Congressional Budget Office
Nonpartisan Analysis for the U.S. Congress

Shipbuilding, the Congress, and the Shipbuilding Industrial Base

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Presentation at the U.S. Naval Institute's Defense Forum Washington 2024

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For more information about the conference, see https://www.usni.org/events/defense-forum-washington-2024.

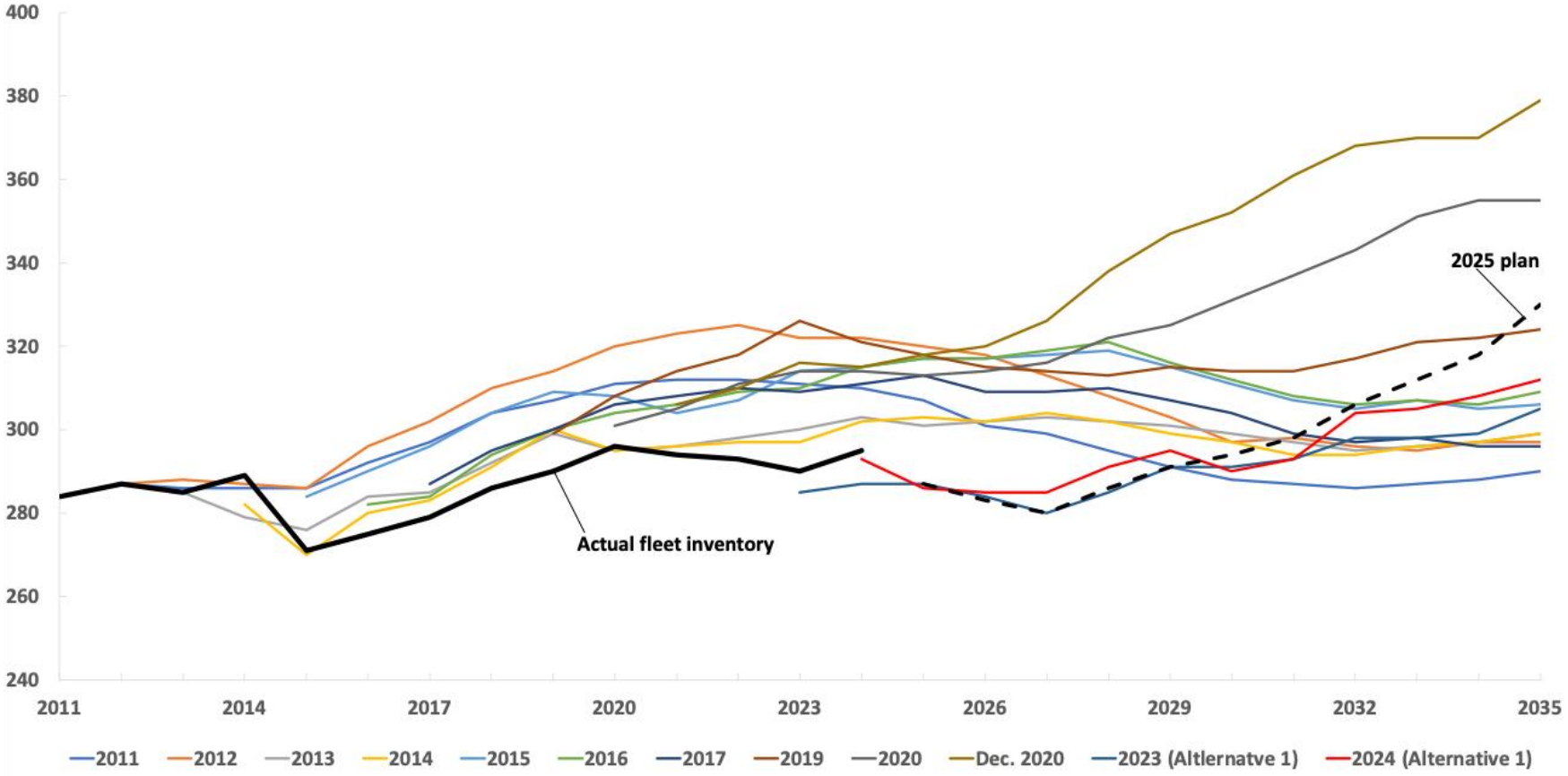
Topics Covered in This Presentation

- Congressional support for shipbuilding (Slides 2–5)
- The Navy’s 2025 shipbuilding plan (Slides 6–8)
- Challenges for the shipbuilding industrial base (Slides 9–13)
- Possible approaches to building a more lethal, more distributed fleet (Slides 14–16)

Congressional Support for Shipbuilding

The Navy's Projections of Its Fleet Under the Past 13 Shipbuilding Plans and Its Actual Inventory

