



DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

JUL 09 2016

The Honorable Thad Cochran
Chairman
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

As required by title 10, U.S.C., section 231 as amended, I am forwarding the Annual Long-Range Plan for the Construction of Naval vessels for Fiscal Year (FY) 2017. The report reflects changes from the FY2016 Annual Long-Range Plan and incorporates the changes specified in the National Defense Authorization Act for FY2016, which directs that the estimated levels of annual funding be broken by ship class in graphical and tabular form. This information is provided in Appendix 3 due to the business sensitive nature of this information.

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Enclosure:
As stated

cc:
The Honorable Barbara A. Mikulski
Vice Chairwoman



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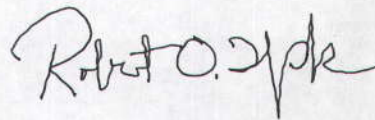
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cc:
The Honorable Dick Durbin
Vice Chairman



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The Honorable Harold D. Rogers
Chairman
Committee on Appropriations
House of Representatives
Washington, DC 20515

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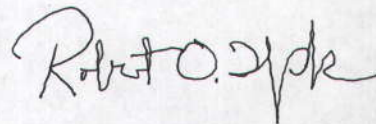
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cc:
The Honorable Nita M. Lowey
Ranking Member



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The Honorable John McCain
Chairman
Committee on Armed Services
United States Senate
Washington, DC 20510

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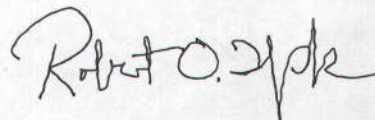
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cc:
The Honorable Jack F. Reed
Ranking Member



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The Honorable William M. "Mac" Thornberry
Chairman
Committee on Armed Services
House of Representatives
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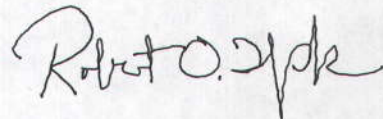
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cc:
The Honorable Adam Smith
Ranking Member



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The Honorable Rodney P. Frelinghuysen
Chairman
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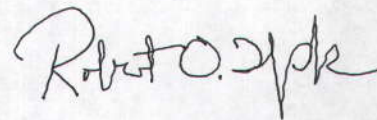
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cc:
The Honorable Pete J. Visclosky
Ranking Member

Report to Congress on the Annual Long-Range Plan for Construction of Naval Vessels for Fiscal Year 2017

Prepared by:

Office of the Chief of Naval Operations

Deputy Chief of Naval Operations (Integration of Capabilities and Resources) (N8)

2000 Navy Pentagon

Washington, DC 20350-2000

July 2016

The estimated cost of this report or study for the Department of Defense is approximately \$394,000 in Fiscal Years 2015 - 2016. This includes \$315,000 in expenses and \$79,000 in DoD labor.
Generated on 2016Feb01 RefID: E-EF796D2

Annual Long-Range Plan for Construction of Naval Vessels for Fiscal Year 2017

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Annual Long-Range Plan for Construction of Naval Vessels for Fiscal Year 2017

I. Reporting Requirement

This report is submitted per Section 231 of Title 10, United States Code.

II. Submission of the Report

This report describes the Department of the Navy (DoN) five-year shipbuilding plan for FY2017-FY2021. The FY2017 President's Budget (PB2017) provides a sufficient level of funding to procure the naval vessels specified in this plan in FY2017 and over the FY2017-FY2021 Future-Years Defense Program (FYDP). The FY2017 shipbuilding plan provides the stability necessary to reach and maintain the required force structure and the national shipbuilding and naval combat systems design industrial bases. Unless specifically noted, the resources displayed in this report are shown in constant year FY2016 dollars.

III. Force Structure Assessment and Battle Force Requirement

This report is based on the 2012 Force Structure Assessment (FSA) Interim Update (FY2014), which determined a post-2020 requirement for 308 ships in the battle force.

The minimum force structure necessary to fulfill the Navy's essential combat missions at an acceptable level of risk, is described below:

2012 FSA Interim Update (FY2014)

Fleet ballistic missile submarines ¹	12
Nuclear-powered aircraft carriers	11
Nuclear-powered attack submarines	48
Nuclear-powered cruise missile submarines ²	0
Large, multi-mission, surface combatants	88
Small, multi-role, surface combatants ³	52

¹ DoD plans to replace the 14 OHIO-class SSBNs with 12 new OHIO Replacement (OR) SSBNs starting in the late 2020s. Operational availability will be comparable as the OR SSBNs will not require an extensive mid-life refueling overhaul.

