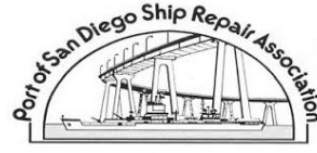


SAC NEWSLETTER



5.6.2016

A monthly newsletter brought to you by The Strategic Affairs Committee of the PSDSRA

Top stories in this newsletter (Helpful Hint: click the pictures to be taken to the articles/links)



Budget Cuts Are Coming



SECNAV Hearing



Navy Frigate Program



Zumwalt Delivered To Fleet



Election Information

Budget Cuts Are Coming - Contributed by Marcel Becker



Mark Tenally/AP/Shutterstock

As surely as the sun rises and the tide turns, budget cuts are coming. The 20s are upon us and it is poised to be a tough decade in the wake of a massive spending bill and the worst economic disruption since the Great Depression.

The much needed \$2.2 trillion relief package recently passed by Congress comes on top of a budget deficit of more than \$1 trillion for the current fiscal year and Congress is not done yet. When the crisis eventually subsides, the deficit will be at an all time high and the pressure to cut spending will also be high. It is arguable that our national debt and deficit spending are as big a threat to our national defense as anything else with twenty-five cents of every tax dollar going to service debt.

Historically, higher deficits put long-term pressure on the defense budget. Looking back to the 1980s when we saw deficits peaking in 1985, you started to see fiscal conservatives getting concerned. And that led to Congress passing the Gramm–Rudman–Hollings Balanced Budget and Emergency Deficit Control Act of 1985, and that created the mechanism for sequestration. It also put caps on the overall deficit. That led to the first sequestration for DoD in 1986. That law stayed in effect and the Defense budget kept going down.

This law put a set of deficit caps in place and created an enforcement mechanism known as sequestration. From fiscal 1985 to fiscal 1991, the national defense budget fell by 19 percent in real terms as part of these deficit reduction efforts. And when the Cold War ended, it fell another 18 percent through FY98. Then fast-forward to 2008-2009 crash, the Great Recession, and that led to record high deficits and then in 2011 we saw the Budget Control Act and another decade of sequestration.

It appears the Defense Department, especially the Navy, is already thinking about positioning themselves for a post coronavirus fiscal environment. When referencing the future fleet in recent comments, Chief of Naval Operations Adm. Michael Gilday said “We can’t continue to wrap \$2 billion ships around 96 missile tubes, we have to change the way we are thinking.”

A recent assessment of Navy force structure has revealed and seems to suggest that the Defense Department wants to begin de-emphasizing aircraft carriers as the centerpiece of the Navy’s force projection and put more emphasis on unmanned technologies that can be more easily sacrificed in a conflict and can achieve their missions more affordably.

The massive price tag associated with the response to the new coronavirus, coupled with the inevitable impact of the pandemic on the U.S. economy, threatens to blow a hole in the defense budget. Even absent the pandemic, chances of defense getting significant revenues are uncertain at best. Although defense spending is one of the most simulative forms of federal spending, that may prove insufficient to keep the cuts from coming. Now, a flat budget more and more appears to be the best scenario we can hope for.

SECNAV Nomination



USNI News

"In November, Trump announced his intent to nominate Braithwaite, a 1984 graduate of the U.S. Naval Academy and retired rear admiral, to fill the Navy's top civilian job. Secretary of Defense Mark Esper suggested Braithwaite for the job after the removal former Secretary of the Navy Richard V. Spencer.

The Senate is operating under special rules put in place to prevent the spread of COVID-19. The hearing will be streamed online but will not be open to the public. Only credentialed members of the press and official business visitors will be permitted into the hearing room, according to the SASC agenda." The hearing is set for Thursday 5/7/20.

Navy Frigate Program



Fincantieri Image

"The Navy awarded a \$795-million contract to Fincantieri to begin building a new class of guided-missile frigates, in the first new major shipbuilding program the service has started in more than a decade, the Navy announced today.

"This frigate, though it's classified as a small surface combatant, really falls nicely in between our small surface combatants and our large surface combatants, and I see it doing multiple things," Vice Adm. Jim Kilby said.

"This is going to be a real workhorse for the United States Navy supporting distributed maritime operations in the future. So we are super excited about this ship, and I can't think of a better asset to a strike group or strike group commander to give them the flexibility to do what we need to do in the future."

Zuwalt Delivered to Fleet



USNI News

"The Navy has accepted delivery of a next-generation stealth destroyer more than three years after its commissioning, the service announced Friday.

The second of the Zumwalt-class destroyers, the Michael Monsoor, is homeported in San Diego and is undergoing combat systems activation. The third and final ship of the class, the future Lyndon B. Johnson, is under construction in Maine."

Election Information



This link is provided as a resource to the membership to stay up to date on election information. This link includes information on Presidential, Congressional, State Legislature, and Local Government elections. As well as State ballot Measures, Election Dates, and FAQs.

About the SAC:

The Strategic Affairs Committee's charter is to monitor current events and news relevant to the Ship Repair Industry and provide the Association's board of directors with items of interest that may affect the industry and / or the membership. The information includes but is not limited to current events, geopolitical information, budget news, political information and upcoming legislation.

The SAC meets on the 3rd Tuesday of every month.

To join the Committee - Email kwilkinson@tecnicocorp.com and you'll be added to the committee distributions and invited to attend the meetings.

Current Active Committee Members include: Kyle Wilkinson, Dery Pence, Terry Buis, Marcel Becker, Kyle Clapp, Kelvin Hall, Michael Curtain, Michael Bice, Ed Zajon, and Michael Gonzales.

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