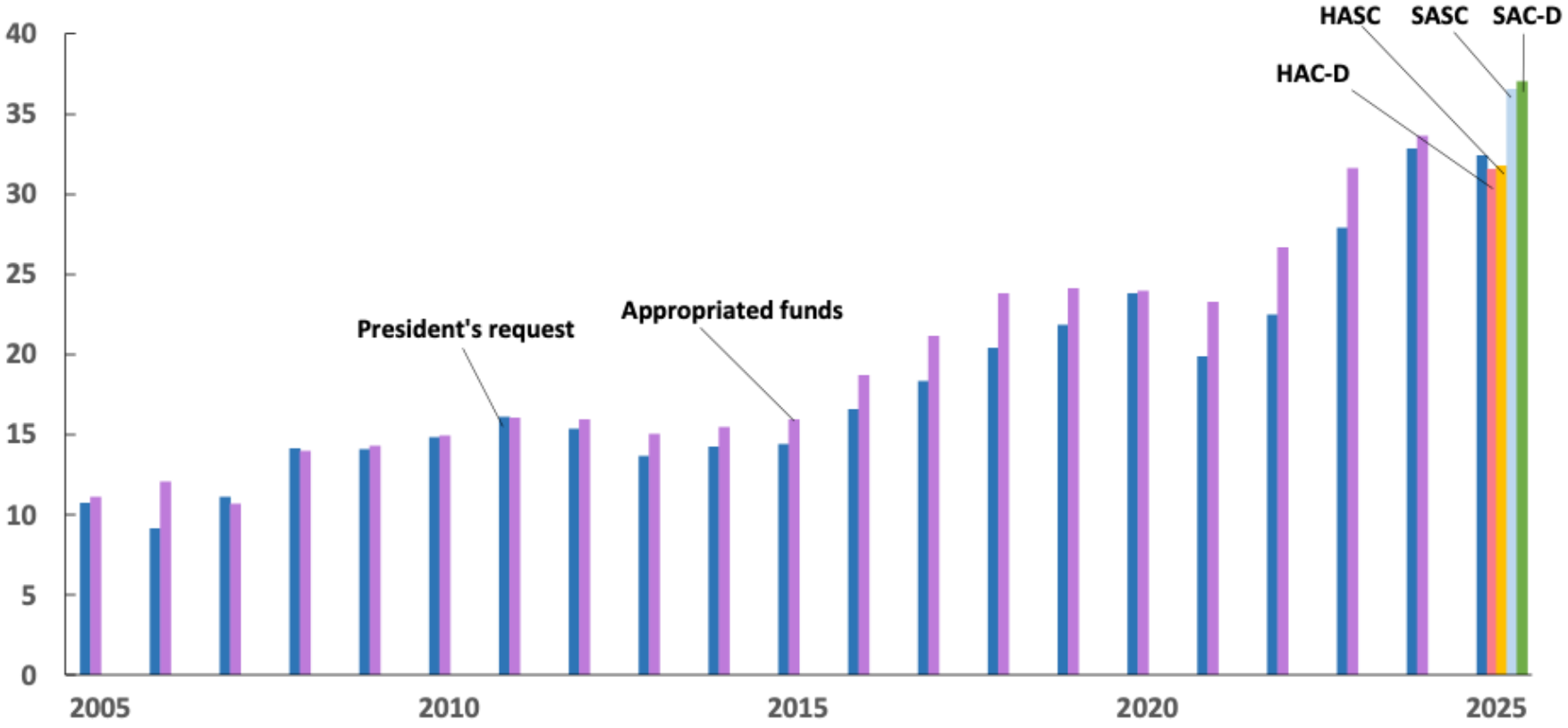
Number of battle force ships



The Navy's fleet has not met its aspirations for a larger battle force.