² The 4 SSGNs now in service will retire in the mid-2020s. DoN is inserting VIRGINIA Payload Modules, a hull section with four large diameter payload tubes, in Block V and beyond VIRGINIA-class attack submarines, beginning in FY2019, to offset the impact of retiring the existing SSGN force without replacement.

³ Due to budget pressures, the number of LCS/FF has been reduced to 40; the FSA requirement of 52 remains unchanged.

Amphibious Warfare ships ⁴	34
Combat logistics force ships	29
Support vessels	34

On September 1, 2015, the Secretary of the Navy announced a new ship type “Expeditionary Support” with a type designation “E.” Within this ship type, three ship classes were re-designated to give them more traditional three-letter ship designations. None of these nomenclature changes effect battle-force counting rules. The following class name and class designation changes were made to be consistent with the ships’ assigned mission set:

- JHSV to “expeditionary fast transport” with the class designation of “EPF.”
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IV. Planning Assumptions

This shipbuilding plan is based on four assumptions:

- *A Battle force inventory as defined in the “2012 FSA Interim Update (FY2014)”*
- *All Battle force ship operations and sustainment costs will be resourced as necessary to ensure these ships are able to serve to the end of their respective service lives*
- *Assumes the Navy’s funding is stable for the years when Ohio Replacement (OR) is not being procured*
- *Navy’s resources for ship construction grow at a rate sufficient to support inflation growth in the Shipbuilding sector.⁵*

V. Long-Range Naval Vessel Construction Plan

Table 1 depicts a Long-Range Vessel Construction Plan.

⁴ The Chief of Naval Operations (CNO) and the Commandant of the Marine Corps (CMC) have determined that the force structure required to support a 2.0 MEB assault echelon is 38 amphibious ships, which was communicated to the four chairmen of the Appropriations and Armed Services committees in 2009. The strategic review in the 2014 Interim FSA focused primarily on sustaining Amphibious Ready Groups/Marine Expeditionary Units forward in the Western Pacific and Persian Gulf in a crisis response role. It took risk in generating the 30 operationally available ships necessary to conduct a 2.0 Marine Expeditionary Brigade (MEB) assault echelon forcible entry operation. To lower risk, this plan maintains an active inventory of 34 active amphibious ships - this permits the Navy to maintain a 4-ship Amphibious Ready Group (ARG) in the Forward Deployed Naval Force (FDNF) without disrupting the deployment cycles of the remaining non-FDNF ARGs.

⁵ The inflation projections reflect realistic shipbuilding-specific inflationary assumptions, rather than general inflation projections. The shipbuilding unique inflators are based on annual percent change in shipbuilding-specific labor (direct & indirect) and material costs. Without adequate resource growth, consistent with industry specific inflation, the profiles below should be assessed as forecasts of the “best case” outcomes for shipbuilding.

Due to budget pressures, the Department was directed to adjust the LCS/Fast Frigate (FF) inventory objective to 40 ships for the battle force.

Table 1. Long-Range Naval Battle Force Construction Plan

Fiscal Year	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46
Aircraft Carrier		1					1					1					1					1					1			
Large Surface Combatant	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	3	3	3	3	2	3	2	3	2	3
Small Surface Combatant	2	1	1	1	2	2	2	2	1				1		1	1	1	2	2	2	3	4	4	4	4	4	2	3	3	3
Attack Submarines	2	2	2	2	1	2	2	1	2	1	1	1	1	1	1	1	1	1	1	2	2	2	2	1	2	1	2	1	2	1
Ballistic Missile Submarines					1			1		1	1	1	1	1	1	1	1	1	1											
Amphibious Warfare Ships	1			1		1	1	2	1	1	1	2	1	1	1	1				1				2		1		2	1	1
Combat Logistics Force		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1									1		2	2	
Support Vessels		1	1	1	1	2	2	2	2	1	1		1	2	2	2	2	1												
Total New Construction Plan	7	8	7	8	8	10	11	11	9	7	7	8	8	8	9	9	9	7	6	7	7	10	9	10	8	9	8	9	10	10

The 30-year shipbuilding construction plan of Table 1 results in the annual Naval Battle Force inventory shown in Table 2, which depicts the projected number of ships in service on the last day of each fiscal year.

