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Nine for the Navy: Proposals to Accelerate a Delayed Naval Buildup

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KEY TAKEAWAYS

To meet the threat of a possible war in the Pacific by 2027, the U.S. Navy must seriously increase its capacity and its firepower at sea.

Congress should therefore consider the proposals in this report in determining funding for naval readiness under the FY 2026 National Defense Authorization Act.

These investments would lay the foundation for a rapid expansion of the naval shipbuilding, munitions production, and forward operations that are vital to victory.

China has been preparing to be militarily ready for a possible war in the Pacific by 2027. It is therefore essential that the U.S. Navy seriously increase both its capacity and its firepower at sea. This report outlines nine proposals that should be considered in determining funding for naval readiness under the National Defense Authorization Act (NDAA) for fiscal year (FY) 2026. Although these proposals admittedly do not address all of the Navy's current needs, if adopted and supported with the necessary resources, they would seriously enhance America's ability to deter China in the near term.

What follows is best viewed as a down payment on a multiple-year naval rebuilding program that has been too long deferred and is now urgently needed to enable America to deter war this decade and win the New Cold War. With this in mind, the following

proposals would require the commitment of $153 billion for a Naval Act procurement plan of 45 warships and $9.7 billion in additional spending over the President's proposed FY 2026 budget. These investments would lay the foundation for a rapid expansion of the naval shipbuilding, munitions production, and forward operations that are vital to victory.

Nine Proposals to Set the Course for Naval Revival

Proposal No. 1: Naval Act 2026. A modern naval act, as it did in 1938, can enhance the nation's naval shipbuilding capacity for a potential war with China. Ideally as a stand-alone bill, it would draw attention to a national security priority while not competing directly with other military service budget needs.[1] It also would further protect shipbuilding from fluctuating and tardy budgets that have caused needed capacity investments to be delayed.

Ordering warships in multiples, known as block buys, provides efficiencies that result in savings. Recent experience indicates savings of up to 15 percent. The Congressional Budget Office notes that the cost of warships increased by upwards of 10 percent as building proceeded and delays ensued.[2]

However, to enable the Navy and shipbuilders to make the best engineering decisions and capital investments, a new contracting mechanism—Shipyard Accountability and Workforce Support (SAWS)—is needed.[3] This is not a novel approach for commercial, large, and capital-intensive projects, but it is not currently how Congress and the Navy run naval shipbuilding. Using the most recent long-range shipbuilding plan from March 2024, an update of which is long overdue, this effort would include 45 warships already in series production with a stable design at a pre-savings cost of $153 billion.[4]

Proposal No. 2: Name a fifth (and potentially a sixth) public shipyard. Because the four existing public shipyards are not sufficient to meet the Navy's shipbuilding and maintenance needs, a fifth public shipyard is needed. It will need to be placed in a region far enough away from the existing shipyards—ideally in a state with business-friendly regulations—to have a separate labor pool from which to draw.[5]

The current Chief of Naval Operations, Admiral Daryl Caudle, stated in January 2023 when he was Commander of Fleet Force that the Navy needed six public shipyards to sustain the nuclear submarine and aircraft carrier fleet, both today and in the future.[6] Given the potential for a Pacific War this decade, a new public shipyard in the region that is able to dry dock

Ford-class aircraft carriers and *Columbia*-class ballistic missile submarines is most urgently needed. The Navy has already begun to explore options, but resources and political backing are needed to move forward.

Congress, with the Navy's recommendation, should therefore include the naming of a new Pacific public shipyard in the current NDAA with funding to acquire the land and begin to break ground for construction in FY 2026. To begin construction of a new public shipyard, the current program of record—the Shipyard Infrastructure Optimization Program (SIOP)—should have a one-time infusion of $1 billion to name and begin the construction work needed to establish one new public shipyard in the Pacific.

Proposal No. 3: Re-establish First Fleet and accelerate AUKUS. As China nears its self-imposed deadline to be militarily ready to win a war against the U.S. over Taiwan by 2027, forward presence and sustainment capacities will be critical to deterring, let alone winning, such a war. The clock is ticking, and bold action is needed.

One act with significant strategic implications would be the modest re-establishment of First Fleet. This fleet would be led by a senior naval officer with a small staff focused on accelerating the Australia–United Kingdom–United States (AUKUS) partnership and overseeing a maritime campaign to confound China's coercive activities in the South China Sea.[7] In addition, the Navy should announce the first submarine to be rotationally based at HMAS Stirling, Australia, with an arrival date no later than July 4, 2027.