Shipbuilding Requests and Appropriations, 2005 to 2025

Billions of dollars

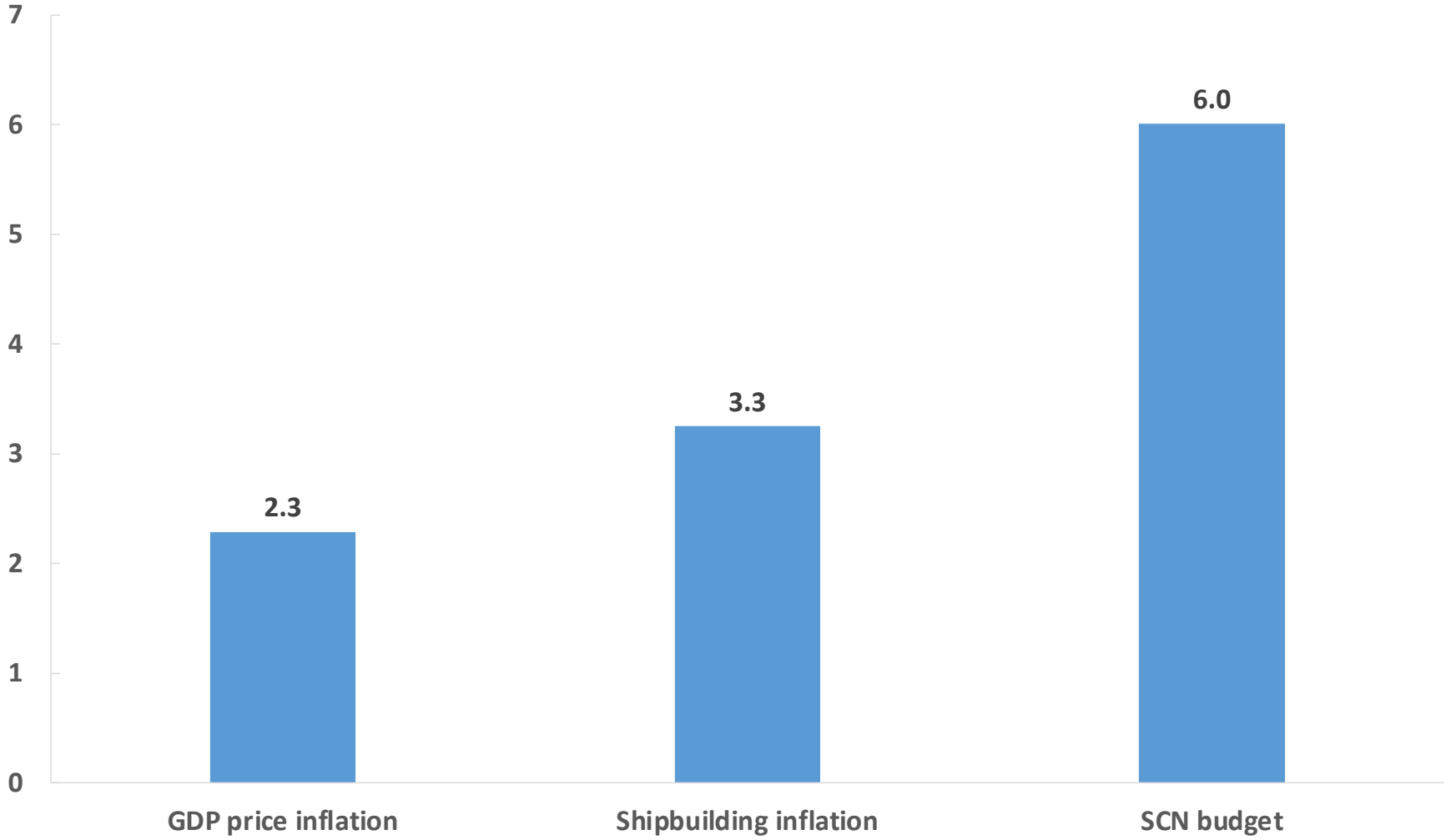


The Congress has consistently appropriated more funds for shipbuilding than Administrations have requested.

HAC-D = House Appropriations Committee, Defense Appropriations Subcommittee; HASC = House Armed Services Committee;
SAC-D = Senate Appropriations Committee, Defense Appropriations Subcommittee; SASC = Senate Armed Services Committee.

Average Annual Increase in GDP Price Inflation, Shipbuilding Inflation, and the Shipbuilding Budget, 2005 to 2024