Table 2. Naval Battle Force Inventory

Fiscal Year	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	
Aircraft Carrier	11	11	11	11	11	12	12	12	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	10	10	10	10	10	10	10	
Large Surface Combatant	90	91	94	95	97	98	99	100	100	99	99	100	98	95	91	89	88	86	86	86	87	88	89	88	87	84	83	82	82	80	
Small Surface Combatant	25	29	32	33	34	35	31	31	32	35	37	39	40	40	40	40	40	40	40	41	41	42	44	45	43	43	43	43	45	45	
Attack Submarines	52	53	52	52	51	48	49	48	47	45	44	42	41	42	43	43	44	45	46	47	48	47	47	47	47	49	49	50	50	51	
Cruise Missile Submarines	4	4	4	4	4	4	4	4	4	2	1																				
Ballistic Missile Submarines	14	14	14	14	14	14	14	14	14	14	13	13	12	11	11	10	10	10	10	10	10	10	10	10	10	11	12	12	12	12	12
Amphibious Warfare Ships	32	32	33	33	33	34	34	35	36	36	36	37	37	37	37	37	38	37	35	35	35	34	34	33	34	33	32	32	33	33	
Combat Logistics Force	29	29	29	29	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	29	29	29	29	29	29	29	29	29	29	29	
Support Vessels	30	32	31	35	34	35	36	37	39	37	38	38	38	38	36	37	37	37	38	38	37	35	33	32	32	32	32	32	32	32	
Total Naval Force Inventory	287	295	300	306	308	310	309	311	313	309	309	310	307	304	299	297	298	296	296	297	298	296	297	294	293	292	290	290	293	292	

The force structure presented in Table 2 requires funding that exceeds levels the Navy has historically committed to new ship construction.

VI. Battle Force Impact of the OHIO Replacement (OR) SSBN Program

The requirement to replace SSBNs of the OHIO class as they retire dictates that the Navy procure the lead OR SSBN ship in FY2021, the second ship of the class in FY2024, followed by funding one OR SSBN each year between FY2026 and FY2035. The FY2017 President's Budget provided an additional level of Total Obligation Authority (TOA), (amounting to about \$2.3 billion in FY2021), to help finance procurement of the first increment of the lead ship of the OR SSBN. The second and third increments will be funded in FY2022 and FY2023 respectively. The resources provided in FY2021 addressed a portion of the shortfalls necessary to finance the increased cost of the OR Program. In order to procure these vessels without impacting remaining procurement plans, the Navy will continue to need additional resources for ship construction beyond the FYDP, not unlike those that occurred during construction of the Ohio class in the 1980's.

