

GAO Highlights

Highlights of [GAO-25-106286](#), a report to congressional committees

Why GAO Did This Study

The Navy plans for a larger, more capable fleet of ships to counter evolving threats. But the Navy has struggled to increase the size of the fleet for the past 2 decades. Its performance in shipbuilding and ship repair is critical to achieving the desired future fleet.

Senate Report 116-236 includes a provision for GAO to examine the ship industrial base. GAO's report examines the extent to which (1) the industrial base can support Navy shipbuilding and repair; (2) DOD supports the ship industrial base and assesses its support; and (3) the Navy has a strategic approach to the industrial base.

GAO analyzed DOD and Navy data and documentation; interviewed agency officials and all companies conducting complex repairs for surface ships and major shipbuilding; and conducted site visits.

What GAO Recommends

GAO is making six recommendations to DOD, including that it improves visibility across investments; and that the Navy establish metrics for its investments; assess its repair needs; and create a ship industrial base strategy. DOD did not provide formal comments on this report, but the Navy noted in draft comments that it generally concurred with the substance of the recommendations. The Navy stated that one of the six recommendations should include additional parties within the Navy. GAO agreed and adjusted the recommendation accordingly.

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February 2025

SHIPBUILDING AND REPAIR

Navy Needs a Strategic Approach for Private Sector Industrial Base Investments

What GAO Found

The private companies that the Navy contracts with to build vessels and repair surface ships are key components of the Navy's ship industrial base. These private companies augment the repair work conducted at the Navy's public shipyards.

Ship Industrial Base Struggles to Meet the Navy's Goals

- Shipbuilding.** The shipbuilding industrial base has not met the Navy's goals in recent history. The Navy's shipbuilding plans have consistently reflected a larger increase in the fleet than the industrial base has achieved. Yet, the Navy continues to base its goals on an assumption that the industrial base will perform better on cost and schedule than it has historically. The shipbuilders have infrastructure and workforce challenges that have made the Navy's goals difficult to accomplish.
- Ship repair.** The Navy has not historically met ship repair goals, but it has improved since 2019. The industrial base has grown since then, and representatives from some companies that GAO spoke with stated they often had more capacity than the Navy used. But companies may not be able to take on unplanned work due to infrastructure or workforce limitations. For example, a dry dock of the right size may not be empty when needed.

Key Infrastructure and Workforce Challenges Facing the Ship Industrial Base

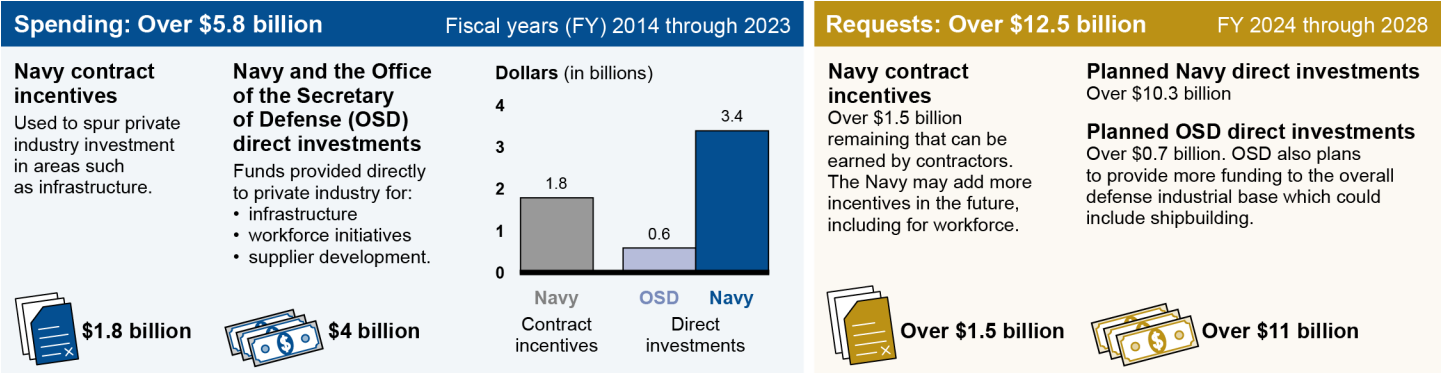
Shipbuilding		Ship repair	
	Infrastructure <ul style="list-style-type: none">Aging infrastructureLack of physical space in shipyard		Infrastructure <ul style="list-style-type: none">Not enough capacity for unplanned work, like emergent repairs
	Workforce <ul style="list-style-type: none">Insufficient number of workers to meet demandRecruitment and retention problemsInexperienced staff		Workforce <ul style="list-style-type: none">Repair workload could exceed workforce capacity in certain fleet concentration areas, resulting in work that may be shifted to other locations