Percent



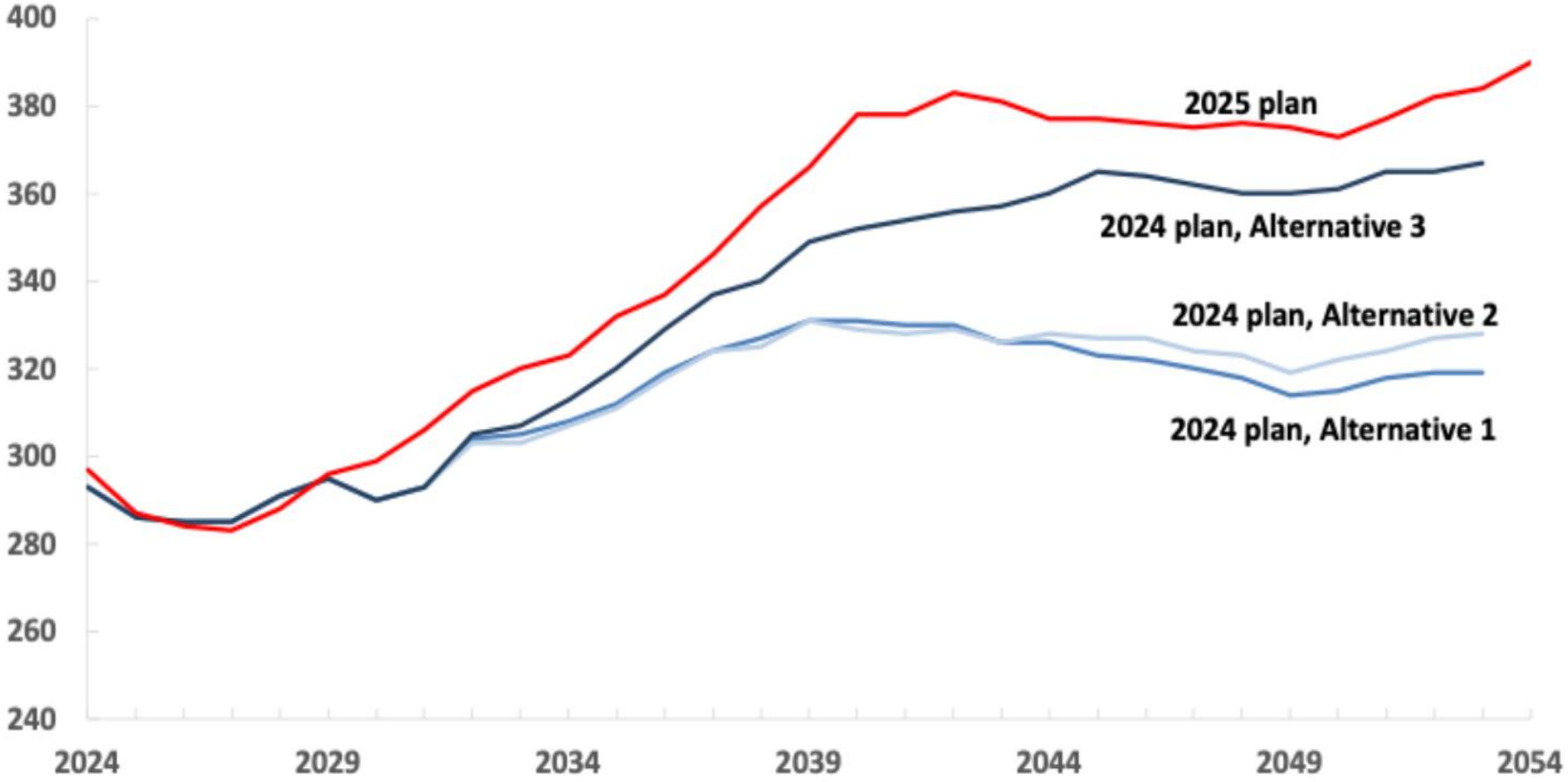
The Navy's shipbuilding budget has grown at a pace that is almost twice the rate of shipbuilding inflation.

GDP = gross domestic product; SCN = Shipbuilding and Conversion, Navy.

