

# SHIPBUILDING AND REPAIR

## Navy Needs a Strategic Approach for Private Sector Industrial Base Investments

Based on a  
GAO report



United States Government Accountability Office  
Report to Congressional Committees

February 2025

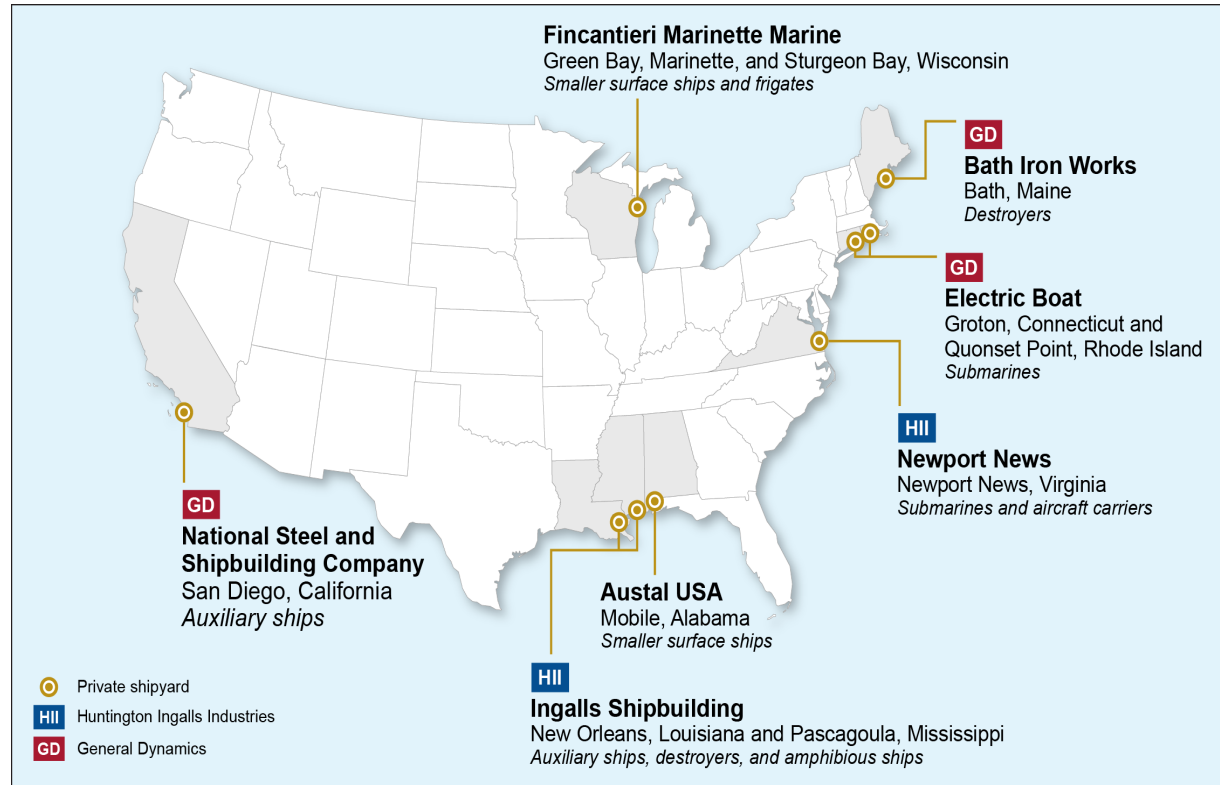
### SHIPBUILDING AND REPAIR

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GAO-25-106286

# Navy Shipbuilding Industrial Base

Map of Major Shipbuilders for U.S. Navy Ships, as of September 2024



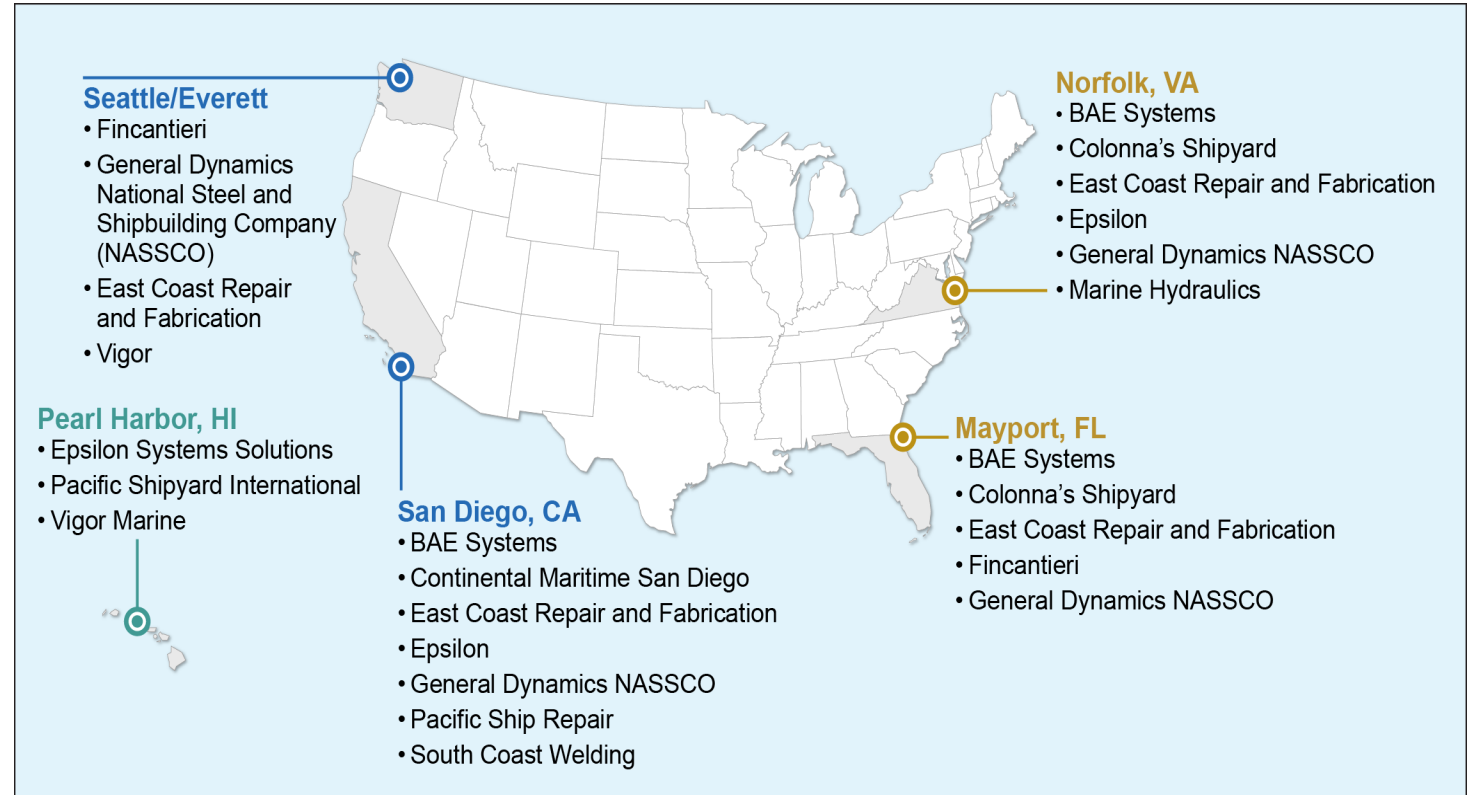
Source: GAO analysis of private shipbuilder information; Map Resources (map). | GAO-25-106286

- The Navy primarily uses seven shipbuilders to build its battle force ships, several of which have specialized production capabilities that constrain the types of vessels they can build.
- The number of additional domestic shipbuilders is limited.
- The Navy's fiscal year 2025 shipbuilding plan states that U.S. commercial shipbuilding has experienced a near-total collapse. It calls for revitalization of the domestic shipbuilding industry to bolster enable better cost and schedule outcomes for Navy shipbuilding.

# Navy Ship Repair Industrial Base

- The private sector industrial base for ship repair has expanded in recent years, leading to more capacity for Navy repair work. The Navy attributes some of these improvements to a change it made to its contracting strategy in 2015, which it stated has increased competition.
- Unlike in shipbuilding, in ship repair, there are often enough companies with capacity that there may be multiple companies able to compete for repair periods.