In 2018, while the Seventh Fleet flagship *Blueridge* was conducting major repairs, a logistics support ship (T-EPF) was repurposed as a flagship for months of operations in Southeast Asia; this should serve as the model for First Fleet. As a starting point, $60 million should be allocated for establishment of First Fleet, to include activation and deployment to the Western Pacific of a T-EPF logistics ship as flagship.

Proposal No. 4: Fund the *Constellation*-class frigate and name a second shipyard. Designation of a second shipyard to complete additional frigate construction by the time the lead ship is delivered to the Navy needs to be accelerated. This would allow time for lessons from the lead ship's first deployment to be fed back to inform production as this second shipyard begins operations. The second-shipyard approach would increase the numbers of frigates commissioned annually while allowing modest design modifications based on at-sea experience.

The frigate is a multi-mission warship that is expected to carry 32 vertical launching system (VLS) cells; up to 16 containerized naval strike missiles (NSM); and one helicopter. Its sensors include a scaled down SPY-6 radar, also installed on *Arleigh Burke*-class destroyers, and a variable-depth sonar

system. Paired with an embarked helicopter, the ship can be a capable submarine hunter with limited air defenses,[8] attributes that, matched with at-sea endurance, are needed to guard forces across the expanse of the Pacific. The anticipated cost would be $2 billion to continue construction at the current shipyard while contracting for construction of frigates at a new second shipyard, thereby adding needed shipbuilding capacity with orders for a needed class of warship.

Proposal No. 5: Place orders for the first flight of armed long-endurance unmanned ships. China is arming so that it can be ready to wage and win a war with America by 2027—the same time that, unless something is done, the Navy's at-sea firepower will reach its nadir. At present, there are few options to redress this danger: specifically, rapid deployment of Army and Marine Corps littoral combat forces with long-range weapons to East Asian allies and rapid fielding of armed unmanned platforms. The most viable option today is a ship like the USV (unmanned surface vehicle) *Ranger* that deployed to the Western Pacific in 2023[9] and in 2021 demonstrated a capability to launch weapons like the SM-6.[10]

Orders should be placed at two shipyards of similar design based on lessons learned from the USV *Ranger*. This initial order would consist of orders for three ships at each shipyard both to ensure the program's economic viability and to assess which shipyard design best meets the Navy's operational needs with options for follow-on orders. This build program, the initial cost of which would be approximately $500 million, should include associated weapons and shoreside support infrastructure to sustain these vessels in the Western Pacific (for example, Guam).

Proposal No. 6: Block buy key naval munitions: Standard Missile-3 (SM-3); Standard Missile-6 (SM-6); Advanced Capability (ADCAP) heavyweight torpedoes; and Tomahawk cruise missiles. The U.S. military's precision-guided munition inventory is classified, but given recent expenditures in the Red Sea and in defending Israel from Iranian attack, these inventories are obviously under pressure. Best estimates point to inventories of 4,000 Tomahawk cruise missiles and 11,000 air and missile defense Standard Missiles (SM-2, SM-3, and SM-6).

This may seem like a lot, but consider that just during several months in the Red Sea against the Houthis, the *Eisenhower* Carrier Strike Group expended 125 Tomahawks representing more than 3 percent of inventory and 155 Standard Missiles equating to 1.4 percent of inventory.[11] Another 30 Tomahawks were used during the June 22, 2025, Midnight Hammer attacks to degrade Iran's nuclear facilities. At the same time, only 25 missiles were procured in FY 2024, and only 18 are scheduled for FY 2025—in effect a shrinking arsenal.[12]

Replacing stocks is critical, but production rates lag. Tomahawk Land Attack Missile (TLAM) procurement and procurement requests have declined from over 200 per year to 22. To reverse this trend, more block procurement and advance procurement of critical missile components is needed to expand and accelerate the production rate of key munitions (SM-3, MK48 ADCAP torpedo, SM-6, and Tomahawk); options for co-production must be included to enable rapid expansion of production rates in the near term.[13]

Under the proposed Navy budget, however, ADCAP torpedo orders would fall by 22 (26 percent) from the FY 2025 level; Standard Missile orders are to increase by 61 missiles (a deficit of 16 in replacing expenditures in the Red Sea alone). The news is better for long-range anti-ship missiles (LRASSM–ER) and Tomahawks. All told, instead of being reduced, all key munition orders should be increased by a margin of 20 percent over peak production rate with delivery of orders beyond current capacity met by expanded co-production overseas and investments to increase domestic production.