The Navy’s 2025 Shipbuilding Plan

Battle Force Ship Inventory Under the Navy's 2024 and 2025 Plans

Number of battle force ships

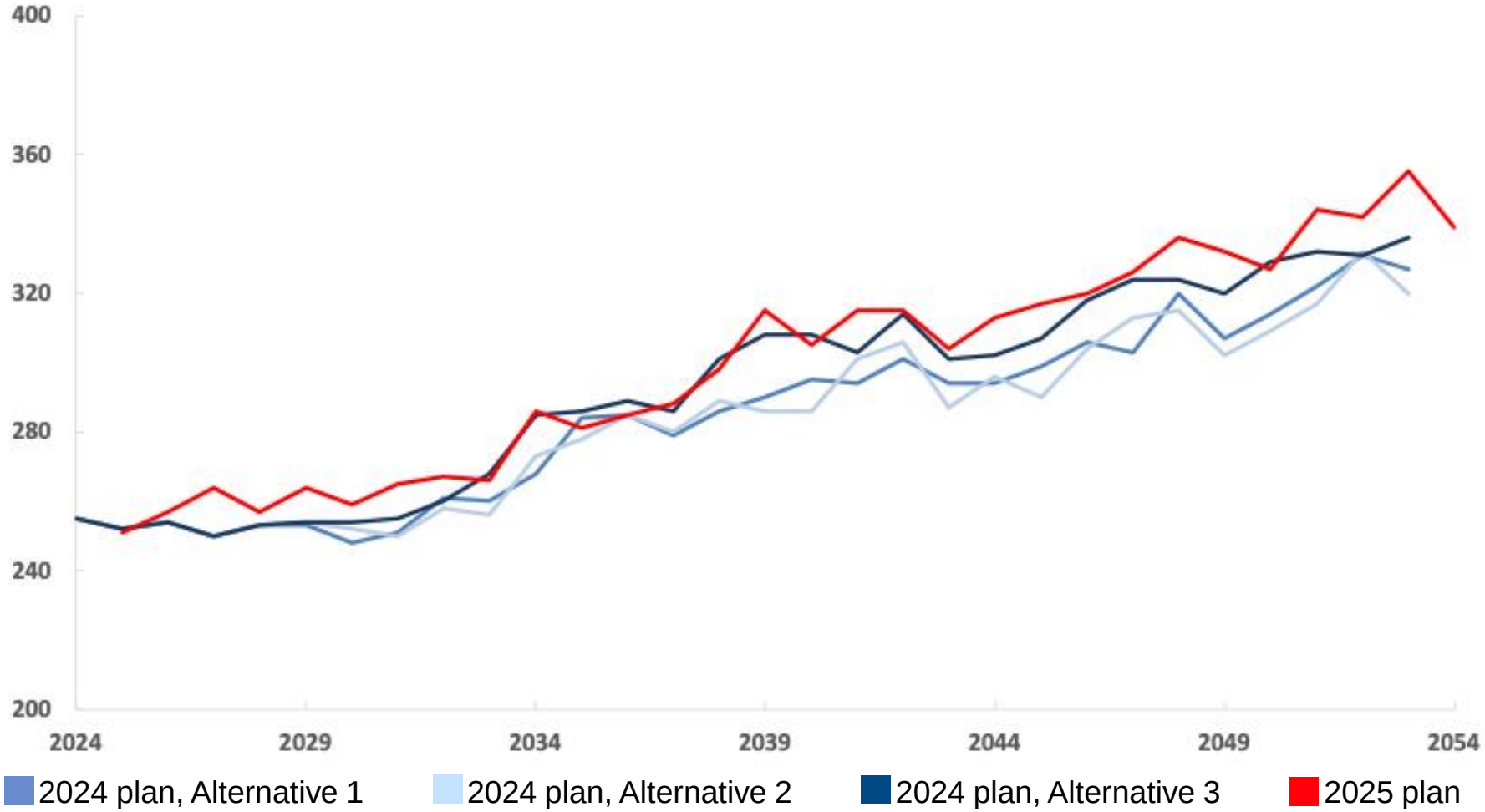


The Navy's 2025 plan would result in a larger battle force than any of the alternatives in the 2024 plan.

Unmanned systems are excluded from the battle force ship inventory.

CBO's Estimate of the Navy's Total Budget Under Its 2024 and 2025 Plans

Billions of 2024 dollars

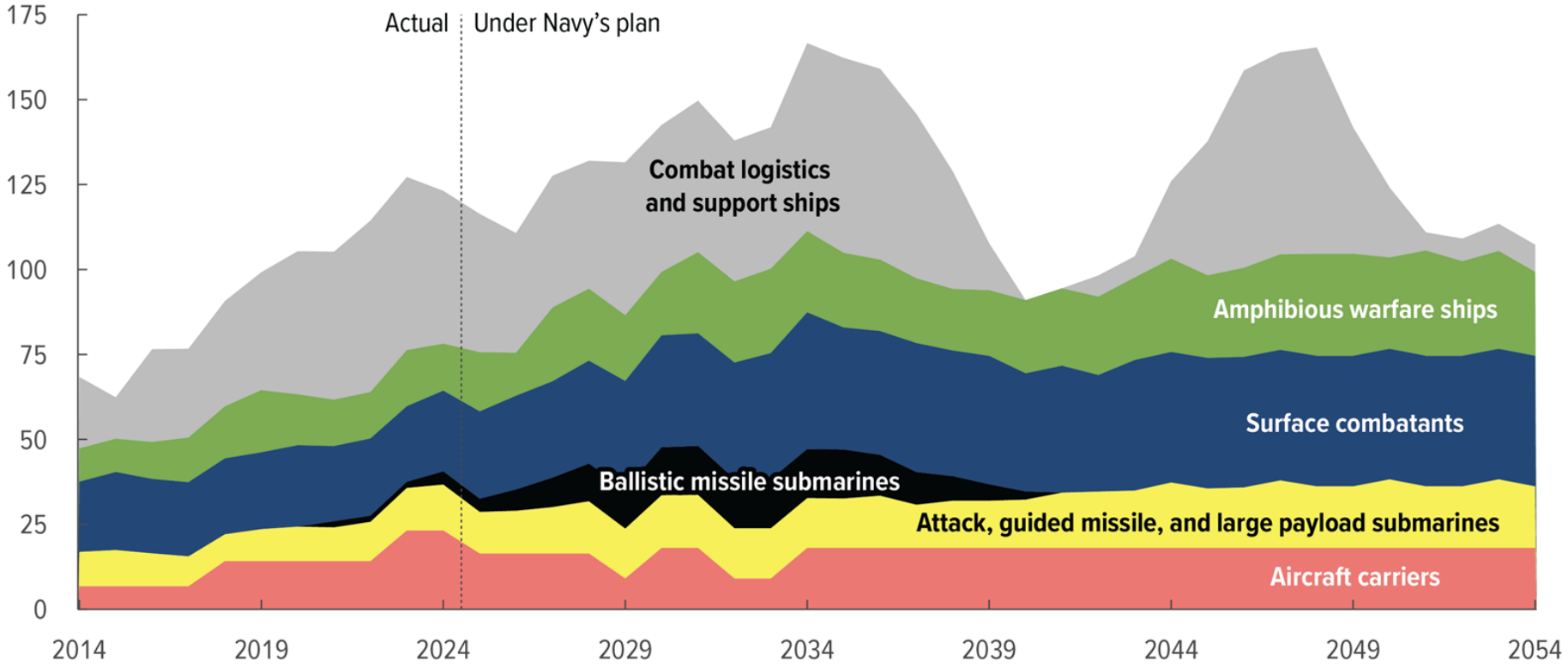


The Navy's budget would need to grow significantly in real (inflation-adjusted) terms for the service to buy, sustain, and operate a larger fleet.