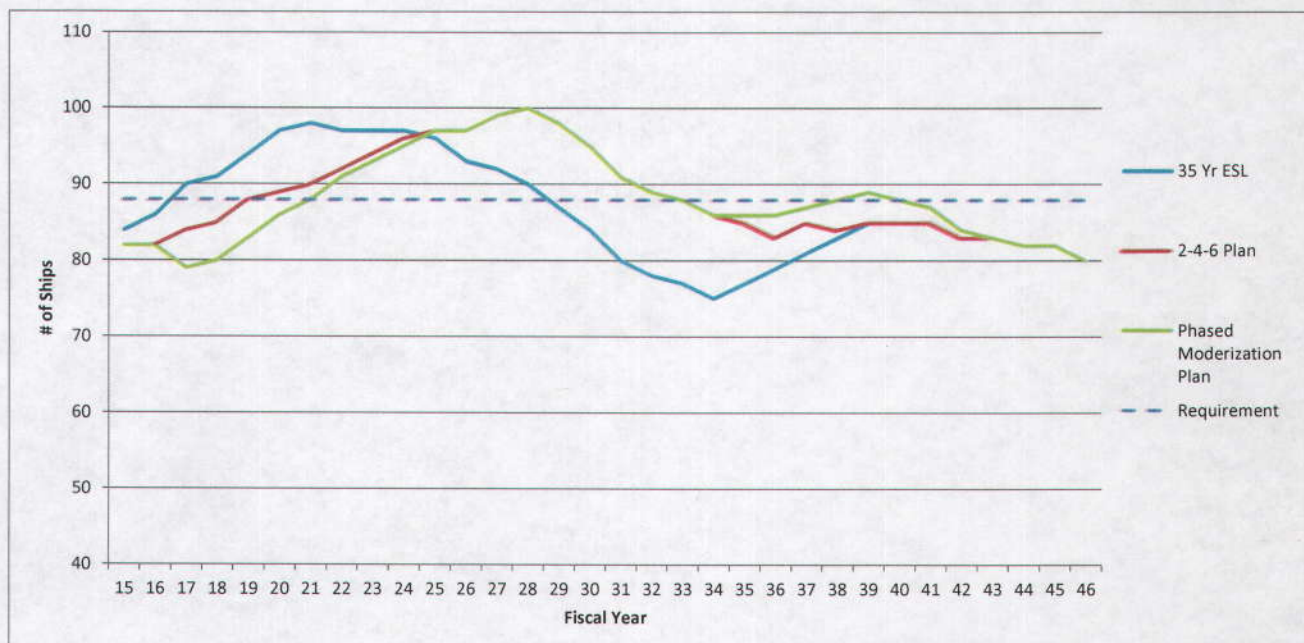
VII. Cruiser modernization

Cruiser modernization ensures long-term capability and capacity for purpose-built Air Defense Commander (ADC) platforms. Eleven recently modernized CGs (CG 52 – CG 62) will perform the ADC function for deploying Carrier Strike Groups while the Navy modernizes the newest eleven ships (CG 63 – CG 73). The newly modernized CGs will replace the first eleven CGs on a one-for-one basis as each older ship reaches the end of service life starting in FY2020. In FY 2015, the Navy inducted the USS Cowpens (CG 63) and USS Gettysburg (CG 64) into modernization. The next two CGs, USS Vicksburg (CG 69) and USS Chosin (CG 65), will be inducted in FY2016. The modernization for these four ships is being executed in accordance with congressional legislation and is using funding from the Ships Modernization, Operations, and Sustainment Fund (SMOSF).

The FY2017 President's Budget request provides \$521 million across the FYDP, in addition to current SMOSF funding, to support CG Modernization and proposes a CG/LSD modernization plan that ensures long term support for the ADC mission. The FY2017 President's Budget supports the induction of the remaining seven cruisers in FY2017. This plan is phased to ensure completion of each ship's planned operational commitments prior to induction.

This plan provides the Navy with CGs necessary to support execution of the ADC mission through the FY2042 timeframe and will maintain a greater number of operational large surface combatants in the latter part of the 2020's and early 2030's as the DDG 51's begin to retire (see Figure 1).

Figure 1. Operational Large Surface Combatants



VIII. Planning and Resource Challenges

There are two significant challenges to resourcing the DoN shipbuilding program. First will be funding and delivering the OR SSBN and second addressing the number of ship and submarine retirements as they reach the end of their service lives. The DoN contends that the only way to effectively overcome these challenges while supporting the defense strategy is with additional resources for ship construction commensurate with the funding required to procure the OR SSBN and executing the phased modernization plan for the CGs.

IX. Estimated Levels of Annual Funding Required for the Long-Range Shipbuilding Program

The resources displayed in this report are inflation-adjusted to constant year FY2016 dollars using a three percent ship composite inflation rate (SCIR).⁶ Figure 2 below depicts the estimated funding required to procure the ships in Table 1.

Figure 2. Annual Funding Required for Navy Long-Range Shipbuilding Plan (FY2017-2046)

