

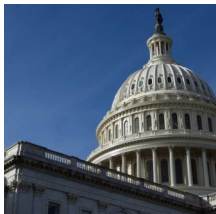
SAC NEWSLETTER

1.27.2023

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



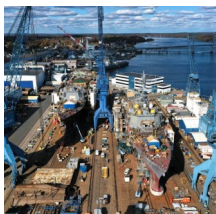
Top stories in this newsletter (Helpful Hint: click the pictures to be taken to the articles/links)



Fears of the next government shutdown loom months ahead of deadline



Republicans eye Pentagon savings after McCarthy spending agreement



To shipbuilders who think they can build more, CNO says: 'Prove it'



Navy officially stops booting and disciplining COVID vaccine refusers



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Fears of the next government shutdown loom months ahead of deadline



(Colin Demarest/C4ISRNET)

"Federal funding isn't set to run out until the end of September, but lawmakers and advocates on Capitol Hill are already bracing for the possibility of a budget lapse and partial government shutdown amid renewed partisan fighting over spending priorities.

The tension stems from agreements made in private between House conservatives and House Speaker Kevin McCarthy, R-Calif., during his campaign last week to win that leadership post.

Although details of those deals have not yet been made public, members involved have said that McCarthy pledged to champion a series of hard-right budget demands in the annual appropriations process, including holding overall government spending at fiscal 2022 levels, passing appropriations bills individually instead of in an omnibus package, and exacting concessions from the White House in exchange for increasing the country's debt limit.

House Democrats have decried those stances as unworkable.

The United States has faced three significant government shutdowns in the last decade. More than 800,000 federal workers were furloughed for 16 days during the full federal shutdown in fall 2013. Only about 380,000 were furloughed in the 35-day partial government shutdown in late 2018 and early 2019, the longest in U.S. history.

Under the \$1.7 trillion omnibus appropriations bill signed into law two weeks ago, federal funding should be uninterrupted until the end of the fiscal year, which is Sept. 30.

But Department of Treasury officials announced this week that the federal government is expected to reach its \$31.4 trillion borrowing authority in coming weeks, and likely will need Congress to raise the limit before this summer to avoid defaulting on its debts."

Republicans eye Pentagon savings after McCarthy spending agreement



(J. Scott Applewhite/AP)

"House Republican leaders say they won't cut tens of billions of dollars from future defense budgets as part of plans to constrain government spending. But that doesn't mean all military budget trims are off the table.

At issue are \$130 billion in spending reductions that Rep. Kevin McCarthy, R-Calif., agreed to last week in order to muster the votes he needed to become House speaker. The rightmost flank of his caucus agreed to allow him to take the leadership post after a protracted 15-vote battle.

McCarthy showed the Republican conference a slideshow Tuesday that reiterated his vow to cap discretionary spending levels for next year to fiscal 2022 levels, though a slide specifically singled out "non-defense discretionary spending."

Their comments were meant to assuage concerns from Republican defense hawks that the agreement could force Congress back into sequestration — automatic spending cuts enacted last decade that also reduced the Pentagon budget top line.

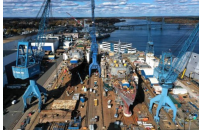
But Republicans who lead the House Armed Services Committee are already eyeing possible Pentagon savings through platform divestments and bureaucracy reductions while they plan for drastic reductions in nonmilitary spending. Some proposals could put them on the same page as many of their Democratic counterparts.

Rep. Jared Golden, D-Maine, who sat on the Armed Services Committee last year, read a group of 11 other Democratic defense hawks in a letter to McCarthy on Tuesday asking him not to cut defense spending.

Rep. Mike Gallagher of Wisconsin, who served as the top Republican on the House Armed Services Committee's military personnel panel last year, thinks a defense spending increase is still possible, even as he floated other potential savings measures at the Pentagon.

"There's no world in which any budget resolution that cuts defense passes the House," Gallagher told Defense News. "If there is, that budget resolution would be dead upon arrival."

To shipbuilders who think they can build more, CNO says: 'Prove it'



(Bath Iron Works photo)

"Following a budget that yielded a record-breaking \$31.5 billion in shipbuilding funds for the U.S. Navy, Chief of Naval Operations Adm. Mike Gilday has one message to ship construction yards: "Pick up the pace."

This year, Congress made clear the importance of building more ships, Gilday said Jan. 10 at the annual Surface Navy Association conference here.

"I've said publicly that I didn't think that you could put more than \$27.5 billion, which was our [fiscal 2023] proposal, into seven shipyards across this country," he said. "Congress proved me wrong with the \$31.5 billion shipbuilding account."

Asked after his speech whether industry can ramp up its production, Gilday said "that's a question that only they can answer."

"Right now, I see them a little bit behind on some of our production lines," he continued. "They would tell you ... they think they can do more. So my message to them is: Prove it."

"We are making investments in ships we really need out there right now," the CNO said. "We have 80 ships on contract. We have 54 ships across seven shipyards under construction right now."

That being said, he added, "we're not necessarily getting what we're paying for" when it comes to how many ships the Navy is buying annually compared to what industry can deliver.

For example, the Navy is buying Virginia-class attack submarines at a rate of two a year, but General Dynamics Electric Boat and HII's Newport News Shipbuilding are delivering 1.2 a year. Congress just authorized the Navy to buy three destroyers in FY23, compared to the Navy's request for two, but industry is delivering 1.8 destroyers a year today.