Challenges for the Shipbuilding Industrial Base

Amount of Tonnage That Would Be Constructed Under the Navy's 2025 Plan

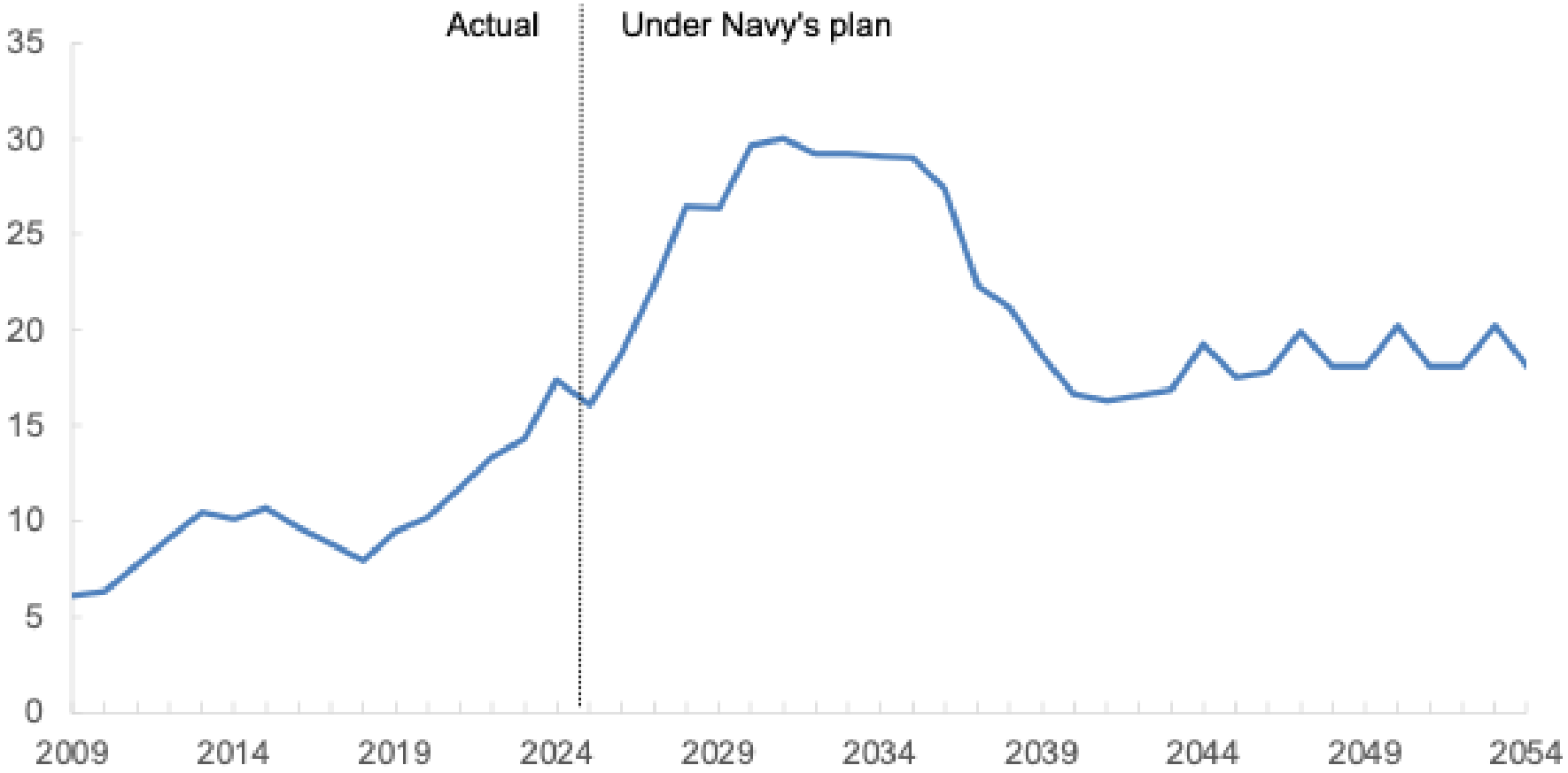
Thousands of tons



The demands that the 2025 plan would place on the nation's shipyards would be greater than those they have faced over the past decade.