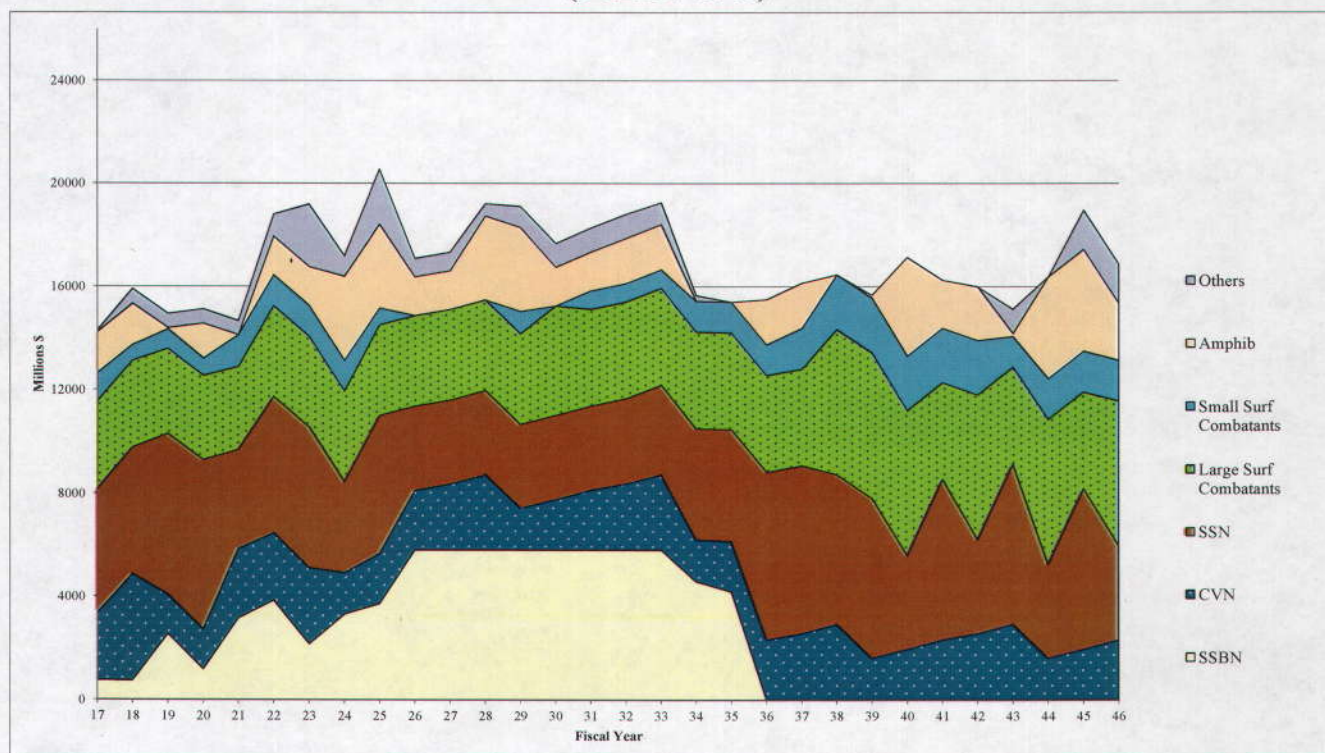


Figure 2 reflects pricing changes, profile changes, and the year-to-year funding required to support procurement of Naval vessels through the next 30 years. Appendix 1 addresses the specific changes between this plan and the same appendix in the Report to Congress on the Annual Long-Range Plan for Construction of Naval Vessels for Fiscal Year 2016 submitted with President's Budget FY2016. As required by FY2016 NDAA, the graphical and tabular form of

⁶ The ship composite inflation rate is a weighted average of shipbuilding costs across the shipbuilding industrial base. This inflation rate is developed using historic shipbuilding costs and projected future pricing for each shipyard. While historically it has been 1.5-1.8 percent higher than the general market inflation rate, this gap is projected to narrow to 1.0 percent in future years.

Figure 2 by ship class is contained in a separate, limited distribution addendum to this report as Appendix 3 (This is a limited distribution appendix due to the business sensitive nature of the details captured in the above graphic).

X. Program Major Risks

The shipbuilding plan described in this report achieves the shipbuilding plan objective of 308 battle force ships from FY2021 through FY2028, albeit not with the FSA required mix of ships. The rate of large and small surface combatant and SSN retirements beyond FY2028 exceeds the ability of the Navy to finance a build rate that sustains the 308 ship force structure. As a result, Navy force structure declines below 300 ships in FY2031 and remains below that force level for the remainder of the 30 year period. At these reduced battle force levels, the Navy will still be able to meet the highest priority DSG missions and warfighting operational plans with minimal risk. Higher risk will be apparent in our ability to provide forces for lower priority tasks outside of the area of conflict and in the number of forward presence missions we are able to service in peacetime.

XI. Summary

The mix of ships, by quantity and type, contained in this report, possesses the requisite capability and capacity to carry out the DSG missions with acceptable risk. They enable the COCOMs to meet mission demands to maintain a safe, secure, and effective nuclear deterrent; deter and defeat aggression, project power despite anti-access/area denial challenges; counter terrorism and irregular warfare; provide a stabilizing presence; conduct stability/counterinsurgency operations; and operate effectively in cyberspace/space. The DoN can and will achieve the requisite mix of ships provided this shipbuilding plan continues to receive stable and sufficient funding over the long haul.

