Summary. The **SHIPYARD Act** appropriates $25 billion to improve Navy shipyard infrastructure under the Defense Production Act (DPA), including: $21 billion for Navy public shipyards, $2 billion for major Navy private new construction shipyards, and $2 billion for Navy private repair shipyards in order to repair and modernize facilities and make critical capital equipment improvements.

Background.

- **Public Navy Shipyards**. The Navy operates four public shipyards that maintain and modernize our nuclear-powered submarines and aircraft carriers in order to provide combat-ready ships to the fleet, including:

    1. Norfolk Naval Shipyard (VA).

    2. Portsmouth Naval Shipyard (ME).

    3. Pearl Harbor Naval Shipyard and Intermediate Maintenance Facility (HI).

    4. Puget Sound Naval Shipyard and Intermediate Maintenance Facility (WA). .

- **Private New Construction & Repair Shipyards**. Commercial shipyards build all Navy warships and perform depot-level repair maintenance on conventionally-powered ships.

    - Major New Construction Shipyards: Ingalls Shipbuilding (MS), Austal USA (AL), Newport News Shipbuilding (VA), Electric Boat (CT and RI), Bath Iron Works (ME), Fincantieri Marinette Marine (WI), and NASSCO General Dynamics (CA).

    - There are approximately 20 major repair shipyards located predominantly in the following states: AL, CA, FL, HI, MS, SC, VA, WA, and WI.

    - Smaller private shipyards involved in naval shipbuilding and repair also qualify for funding.

    - Suppliers and subcontractors of private repair and new construction yards will also be eligible.

Current Problems. A recent GAO report assessed that Navy readiness has decreased since 2017, and pointed to "**limited maintenance capacity at private and public shipyards as the primary challenge for recovering ship and submarine readiness**." (GAO Report 21-279, "Military Readiness")

- Aging Infrastructure. The Navy has described the current public shipyard infrastructure as providing "insufficient capacity, inefficient facility configurations, and aging infrastructure and equipment." (CRS Report IF1466, "Defense Primer: Department of Defense Maintenance Depots")

- Dry Dock Limitations. "17 of the Navy's dry docks can service older *Los Angeles*-class submarines, but only 12 can accommodate their replacement, the *Virginia*-class submarine, and only seven can service the newest Block V *Virginia*-class submarine, which is 83 feet

longer than earlier variants." (Maiya Clark, The Heritage Foundation, "U.S. Navy Shipyards Desperately Need Revitalization and a Rethink")

- Exorbitant Maintenance Delays. A 2020 GAO report cited the Navy's recent maintenance woes, stating that "the Navy's four shipyards completed 38 of 51 (75%) of maintenance periods late for aircraft carriers and submarines with completion dates planned for fiscal years 2015 through 2019, for a combined total of 7,424 days of maintenance delay." (GAO Report 20-588, "Navy Shipyards")

- Maintenance Backlog. Delays caused by lack of public and private repair capability are crippling our naval readiness at a time when we can least afford it. For example:

    - After a damaging collision in 2017, it took over 22 months to complete repairs to destroyer *USS Fitzgerald* (DDG 62) due to limited shipyard capacity. (William Hawkins, Naval Institute Proceedings, "The Naval Industrial Base is in Worse Shape than you think")

    - *USS Boise* (SSN-764), a *Los Angeles*-class Attack Submarine, languished pierside for nearly 4 years while awaiting critical repairs due to insufficient shipyard capacity. (CBO Report 57026, "The Capacity of the Navy's Shipyards to Maintain Its Submarines")

- Current Infrastructure cannot keep pace with China. China has already surpassed the U.S. Navy as the world's largest by sheer numbers of warships. In December 2020, the Navy released an updated 30-year Shipbuilding Plan with an updated requirement for 546 naval vessels, including 403 manned vessels and 143 unmanned vessels. Unfortunately, today's private new construction shipyards simply do not have the capacity to produce the numbers of warships this plan requires. (William Hawkins, Naval Institute Proceedings, "The Naval Industrial Base is in Worse Shape than you think")

SHIPYARD Act Proposed Solutions.

1. **Fully Fund the Navy's Shipyard Infrastructure Optimization Program (SIOP)**. By fully funding the Navy's $21 billion Shipyard Infrastructure Optimization Program, the Navy can accelerate needed improvements to our four public shipyards rather than delay upgrades over a 20-year timeline. Any delay will exacerbate existing maintenance shortfalls, negatively impacts current Navy warfighting readiness and limit the ability to support a larger Navy.

2. **Invest in Commercial New Construction Shipyards**. America's new construction shipyards, all private, are the lifeblood of our Navy. A $2 billion investment will help subsidize key upgrades and modernization projects that will ensure these shipyards can continue to meet the shipbuilding demands of today and the future demands to compete with China.

3. **Invest in Commercial Repair Shipyards**. Private repair shipyards conduct the vast majority of the Navy's depot level maintenance, but struggle to meet the capacities of the current fleet. The SHIPYARD Act will invest $2 billion in assisting with infrastructure improvement projects that will support fleet maintenance requirements.

- **Use of the Defense Production Act (DPA)**. The SHIPYARD Act will leverage DPA funding authority to expedite and expand the U.S. industrial base needed to promote national defense. DPA Title III authorities are available to support protection or **restoration of critical infrastructure**, among other purposes. The bill allows a 20-year period to obligate funds to align with SIOP, but all funds will be available upon enactment to give the Navy flexibility and the ability to accelerate improvements..