Asked by reporters what the Navy could do to incentivize industry to boost capacity, Gilday said the defense and spending bills — and the nearly \$7 billion for three destroyers included in the legislation — should be enough.

"Bath and HII are not producing a combined rate of three DDGs a year. The '23 budget gave them funding for three DDGs a year. So that's a bellwether for them and a new target to aim for, and I'm really anxious for them to aim for it and go for it."

Navy officially stops booting and disciplining COVID vaccine refusers



(Navy Photo)

"The Navy has officially stopped separating sailors who refuse the COVID vaccine, a fleetwide order that follows Defense Secretary Lloyd Austin Jan. 10 directive to end the mandate.

In a Jan. 11 naval administrative message, Chief of Naval Personnel Vice Adm. Rick Cheeseman noted that all commands will "immediately discontinue administrative separation processing of Navy Service Members solely for refusing the COVID -19 vaccine, including those with approved separation letters."

The Navy had booted 1,639 active duty sailors and 402 Reserve sailors for refusing the vaccine as of Nov. 30, according to the Navy's COVID page.

The Pentagon's about-face on the COVID vaccine mandate is due to a provision in the 2023 National Defense Authorization Act that directed Austin to rescind his 2021 memo mandating the vaccine for servicemembers.

"The Department will continue to promote and encourage COVID-19 vaccination for all Service members," Austin wrote in a memo this month ending the mandate. "The Department has made COVID-19 vaccination as easy and convenient as possible, resulting in vaccines administered to over two million Service members and 96 percent of the force — Active and Reserve — being fully vaccinated."

Some lawmakers wanted troops who refused the vaccine to be reinstated with back pay, but such a provision did not end up in the final version of the defense bill, Military Times reported earlier this month.

Those who received general discharges, under honorable conditions, for failing to obey orders to get vaccinated will be able to petition their service's discharge review or records authorities to upgrade their discharge characterizations, Austin's memo states.



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HELLO TO THE INCOMING PRESIDENT



The Strategic Affairs Committee would like to welcome the incoming President of the Association, Gordon Rutherford.

A retired Navy Captain, he joined the Navy through the NROTC Program at the University of North Carolina at Chapel Hill. Serving in the Navy for 30 years as a nuclear trained Surface Warfare Officer, his assignments included command of USS PEARL HARBOR (LSD 52), Reactor Officer on USS JOHN C STENNIS (CVN 74), Force Nuclear Propulsion Officer on the Naval Air Forces-Pacific staff and second in command of Southwest Regional Maintenance Center in San Diego. Following his career in the Navy, Gordon joined BAE Systems San Diego Ship Repair where he worked in several management positions until retiring as a program management director in July 2020. Gordon has also served on the San Diego Fleet Week Foundation Board since 2017.

Fleet Forces team tackles ‘decoupling’ destroyers from carriers



(MC2 Stuart Posada/U.S. Navy)

“The U.S. Navy is pursuing several efforts meant to make it easier for the East Coast fleet to deploy ships in new ways — and potentially in greater numbers — to the European theater.

U.S. Fleet Forces Command is working on an initiative to make destroyers more independent of carrier strike groups during the deployment phase of the Navy’s force-generation plan, even as Naval Surface Forces is working to make them more operationally available in the sustainment phase that follows.

Fleet Forces commander Adm. Daryl Caudle said this month he’s tasked a cross-functional team with reconsidering the Optimized Fleet Response Plan, the Navy’s force-generation model that outlines how ships should move through maintenance, training and deployments. This model today has an entire carrier strike group move through the three-year cycle together.

Caudle told Defense News in May 2022 the Navy was struggling to get destroyers’ maintenance done on time, potentially throwing off the entire strike group. Linking the destroyers with the group also means some destroyers can’t head to places where they could be more useful elsewhere. And it makes it quite challenging to bring new ships into the strike group later on, whether to replace a ship that needs repairs or to bolster the strike group.

After his speech, he told Defense News the plan assumes that if a group of ships doesn’t go through pre-deployment training together, “then it can’t work well together, it can’t communicate well, the strike group commander won’t know the commanding officers.”

These efforts are meant to make the Navy’s East Coast fleet ready to fight Russia or another aggressor, Caudle said in his speech last week.”

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 PSDSRA’s Facebook page is regularly updated with news, which is focused on, timely and relevant information of value to our members in the Maritime Industry. To view, like, and/or follow the PSDSRA’s page, click the Facebook logo.

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

To join the Committee - Email KWilkinson@delphinus.com and you’ll be added to the committee distributions and meeting invitations.

Current Active Committee Members include: Kyle Wilkinson, Derry Pence, Terry Buis, Marcel Becker, Kyle Clapp, Kelvan Hall, Michael Curtain, Michael Bice, Ed Zajonc, Morgan Miller, Lorenzo Ramirez, Patrick Mooney, Ross Shook, Desiree Waldon, David Widener, Chris Hill, Dan Cummins, Michael Gonzales, Dante Sitta, and Charnel Kirkpatrick.

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Prepared By:

Kyle Wilkinson — SAC Committee Chair

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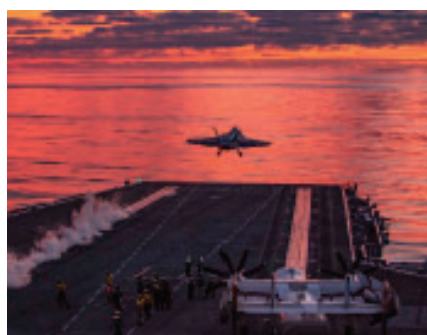
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