Appendix 1

Summary of Changes to Shipbuilding Requirements

I. Introduction

To summarize the resources necessary to build a 308-ship battle force, this report reflects the split of the plan's 30-year planning horizon into three planning periods. This division is made since the precision of the plans and projections inevitably declines over time. These three periods are:

- Near-term planning period: Future Years Defense Plan (FYDP) Fiscal Year (FY) 2017 to FY2021.
- Mid-term planning period: FY2022 to FY2026.
- Far-term planning period: FY2027 to FY2046.

A. Near-Term Planning Period (FY2017-FY2021)

Table A1-1 displays the Department of the Navy's (DoN) President Budget (PB) 2017 (FYDP) shipbuilding plan.⁷

Table A1-1. FY2017-2021 New Construction Shipbuilding Procurement and Funding Plan (Then Year (TYSM))

Ship Type	FY 2017		FY 2018		FY 2019		FY 2020		FY 2021		Total	
	(\$M)		\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty
CVN 78 ¹			2,663		4,361	1	1,650		1,735		3,095	
DDG 51			3,211	2	3,428	2	3,508	2	3,595	2	3,665	2
DDG 1000			272		127		54		28			
LCS ²			1,126	2	634	1						
FF							822	1	739	1	1,416	2
SSN 774 ^{3,4}			4,955	2	5,179	2	6,773	2	7,324	2	4,393	1
SSBN(X) ⁵			773		787		2,767		1,312		3,611	1
LX(R)							46		1,499	1		
LHA(R)			1,623	1	1,679							
T-AO(X)			73		530	1	519	1	544	1	540	1
T-ATS(X)					76	1	78	1	80	1	75	1
Total New Construction			14,696	7	16,801	8	16,217	7	16,856	8	16,795	8
											81,364	38

Notes:

1. Funding for the CVN 78- class program reflects six year incremental funding authorized in the FY2013 NDAA. Advance procurement and advance construction have been previously appropriated.
2. Funding does not include LCS mission modules, which are funded in Other Procurement, Navy (OPN).
3. Advanced Procurement funding previously appropriated.
4. Includes VPM, one in FY2019, two in FY2020 and one in FY2021.
5. FY2021 represents incremental funding for the lead ship (FY2021=41% (\$3.6B)/FY2022=35% (\$3.1B)/FY2023=24% (2.1B)).

⁷ In this report, new ships planned for future procurement or for replacement of legacy ships are annotated with (X) after their ship type until their class has been named, such as T-AO(X) in the Table A1-1.

The near-term planning period reflects the PB2017 budget submission of the US Navy, which includes:

- A ten-ship multi-year procurement (MYP) of DDG 51 Flight III ships. The FY2017 President's Budget includes funding for two destroyers to execute the final year of the current MYP. The \$1 billion of incremental funding provided in the Consolidated Appropriations Act FY2016 for an additional DDG remains in the DDG funding line but there are insufficient resources available to complete that ship. The Navy will keep Congress advised throughout 2016 as we develop options for the use of these funds; including the actions necessary to award the ship.
- Modification of the LCS/FF program to procure a planned seven ships in a 2-1-1-1-2 profile from FY2017 to FY2021. The Navy plans to conduct a limited competition among the two prime contractors and down select to one hull variant with the first FF procurement currently planned for FY2019, but potentially as early as FY2018.
- Beginning of procurement for the lead OR SSBN in FY2021. To minimize overall impact to other department programs, the Navy is pursuing an incremental funding profile for the lead OR SSBN over the three year period, FY2021 to FY2023, with resources aligned to a 41% (FY2021), 35% (FY2022), and 24% (FY2023) profile. A similar funding strategy will be pursued for the second OR SSBN (FY2024) with funding spread over FY2024 and FY2025. Once serial production of the OR SSBN begins in FY2026, each successive OR SSBN is planned to be fully funded in the year in which Navy intends to contract for the vessel (standard advanced procurement funding profiles notwithstanding).
- Continuation of the co-production of ten *Virginia* class submarines between General Dynamics Electric Boat and Huntington Ingalls Industries – Newport News Shipbuilding through FY2018. The Multi Year Procurement (MYP) savings, over \$2 billion, effectively provides the Navy ten ships for the price of nine. The Navy intends, resources permitting, to build on these savings and capitalize on increased efficiency and decreased costs with a Virginia Class Block V MYP contract for up to 10 boats, planned to begin in FY2019. In FY2019, DoN will include the Virginia Payload Module (VPM) in one SSN hull, then ramp to include VPM in the remaining ships in Block V. In addition, all Block V ships will include Acoustic Superiority (AS) modifications.
- Procurement of LHA 8 in FY2017 and delivery of LHA 7 in FY2019.
- Procurement of the lead LX(R), the replacement for the LSD 41/49 class, in FY2020.
- Replacement of existing fleet oilers with the T-AO(X). Advance procurement for these ships starts in FY2017.
- As directed in the FY2016 Appropriations Act, a lead T-ATS was added in FY2016 - serial production of the remaining seven ships begins in FY2018 and continues thereafter at one ship per year. The FY2016 Appropriations Act also added an ESB and an EPF in FY2016, accelerating the previously planned FY2017 ESB and increasing the EPF inventory to twelve ships. The lead T-AGOS ship replacement has been delayed from FY2021 to FY2022.