**Map of Private Ship Repair Companies Conducting Complex Navy Ship Repair as of May 2024**



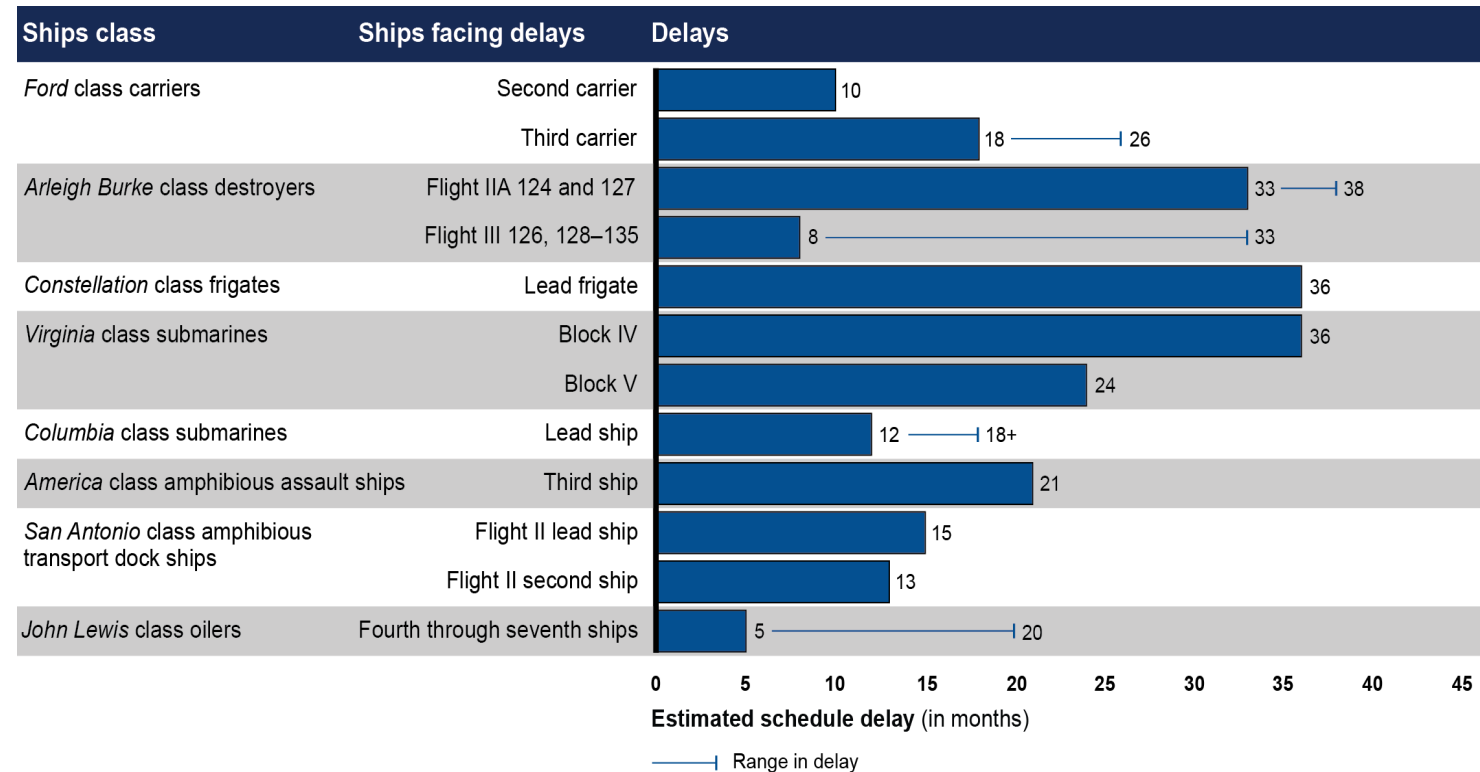
Source: GAO analysis of private ship repair company information; Map Resources (map). | GAO-25-106286

# Cost and Schedule Increases for Navy Shipbuilding Programs

The Navy's fiscal year 2025 shipbuilding plan states that it was based on the assumption that private industry will produce future ships on time and within budget—an assumption not grounded in historical trends.

- Our analysis found that schedule delays continue for most ships currently under construction.
- We also found that many shipbuilding programs face cost overruns.

**Navy Ship Schedule Delays in Months for Ships Under Construction, as of September 2024**



Source: GAO analysis of Navy and contractor documents. | GAO-25-106286

# Schedule Performance in Navy Ship Repair



Ensign Saavan Patel (photo). | GAO-25-106286

- The private ship repair industrial base has not met the Navy's schedule goals for completing repair periods. In fiscal year 2022, repair companies completed only 36 percent of nonnuclear-powered surface ship repair periods on time.
- The Navy has achieved some improvements since 2019. The average days of maintenance delay trended down from fiscal years 2019 through 2022.

