists of Navy funding for 16 “Super Hornet/Growler” orders in 2008 GWOT. (OSD is also expecting to request up to 9 additional Super Hornet/Growler orders in imminent 2009 GWOT).
  - **As “worst-case” option in 2011, USAF could then “self-fund” F-22 production, through reduction of “over-programmed” RDT&E, and specialty-platforms.**

- **Navy:**

- Priority will likely be on “affordability” of Navy Ships (e.g., DDG-51, NSSN, LCS, LPD-17, T-AKE). New Administration’s focus appears to be primarily on:
  - **Extension of LCS** for distributed near-shore counter-terrorism/piracy missions;
  - **DDG-1000 Program is in great danger, from shift in Navy Leadership’s prioritization of Mission, “acceptable-risk”, and “affordability”,** particularly if Navy can achieve 2 DDG-51/year, (given historic Congressional funding of ≈\$3.9B/year for 3 DDG-51 hulls).
  - **Expect Navy/OSD to seek “Ship-swap-agreement” with GD & NOC, to have one Shipyard produce all DDG-1000 orders,** with other Shipyard receiving additional DDG-51 orders, (to avoid duplicative cost of having both Shipyards capitalize & train workforce).
  - **Also expect Congress to encourage** (or possibly even unilaterally-fund & direct), **Navy to accelerate DDG-51 orders, to preserve Fleet’s Surface Combatant quantities & Industrial Base.**
  - **Congress should also support additional “Sustaining Engineering” RDT&E funding, to cannibalize & preserve promising DDG-1000 Combat Subsystems** for CG(X), and “Open Architecture” competitions, to drive technical innovation among 2 viable CSI Integrators.
- **Potential exists for modest slow-down in aggressive MMA/P-8A production “ramp-up” schedule.** (MMA is driven by strong Chinese “diesel-electric” submarine threat. Aggressive planned production ramp-up in 2010-2012 remains very-optimistic).
- **Congress is likely to extend F/A-18E/F & E/A-18G multi-year-procurement through ≈2012, to address part/all of Navy’s 60-125 short-term aircraft “TACAIR Gap”.**

- **Army:**

- New Administration adopts Army (and USMC) Growth Plans to enable “Force Generation” deployment/rotation models. **(As a practical matter, new Administration must adopt Army & USMC Growth Plans, but could seek to increase “support” specialties, such as Civil Affairs, Linguists, Engineers, etc.).**
- **Army’s Future Combat Systems will be heavily-scrutinized.** Congress & OSD perceive that FCS competes against “Reset”, “Readiness”, and “expanded-end-strength” requirements. Expect:
  - **Eventual OSD/Congressional consensus to deploying “FCS Network”; plus Infantry Brigade “Spin-outs”; with primary scrutiny shifting to future “Manned-Ground-Vehicle” (MGV).**
  - **“Non-Line-of-Sight-Cannon” (NLOS-C), will still likely proceed because of current testing & strong Congressional mandate.** (Reconnaissance; Command & Control; and Infantry Carrier Vehicles, could still be prioritized).
  - **If remainder of FCS Manned-Ground-Vehicle (25-27-ton) production is delayed or curtailed, this would trigger additional Abrams & Bradley Upgrades, with probability of continued Stryker fresh production.**
- Wheeled Tactical Vehicle orders peak in 2010, as Army completes growth of the 6 new Infantry Brigade Combat Teams. Contraction in Supplementals by 2010, will impact fresh production of HMMWV; FMTV; and FHTV. **But “Reset” will also surge over next two-years, as degraded-vehicles return from OIF; coupled with “fresh production” & “Reset” for Troop-strength surge in Afghanistan.**
- Regarding Army/USMC Joint Light Tactical Vehicle (JLTV) Program, new Administration will scrutinize both “Capability v. Capacity” requirements, and “Affordability-constraints”. (Two variables of “unit-cost”, plus technical maturity to commence initial production by 2011-2012, will likely decide outcome).