B. Mid-Term Planning Period (FY2022-FY2026) Highlights:

- Begins serial procurement of the OR SSBN in FY2026
- Procures LHA 9 in FY2024.
- LX(R) begins serial production in FY2022.
- Procures the remainder of the FFs to reach the directed 40 ship LCS/FF force structure.
- Procures the lead T-AGOS in FY2022.
- Procures two new submarine tenders (AS) in time to replace the current AS class ships before the last retires in FY2030.

C. Far-Term Planning Period (FY2027-FY2046) Highlights:

- Continues building Ford-class CVNs with procurement on five-year centers
- Continues building Flight I LHA amphibious ships on four-year centers
- Procures the remaining six Air and Missile Defense Radar (AMDR)-equipped Flight III DDG 51s
- Assumes the start of production of the next Large Surface Combatant will begin in FY2030
- Procures the last seven Virginia-class SSNs with a plan to support a follow-on submarine class in FY2034
- Continues serial production of OR SSBN, procuring the remaining nine ships of the class.
- Procures the remaining five planned LX(R)s (for a total of 11 ships) and the remaining seven planned T-AOs (for a total of 17 ships)
- Begins the program start for the replacements of the SAN ANTONIO-class LPDs and the LEWIS AND CLARK-class T-AKES.

Appendix 2

Planned Ship Decommissionings, Dismantlings, and Disposals during FY2017-FY2021 Future-Years Defense Program

I. Introduction

This addendum report is in compliance with the Senate Armed Services Committee request for additional information regarding decommissioning and disposal of naval vessels.

II. Ships Planned for Decommissioning or Deactivation during the Future-Years Defense Plan (FYDP)

Table A2-1 lists, by year, the Navy battle force ships to be decommissioned or deactivated within the FYDP. The table identifies the planned disposition for each ship. There are no potential gaps in warfighting capability that will result from the projected ships being removed from service.

Table A2-1. Ships Planned for Decommissioning or Deactivation¹ during the FYDP

Inactivation Year (FY)	Ship Name	Disposition
2017	USS DALLAS (SSN 700)	Dismantle
	USS SAN FRANCISCO (SSN 711)	MTS ² Conversion
	USS BUFFALO (SSN 715)	Dismantle
6 ships	USNS SAFEGUARD (T-ARS 50)	OSIR ³
	USNS GRAPPLE (T-ARS 53)	OSIR
	USNS NAVAJO (T-ATF 169)	LSA ⁴
2018	USS JACKSONVILLE (SSN 699)	Dismantle
2 ships	USS PONCE (AFSB (I) 15)	Dismantle
2019	USS BREMERTON (SSN 698)	Dismantle
	USS PITTSBURGH (SSN 720)	Dismantle
4 ships	USS CHAMPION (MCM 4)	Dismantle
	USNS CATAWBA (T-ATF 168)	Dismantle
2020	USNS WALTER S DIEHL (T-AO 193)	OSIR
	USS SCOUT (MCM 8)	Dismantle
	USS BUNKER HILL (CG 52)	OCIR ⁵
7 ships	USS MOBILE BAY (CG 53)	OCIR
	USS OLYMPIA (SSN 717)	Dismantle
	USS LOUISVILLE (SSN 724)	Dismantle
	USS HELENA (SSN 725)	Dismantle
2021	USS PROVIDENCE (SSN 719)	Dismantle
	USS OKLAHOMA CITY (SSN 723)	Dismantle
	USS SAN JUAN (SSN 751)	Dismantle
9 ships	USNS JOHN LENTHALL (T-AO 189)	Dismantle
	USS SENTRY (MCM 3)	Dismantle
	USS DEVASTATOR (MCM 6)	Dismantle
	USS ARDENT (MCM 12)	Dismantle
	USNS SIOUX (T-ATF 171)	Dismantle