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 Invests Billions to Support the Shipbuilding Industrial Base

The Department of Defense (DOD)—specifically the Navy and Office of the Secretary of Defense (OSD)—spent billions to support the shipbuilding industrial base. This included funding for infrastructure and workforce improvements for shipbuilders and their suppliers. But it has yet to fully determine the effectiveness of that support (i.e., its return on investment), though it has taken steps to do so. More specifically, DOD spent over \$5.8 billion on the shipbuilding industrial base from fiscal years 2014 through 2023. It plans to spend an additional \$12.6 billion through fiscal year 2028. DOD spent this funding on contract incentives and direct investments.

DOD Investments and Budget Requests for the Shipbuilding Industrial Base, Fiscal Years 2014–2028



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

However, the Navy and OSD are not fully coordinating their shipbuilding investments to prevent duplication or overlap in spending. For example, the Navy and OSD do not coordinate across all investment efforts—such as between submarines and surface ships—though they both make related investments in workforce and infrastructure for these ship categories. Further, the Navy has yet to fully establish performance metrics, such as measurable targets that link to the agency’s goals that would enable it to consistently evaluate the effectiveness of its investments in building a larger fleet or achieving other intended outcomes. Without better visibility across investments and established performance metrics, the Navy and OSD cannot ensure their investments in the shipbuilding industrial base are an effective use of federal funds to help build a larger fleet.

The Navy plans to make direct investments in the ship repair industrial base as it has for shipbuilding. However, the Navy has yet to fully assess how much infrastructure, such as dry docks, it needs to meet its ship repair goals when considering other than peacetime needs. Without understanding its needs, the Navy risks funding more infrastructure than necessary, which could interrupt the competitive environment.

The Navy Has Not Developed a Strategy for Managing the Ship Industrial Base

The lack of an overall strategy to guide management of the ship industrial base hinders Navy efforts to address several challenges, such as:

- **Changing plans for future work.** The Navy has struggled to provide industry with a stable workload projection. The Navy’s plans for building and repairing ships vary from year to year, hindering efforts to encourage the industry to invest in needed infrastructure.
- **Competing priorities.** The Navy seeks to increase opportunities for competition in shipbuilding and repair, while simultaneously seeking to protect existing companies. These priorities can be at odds. A more competitive environment could help expand the industrial base, but some companies could struggle to remain viable if they do not win contracts.

Developing a ship industrial base strategy would help the Navy better address these challenges to improve the likelihood of achieving its shipbuilding and ship repair goals. GAO’s prior work has shown that a consolidated and comprehensive strategy enables decision-makers to better guide program efforts and assess results. GAO also previously identified desirable characteristics that a national strategy should include. DOD issued its national industrial strategy in November 2023. However, Navy officials told GAO that it established a new program office in September 2024 that will be positioned to develop a strategy for the ship industrial base. Officials said they plan to have additional details available in early 2025. Until the Navy implements a ship industrial base strategy, it will not be able to effectively align or assess its actions to manage the industrial base for shipbuilding and repair.