GAO Highlights

NAVY SHIPS

Applying Leading Practices and Transparent Reporting Could Help Reduce Risks Posed by Nearly $1.8 Billion Maintenance Backlog

Why GAO Did This Study

To keep its fleet of surface ships, aircraft carriers, and submarines ready, the Navy requires ships to undergo regular, intensive depot-level maintenance. Yet at times the Navy has deferred required depot-level maintenance due to operational demands or limited shipyard capacity and funding. This has created a backlog of deferred maintenance. Navy leaders stated maintaining the ships it currently has is a cost-effective way to help achieve its goal of growing the fleet.

House Report 116-442 included a provision that GAO review Navy deferred depot maintenance. GAO examines the Navy's (1) extent of deferred depot maintenance on surface ships, aircraft carriers, and submarines; (2) use of leading practices in managing deferred maintenance; and (3) reporting on the costs of deferred maintenance.

GAO examined deferred depot-level maintenance for surface ships, aircraft carriers, and submarines, and the associated backlog; reviewed Navy data and documents, including financial documents; and interviewed Navy officials. GAO evaluated Navy practices against leading practices GAO had identified for managing public-sector deferred maintenance backlogs.

What GAO Recommends

GAO is making nine recommendations to incorporate leading practices for managing deferred maintenance and to improve Navy reporting on the depot maintenance backlog. DOD generally concurred with the recommendations.

What GAO Found

In the past decade, surface ships have accounted for nearly all of the Navy's deferred depot maintenance backlog. Aircraft carriers have experienced minimal increases in backlog, and maintenance is rarely deferred for submarines. At GAO's request, the Navy developed an estimate of its maintenance backlog that totaled nearly $1.8 billion, comprising nearly $1.7 billion for surface ships and nearly $100 million for carriers. The surface ship maintenance backlog included $1.2 billion for deferred maintenance on ships the Navy proposed to decommission early in its fiscal year 2022 budget request. The accumulated maintenance backlog contributed to the Navy decisions to decommission nine ships, according to officials, which will result in the loss of 34 years of ship service life (see figure). Early decommissioning leads to a smaller fleet and could hinder efforts to meet operational and presence requirements.

Proposed or Actual Decommissioning of Ships with Deferred Maintenance Backlog

CG - Cruiser   LSD - Dock Landing Ship
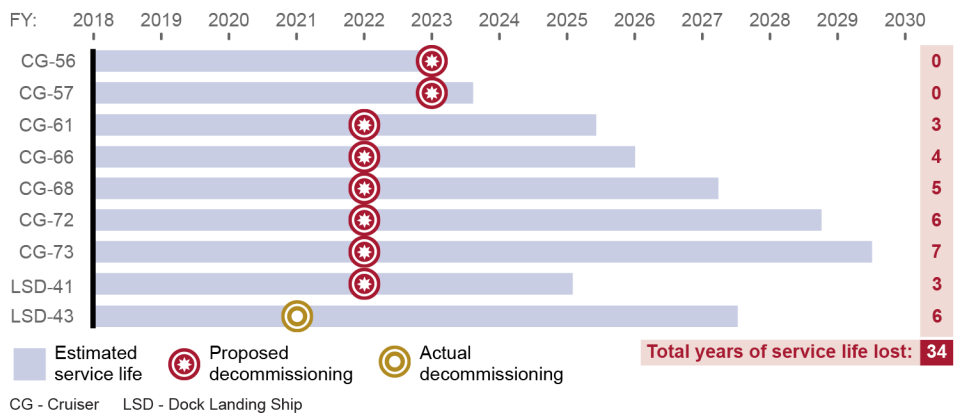
Source: GAO analysis of U.S. Navy information. | GAO-22-105032

Managing the surface fleet's depot maintenance backlog, the Navy met six of the nine leading practices that GAO has previously identified as effective strategies for managing deferred maintenance backlogs. Specifically, it has not established comprehensive performance measures for reducing the backlog; identified the full range of risks posed by a lack of timely investment; or identified the funding needed to address the backlog of deferred depot maintenance. Doing so would help the Navy better manage its surface fleet.

The Navy understated the amount of its ship deferred depot maintenance in its 2021 financial reports by about $1.6 billion. The Navy reported only about $181 million in unfunded ship deferred maintenance in its 2021 annual financial report even though estimates it prepared for GAO show a nearly $1.8 billion backlog. The Navy has not established clear guidance for required information on ship deferred maintenance in financial reports. Having quality information on the costs of deferred maintenance—and the effects on maintenance backlogs—would provide the Navy and Congress with greater transparency about the Navy's efforts to maintain ships and would promote improved operational readiness.

United States Government Accountability Office