Notes:

1. For the purposes of the report, US Navy vessels are commissioned ships that are decommissioned and removed from active status. USNS vessels are non-commissioned vessels that are deactivated and placed out of service.
2. MTS – Moored Training Ship
3. OSIR – Out of Service, In Reserve
4. LSA – Logistics Support Asset
5. OCIR – Out of Commission, In Reserve

III. Ships Planned for Dismantling and Disposal during the Future-Years Defense Plan

The Navy establishes its ship disposition plans based on the methods available that are most advantageous to the government. Ships not identified for disposal are retained for possible future mobilization requirements. When it is determined there is little likelihood of disposal by transfer to other government organizations, Foreign Military Sales (FMS), or donation use as a museum/memorial in a public display, and when no requirements exist to support fleet training use or weapons effectiveness testing, the ship will be disposed of by dismantling. Ships designated for foreign military transfer will be retained in an FMS hold status for no more than two years.

The Navy intends to dismantle the ships listed in Table A2-2 within the FYDP. Specific dates have not been determined as several factors dictate when the ships will be put under contract for their scrapping or, in the case of nuclear-powered ships, for their recycling.

There are three TARAWA-class Amphibious Assault Ships (LHA) and five AUSTIN-class Amphibious Transport Docks (LPD) being retained in the inactive inventory in support of the Amphibious Lift Enhancement Program (ALEP). The Chief of Naval Operations and Commandant of Marine Corps are exploring options to rescope this program since maintaining these vessels in a suitable state of readiness is cost prohibitive for the Department of the Navy.

Table A2-2. Ships Planned for Disposal by Dismantling

Ex-TICONDEROGA (CG 47)	Ex-HAYES (AG 195)
Ex-INDEPENDENCE (CV 62)	Ex-YORKTOWN (CG 48)
Ex-UNDERWOOD (FFG 36)	Ex-CANON (PG 90)
Ex-NICHOLAS (FFG 47)	Ex-KITTY HAWK (CV 63)
Ex-SAMUEL B ROBERTS (FFG 58)	USS CHAMPION (MCM 4)
Ex-MOBILE (LKA 115)	USS SCOUT (MCM 8)
Ex-CHARLESTON (LKA 113)	USS SENTRY (MCM 3)
Ex-EL PASO (LKA 117)	USS DEVASTATOR (MCM 6)
Ex-BOONE (FFG 28)	USS ARDENT (MCM 12)
Ex-JOHN L HALL (FFG 32)	Ex-BARRY (DD 933)
Ex-STEPHEN W GROVES (FFG 29)	Ex-GRAND RAPIDS (PG 98)
Ex-HAWES (FFG 53)	Ex-DOYLE (FFG 39)
Ex-THOMAS S GATES (CG 51)	

Table A2-3 lists the ships that the Navy plans to utilize in support of fleet SINKEXs during the upcoming FYDP. Although SINKEXs contribute to inactive ship inventory reduction, the primary purpose of a SINKEX is to conduct weapons effectiveness testing or Fleet training. The Chief of Naval Operations (CNO) guidelines for the conduct of SINKEXs authorize such exercises only if they meet one of the

following criteria: (1) the event is required to satisfy Title 10 requirements for ship survivability or weapons lethality evaluation; or (2) the event supports major joint or multi-national exercises or evaluation of significant new multi-unit tactics or tactics and weapons combinations.

Table A2-3. Ships Planned for Disposal by Sinking

Ex-MCCLUSKY (FFG 41)	Ex-FORD (FFG 54)
Ex-CURTS (FFG 38)	Ex-INGRAHAM (FFG 61)
Ex-RACINE (LST 1191)	Ex-DURHAM (LKA 114)
Ex-ST LOUIS (LKA 116)	

IV. Summary

This report outlines the Navy's plans for retired or retiring ships developed as a result of an annual Ship Disposition Review conducted on January 11, 2016. As a result of this review, the Navy plans to retire 28 battle force ships during the FYDP, with dispositions for retention in the inactive inventory, conversions, or dismantling. The Navy currently plans to dispose of 32 inactive ships for which it has no further use, 25 by dismantlement and seven during SINKEXs.