

U.S. May Delay Next Carrier

Questions Surround Proposed 2-Year Shift

(DEFENSE NEWS 11 JUL 11) Christopher P. Cavas

U.S. Navy officials, now deliberating budget proposals for 2013, are seriously considering a delay of two years before buying the most expensive ship the service needs to order, the aircraft carrier John F. Kennedy (CVN 79).

Officials won't comment on budget deliberations, but the move appears to be an effort to lessen the burden on the annual shipbuilding budget. It is not clear, however, what other effects the delay might have.

The budget discussions are extremely closely held. Briefs showing the 2015 carrier are marked "secret," according to one industrial source.

"It's a very sensitive issue," said a Navy source. "It's exceptionally unsettled. It's not a done deal, but it's definitely in the consideration process."

The most efficient pace at which to build new aircraft carriers, industry and Pentagon officials agree, is one ship every four years. It's a rate the shipyard and its industrial base can handle, in capacity and price, and it's a reasonable time to spread out payments for the ship, which can come to \$10 billion to \$12 billion per ship.

To lessen the annual budget load, former Defense Secretary Robert Gates in 2009 spread the gap between the current carrier under construction, the Gerald R. Ford (CVN 78), and the Kennedy to five years. Gates further decreed that carriers would be put on "five-year centers," or a production rate of one every five years.

The Navy has not signaled, however, whether a shift of the Kennedy from 2013 to 2015 would put carriers on a seven-year building rate, or if CVN 80, the carrier now scheduled for 2018, would remain where it is, shift to 2020 or go to 2022. Also unclear is the effect on the rest of the carrier force building schedule, which stretches beyond the foreseeable future.

The shift could reduce the number of carriers operated by the Navy. Required by law to maintain 11 carriers, the service is on track to dip to 10 in 2040. Spreading out the building rate, while keeping the service life of existing ships at 50 years, means the dip could happen in the mid-2030s or perhaps sooner.

Another proposal under discussion is cutting the 2018 carrier entirely. Sources said at least one faction within the administration supports the move, which could save about \$10 billion in the ship's purchase price.

Navy leaders, however, are said to strongly oppose that proposal, which appears -- at the moment -- unlikely.

Delaying the Kennedy by two years would “make the carrier unaffordable,” said one shipbuilding policy expert. “It’s shortsighted.”

The issue isn’t all about budgeting, the expert said.

“When you wait that long between construction start centers, you lose the industrial base, the workforce. Prices go through the roof.

“The industrial base that supports carrier construction is very fragile,” the policy expert said, adding that many specialized suppliers could go out of business.

One Capitol Hill naval expert suggested the move “would affect all the submarine and carrier programs,” although the effect on surface combatants and amphibious ships is less clear.

All aircraft carriers are built at Huntington-Ingalls Industries’ Newport News shipyard in Virginia, which also builds Virginia-class submarines. Asked for comment, the company would not specifically address the potential shift in carrier construction.

“While we don’t comment on Navy budget deliberations and associated speculation, we have and will continue to support the program of record that has aircraft carriers being procured every five years. We believe this is the most cost-efficient way to build these testaments of national purpose,” said spokesperson Jerri Dickeski. “We also support the Navy’s ... commitment to a stable shipbuilding plan.”

Also not clear is the way the Navy would apportion payments for the Kennedy should it be delayed. The ships are not paid for all at once; rather the cost is spread over a number of years. Budgeting for the Kennedy began in 2007 with advanced procurement -- purchases of long-lead items such as nuclear reactors, engines, propellers and other items needed early in the ship’s construction. Up to \$2 billion a year will be spent to build the Kennedy, through to the final construction allotment of \$1.03 billion in 2016.

Adding an additional two years to the ship’s construction could reduce the annual budgets, said one congressional source.

“I would imagine the budgeted number for 2013 and 2014 could drop by one-half to two-thirds right now,” the congressional source said. “So something less than a billion per year.”

But, the source cautioned, “the ship will get more expensive in the long run. Not just because of inflation. Keeping the ship hanging around longer will add to the ship’s cost -- at least a few hundred million per year. Over two years, you could say, the price could increase in the upper hundreds of millions.”