

Senators Hammer \$1 Billion Loss, Industrial Instability with Navy's Planned 2022 Shipbuilding



The Arleigh Burke-class guided-missile destroyer USS Thomas Hudner (DDG 116) passes the Arleigh Burke-class guided-missile destroyer USS Roosevelt (DDG 80), not pictured, June 21, 2021. *U.S. NAVY / Mass Communication Specialist 2nd Class Andrea Rump*

ARLINGTON, Va. – Senators on the Senate Armed Services Committee zeroed in on two aspects of the Navy's 2022 shipbuilding plans that would cost the nation more than \$1 billion in contract penalties and lost savings because of reduced shipbuilding.

The Navy's 2022 budget calls for the procurement of only one Flight II Arleigh Burke-class guided-missile destroyer (DDG) instead of the two planned for that year under the class multi-year procurement plan with Huntington Ingalls Industries and General Dynamics Bath Iron Works. With the cut of one destroyer, the Navy would incur a \$33 million penalty for the contract breach.

Testifying before SASC June 22, Acting Navy Secretary Thomas Harker confirmed to Sen. Angus King, I-Maine, that the \$33 million penalty would in fact be a result of building only one DDG in 2022. The second DDG is the top item on the Navy's 2022 Unfunded Priority List and would stand a chance for funding if Congress decides to add funds to the Navy's budget.

King also pointed out the "chilling effect on investment" that contract breach would have on the shipbuilding industry, part of which, Bath Iron Works, is located in his home state,

Maine.

“The point I want to make about this is not only the lack of a destroyer but the impact that this decision has on the industrial base, not only in the immediate future in terms of how many people do you need to build the ships but also the principle of breaking a multi-year, I would argue, sends a shudder through the industrial base in terms of their investment,” King said. “If they’re going to make major hundred-million-dollar investments in shipbuilding capacity, and also in training of new shipbuilders, they have to have some confidence that there’s a stream of demand coming.”

Adm. Mike Gilday, chief of naval operations, concurred.

“It’s not lost on me the significant impact on the industrial base with decisions like this,” Gilday said.

“The problem with this is you can’t turn the industrial base off and on,” King said. “If it goes down, you’re taking about welders going somewhere else, and in this economy, they’re going to go somewhere else.”

Sen. Roger Wicker, R-Mississippi, in whose state is Ingalls Shipbuilding, which builds the Navy’s amphibious warfare ships, criticized Navy’s 2022 shipbuilding plan in failing to plan for a build up to a force of a required 31-ship amphibious ship force – including 10 amphibious assault ships and 21 amphibious platform dock ships (LPDs) – and that the number LPDs would only reach 15 of the required 21 by 2027.

Section 124 of the 2021 National Defense Authorization Act “provided the Navy with a mechanism to procure two more LPDs [under a multiple ship procurement] to fill this gap. If OSD executes this authority, it would save the taxpayers over \$700 million,” Wicker said, addressing Marine Corps Commandant Gen David Berger. “General Berger, you have a need for more LPDs,” Wicker said. “Does the amphibious ship authority provided for you in Section 124 help you meet your warfighting

requirement?"

"It would do both parts of what you mentioned, senator, the warfighting requirement and it would save an estimated \$722 million," Berger said.

"The fact is, we couldn't afford it because somebody in the Office of Management and Budget sent word to the Pentagon that they weren't going to give you enough money," Wicker said.

Wicker repeated Gilday's statement at the hearing that "if we're going to meet the challenge [of great power competition], we're going to need a bigger Navy.

"'Tis is a crying need that we're going to have to meet," Wicker said.