# Key Infrastructure and Workforce Challenges Facing the Ship Industrial Base

 <h2>Shipbuilding</h2>	 <h2>Ship repair</h2>
<div data-bbox="198 785 382 985"></div> <div data-bbox="433 799 705 842"><b>Infrastructure</b></div> <div data-bbox="433 849 1085 949"><ul style="list-style-type: none"><li>• Aging infrastructure</li><li>• Lack of physical space in shipyard</li></ul></div> <div data-bbox="198 1028 382 1235"></div> <div data-bbox="433 992 639 1035"><b>Workforce</b></div> <div data-bbox="433 1042 1116 1235"><ul style="list-style-type: none"><li>• Insufficient number of workers to meet demand</li><li>• Recruitment and retention problems</li><li>• Inexperienced staff</li></ul></div>	<div data-bbox="1248 778 1439 985"></div> <div data-bbox="1477 799 1750 842"><b>Infrastructure</b></div> <div data-bbox="1477 849 2150 949"><ul style="list-style-type: none"><li>• Not enough capacity for unplanned work, like emergent repairs</li></ul></div> <div data-bbox="1248 1035 1439 1235"></div> <div data-bbox="1477 992 1686 1035"><b>Workforce</b></div> <div data-bbox="1477 1042 2191 1235"><ul style="list-style-type: none"><li>• Repair workload could exceed workforce capacity in certain fleet concentration areas, resulting in work that may be shifted to other locations</li></ul></div>

Source: GAO analysis of Navy and private-sector company information (data); U.S. Navy photo/Ricky Thompson, U.S. Navy photo/Aya Stewart (photos left to right); and GAO (icons). | GAO-25-106286

# DOD Investments in the Ship Industrial Base

DOD spent over \$5.8 billion from fiscal year 2024 to fiscal year 2023 to support the shipbuilding industrial base, with plans to spend an additional \$12.6 billion through fiscal year 2028.

Contract Incentives for Private Investment and Direct Investments for the Shipbuilding Industrial Base, Fiscal Years (FY) 2014-2028
















Funding source	FY2014–2023 <sup>a</sup> (millions of dollars)	FY2024–2028
Navy contract incentives for private investment		
	Incentive fees earned	Remaining incentive fees under contract
Investment incentives	1,831	1,505 <sup>b</sup>
Navy direct investment		
	Funding received	Budget requests
Submarine industrial base	1,911	9,946 <sup>c</sup>
Surface combatant industrial base	725	60
Frigate	50	–
Manufacturing technology	575	322
National shipbuilding research program	124	–
Navy direct investment total	3,385	10,328
Office of the Secretary of Defense (OSD) direct investment		
	Funding received	Budget requests
Industrial Base Analysis and Sustainment (IBAS)	306	740
Defense Production Act (DPA) Title III	301	–
Defense manufacturing community support program	21	–
OSD Total	628	740
Total	5,844	12,573




– No funding specific to the Navy ship industrial base in budget requests

Source: GAO analysis of Department of Defense (DOD) budget documents and interviews with DOD officials. | GAO-25-106286



# Extent to Which the Navy and OSD Have Performed Selected Oversight Functions to Determine Effectiveness of Shipbuilding Industrial Base Funding

	Tracking Organizations should obtain data from reliable internal and external sources in a timely manner based on identified information requirements so that they can be used for effective monitoring.	Return on investment Organizations should design appropriate types of control activities for the entity's internal control system to achieve objectives, such as activities to monitor performance measures and indicators.	Visibility across investments Organizations should communicate quality information about funding and performance metrics externally and internally through reporting lines so that other parties can help the entity achieve its objectives and address related risks, such as duplication and overlap.
Navy Contract Incentives			
Contract Investment Incentives			
Navy Direct Investment			
Submarine Industrial Base Supplier Development Funding			
Surface Combatant Industrial Base Supplier Development Funding			
OSD Direct Investment			
Industrial Base Analysis and Sustainment			
Defense Production Act Title III			

-  The Navy or the Office of the Secretary of Defense performs the function for this investment category: tracking funding, measuring return on investment, or establishing visibility across investments.
-  The Navy or the Office of the Secretary of Defense does not perform the function for this investment category, nor does it have documented plans to do so.
-  The Navy or the Office of the Secretary of Defense is taking initial steps to perform the function. These efforts are in early stages of implementation, and we are continuing to monitor progress in these areas. For example, submarine industrial base supplier development funding follows a new operating procedure to track returns on investment, though suppliers have yet to demonstrate these metrics.