Amount of Submarine Tonnage That Would Be Constructed Under the Navy's 2025 Plan, Without AUKUS Replacements

Thousands of tons, Condition A-1 weight

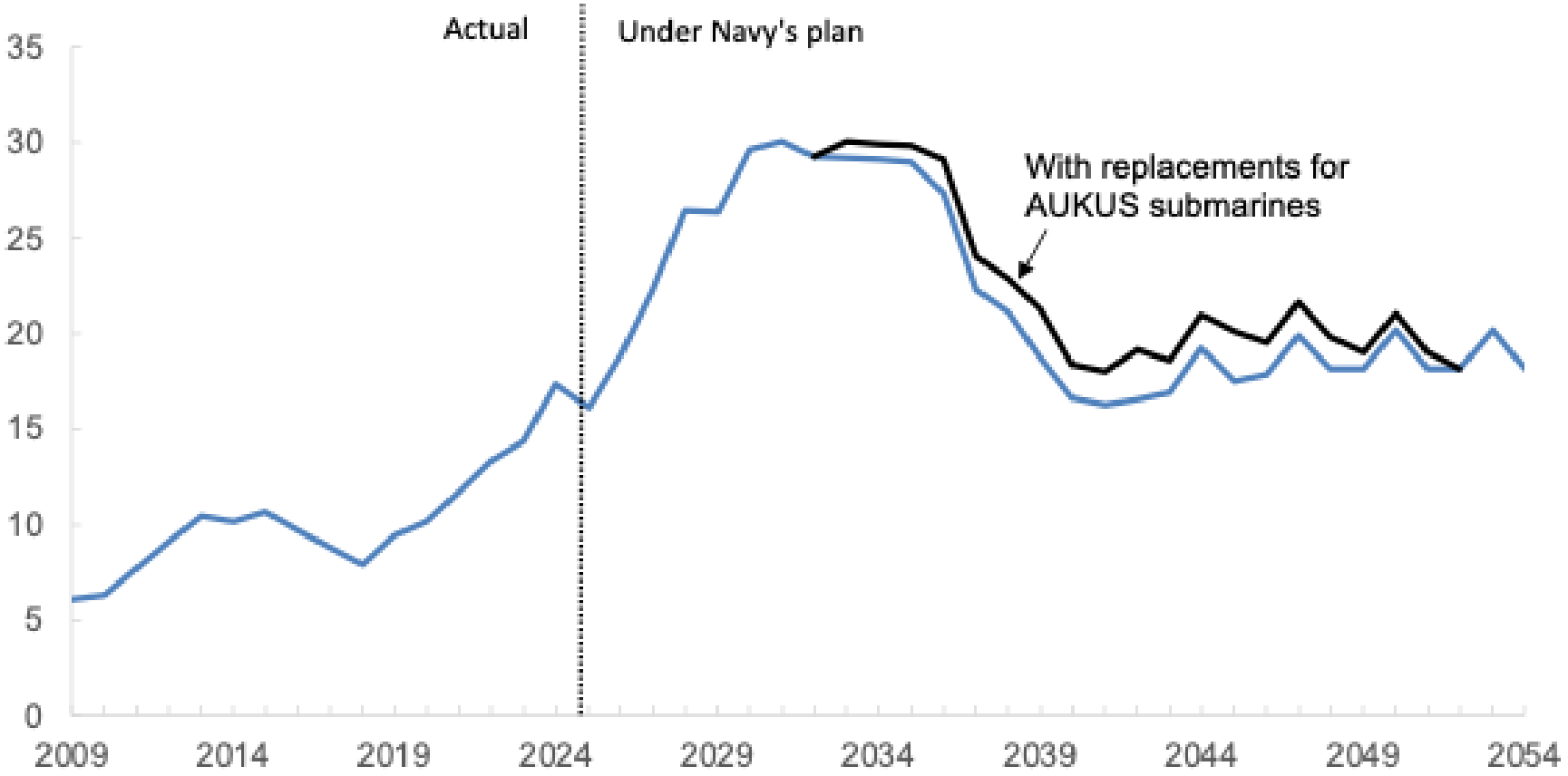


Submarine construction would nearly double under the Navy's 2025 plan, which does not include submarines to replace those that the United States would sell to Australia under AUKUS.

AUKUS = trilateral security pact among Australia, the United Kingdom, and the United States.

Amount of Submarine Tonnage That Would Be Constructed Under the Navy's 2025 Plan, Plus AUKUS Replacements