Finally, while not considered part of the block buy itself, given that the airframe is shared with the Tomahawk, the Navy and Congress should accelerate redeployment in this decade of a Submarine Launched Cruise Missile–Nuclear (SLCM–N) capability based on legacy systems (modification of current variants of the W80 warhead originally used).[14] This should be done while pursuing a longer-term replacement that is currently expected to be ready by 2034.[15] This would require an additional expenditure of $2 billion–$3 billion above proposed procurement.

Proposal No. 7: Fund the next-generation Long-Range Carrier-Based Fighter (F/A-XX). In the Cold War against Soviet long-range bomber-launched anti-ship cruise missiles, the Navy employed the F-14 Tomcat, which had a range of better than 1,800 miles, with air-to-air AIM-54 Phoenix missiles, which had a range of 100 miles. Today, America needs a similar aircraft. China fields anti-ship ballistic missiles like the DF-21D that are capable of targeting an aircraft carrier almost 1,000 miles from China, well into the Philippine Sea, and air-launched anti-ship cruise missiles with ranges of 300 miles (the YJ-12) to 930 miles (air launched ballistic missile YJ-21).

To defend our fleet from such threats, the next-generation carrier strike fighter (F/A-XX) will need to proceed rapidly to targets with an unrefueled range of well over 1,500 miles. Sadly, the Department of War is reportedly putting the F/A-XX on life support with $74 million in developmental funding.[16] The Navy's request for $1.4 billion in its unfunded priorities request should be approved to accelerate development of this needed fighter.

Proposal No. 8: Accelerate design and begin advance procurement of long lead-time components for CG(X). The Navy's remaining nine *Ticonderoga*-class cruisers will reach the end of their lifespans by 2038. Since 2000, the Navy has attempted to build a replacement that can provide air defense for carrier strike groups, but the newest *Arleigh Burke*–class destroyers (Flight III) with limited weapons load and space constraints for embarked air defense component command staff at best provide a partial cruiser replacement.[17] The Navy is currently considering a compromise destroyer design that will not deliver until the 2030s; the Congressional Budget Office "estimates the average cost of each of the[se] 28 ships to be $4.4 billion, which is also about one-third more than the Navy's estimates."[18]

Congress should direct the Navy to redesignate its DDG(X) program as CG(X) to emphasize its role as an air and missile defense provider to carrier strike groups. Congress also should stipulate that additional developmental funding that can meet completion by January 1, 2027, be authorized; current proposals include $93.9 million for ship preliminary design and feasibility studies and $81.9 million for propulsion risk mitigation and demonstration.[19] To meet this accelerated developmental timeline and scope as a CG(X), an additional $200 million should be conditionally authorized.

Proposal No. 9: Begin production of next-generation submarine tenders (AS). The existing two submarine tenders, both of which are based in Guam, are years beyond their design lifetime, and replacements are critically needed to sustain a forward operating nuclear submarine force in the Western Pacific.[20] The Navy will be retiring its aged submarine tenders *Frank Cable* and *Emory S. Land* in 2029 and 2030, respectively. However, it has only just begun to design replacements, which means that the Navy must find assets that can execute the submarine tender mission until a replacement is put to sea, most likely in the next decade.[21]

One possibility is the repurposing of underutilized offshore mobile oil rigs like the one used as a platform for sea-based X-band radar in the Navy's Pacific missile defense.[22] Modification of existing mobile offshore oil rigs could reasonably be executed well before retirement of the Navy's submarine tenders and before the 2027 peak danger of war in Asia. Under the current plan, the Navy would procure its first submarine tender replacement in FY 2027 at $1.113 billion; this should be accelerated into FY 2026. Additionally, funds should be authorized for a proof-of-concept demonstration in calendar year 2026 using a repurposed offshore oil rig as a forward afloat submarine support vessel. The total added expense to do both in the FY 2026 budget would equate to $1.6 billion.

Conclusion

It is recommended that Congress, working with the Navy, include the nine proposals detailed here in the FY 2026 budget. Because of the large expenditure envisioned, special consideration should be given to a stand-alone authorization for a Naval Act of 2026. China will not be deterred by prototypes or plans alone; deterrence will require the delivery of added firepower at sea in the months remaining before 2027. At the same time, we must lay the foundations that will enable us to sustain a prolonged war and achieve victory in the New Cold War with China. These proposals would go a long way toward achieving both goals.

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