OSD Office of the Secretary of Defense

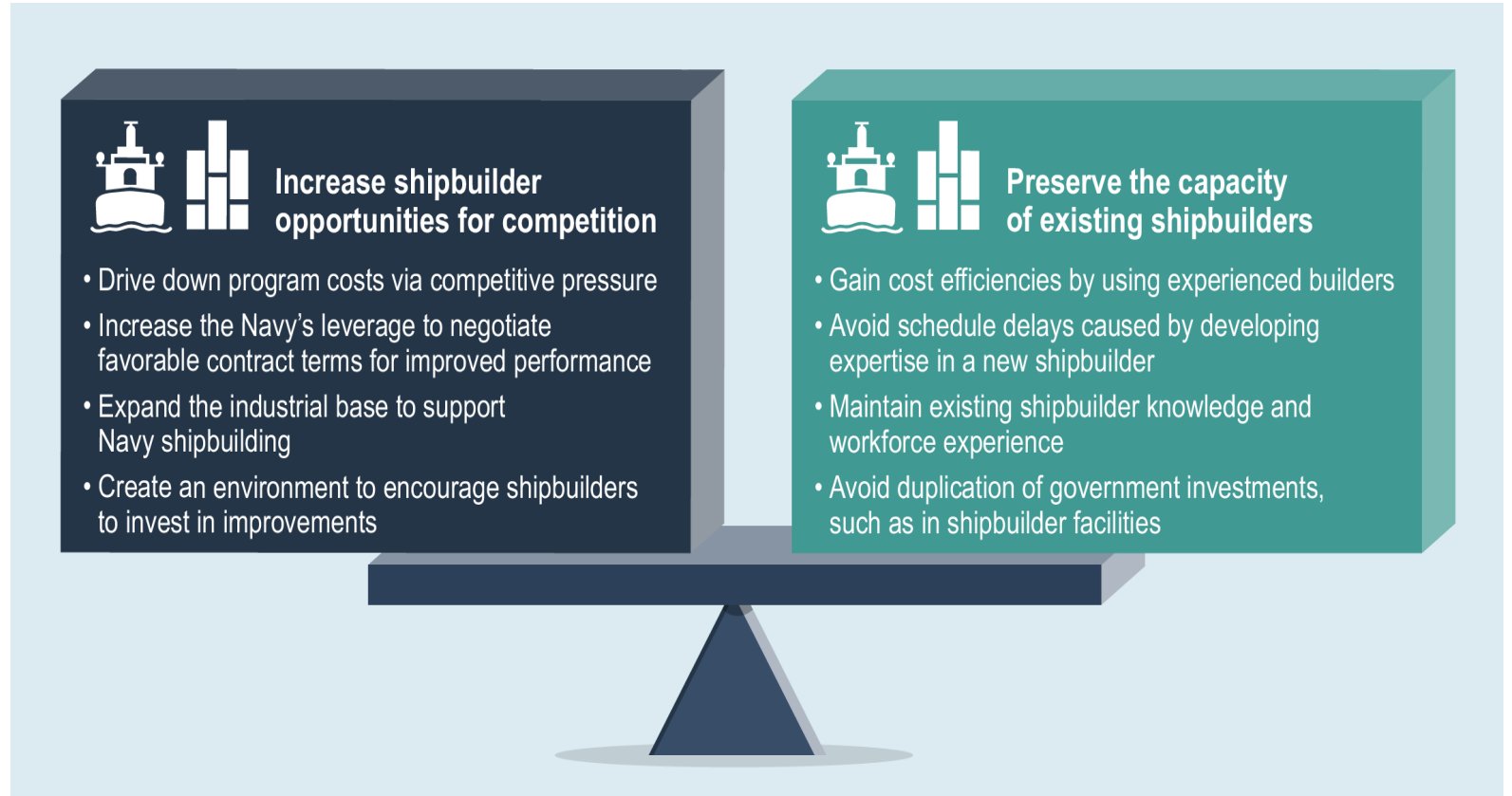


# The Navy Does Not Have a Long-Term Strategy for Managing the Ship Industrial Base

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Developing a ship industrial base strategy would help the Navy better address challenges, such as navigating its' competing priorities.

## Examples of Competing Priorities in the Navy Shipbuilding Industrial Base



Source: GAO analysis of Navy contract file documents and other Department of Defense information; GAO (icons). | GAO-25-106286

A large black submarine hull section is being moved by a blue gantry crane at a shipyard. The crane is labeled "Newport News Shipbuilding". Several workers are visible on the submarine and on the crane. The background shows other shipyard structures and cranes under a cloudy sky.

# Navy's New Maritime Industrial Base Program Office

The Navy launched a new Maritime Industrial Base program office in September of 2024. This program office is working to make progress on the Navy's industrial base efforts.

According to the Navy, the program office will be poised to take action on some of the recommendations in our report, such as:

- Developing a ship industrial base strategy
- Providing an integrated approach to surface ship and submarine industrial base funding