Thousands of tons, Condition A-1 weight

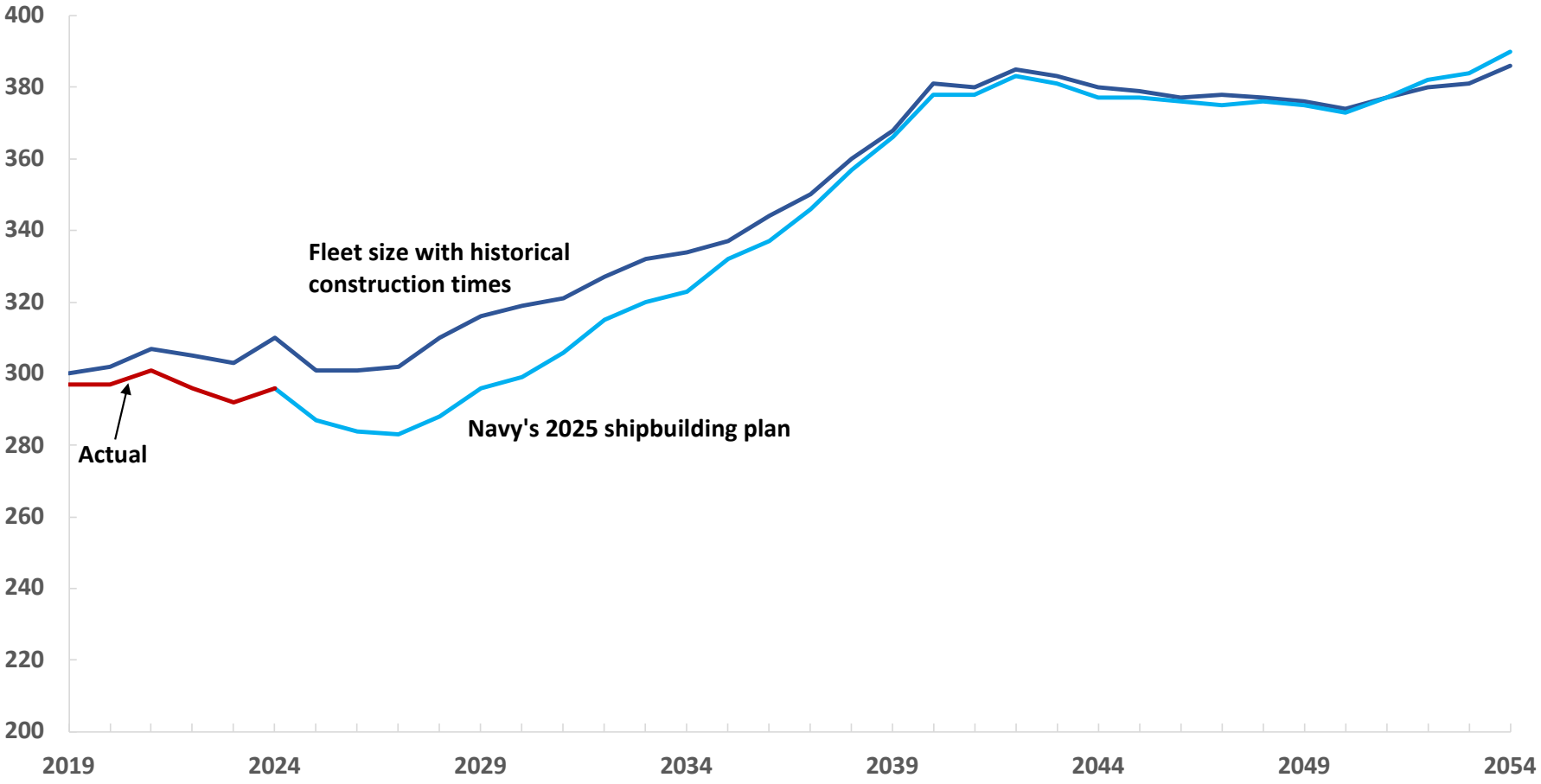


The United States will sell as many as 5 submarines to Australia under AUKUS. If the Navy bought 5 more submarines than its shipbuilding plan calls for to replace those ships at a rate of 1 every three years beginning in 2033, the tonnage that the shipyards would need to produce would further increase.

AUKUS = trilateral security pact among Australia, the United Kingdom, and the United States.

Fleet That Could Have Been Built If Construction Had Not Slowed in Recent Years

Number of battle force ships



The amount of time it takes to build naval ships has increased over the past two decades. If ship construction times remained the same as they were in the mid-2000s, the Navy's current fleet would be larger.

Possible Approaches to Building a More Lethal, More Distributed Fleet

Possible Approaches to Building a Larger, More Lethal Fleet Whose Firepower is Distributed Among a Greater Number of Ships

Build a small surface combatant—a missile corvette (DDC)—that could be built in shipyards not currently building naval warships, which would allow the service to focus on providing additional missile capability to the fleet.

- Pros: Would bring more shipyards to naval shipbuilding; ships would be less expensive to build than current ships under construction.
- Cons: Would require a new design; smaller yards would have a steep learning curve building military ships.

Retrofit missile cells—VLS or canister—onto existing amphibious, logistics, and support ships.

- Pros: Would make a larger portion of the fleet missile shooters; would be relatively low-cost and faster to carry out than buying new combatants.
- Cons: Would complicate fleet operations; would require Navy crews to operate the ships.

Buy used small merchant ships and equip them with missile canisters or VLS cells.

- Pros: Low-cost option; ships would need only small crews; could be accomplished quickly, in 1 to 2 years.
- Cons: Commercial ships are more vulnerable than military ships; would need Navy crews to operate.

VLS = vertical launch system.

Possible Approaches to Hiring—and Retaining—More Workers in Shipyards

Increase wages and benefits for shipyard workers, naval architects, and naval engineers.

Improve quality of life for workers in the shipyards.

Increase the supply of eligible workers.

Increase advertising and outreach to technical schools and community colleges across the country.