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April 11, 2025

The Honorable John Phelan
Secretary of the Navy
1000 Navy Pentagon
Washington, DC 20350-1000

Dear Secretary Phelan:

It was a pleasure to meet you at the USS Iowa commissioning last week in Groton, and based on my conversations with people afterwards, your remarks at the ceremony and visit to Electric Boat were both extremely well-received. Your focuses on acquisition reform and the industrial base workforce in your speech are very much aligned with the bipartisan priorities of the House Armed Services Committee and I am hopeful that, together, the Department and the committee will advance both of those goals successfully in the next two years.

Along those lines, I want to flag one pending opportunity to address the well-documented need for wage improvement for shipyard metal trades, designers, and support staff that the Navy has identified as necessary to achieve recruitment and retention in the submarine industrial base. Simply put, the relative parity in wages in the hospitality, retail, and services sectors vis-a-vis shipyard employment has hindered the goal of achieving the hiring goals necessary to increase production. Going back to the Cold War period of high shipyard output, there was a premium on pay in the yards above the other sectors listed above.

With that in mind, I would like to bring to your attention a provision in the most recent National Defense Authorization Act, signed into law in December 2024, which authorized the Secretary of the Navy to address this issue in the negotiation and execution of Virginia-class submarine contracts. Section 1028, which provides authority to use incremental funding for the Virginia-class submarine program, also provides the Secretary of the Navy with the authority to modify existing contracts explicitly for an increase in wages for the shipbuilder force.

“Sec. 1028. AUTHORITY TO USE INCREMENTAL FUNDING FOR THE VIRGINIA-CLASS SUBMARINE PROGRAM.”

...

“(b) AUTHORITY TO USE INCREMENTAL FUNDING FOR LIMITED EFFORTS RELATED TO VIRGINIA-CLASS SUBMARINE PROGRAM.—”

“(1) IN GENERAL.—Subject to the limitation under paragraph (2), the Secretary of the Navy may modify existing contracts to provide for incremental funding of Virginia-class submarines...”

“(2) LIMITATION.—The authority under paragraph (1) may only be used to provide for an increase in wages for the shipbuilder workforce or an increase in non-executive level salaries.”

This paragraph, which was subject to appropriations, allows the Secretary of the Navy to surgically improve the wage levels in submarine shipyards for the workers who clearly will be instrumental in boosting production cadence in the attack submarine program. As the Department is aware, Congress appropriated this funding for wage improvement in the Continuing Resolution also signed into law last December. The concurrence of *both* appropriators and authorizers on this issue – which as we discussed, is not always the case – and passage of both these measures on a bipartisan basis demonstrates that this fully funded policy change was a consensus measure. Given that background, it is my hope that the Department will exercise this authority with all the necessary safeguards to ensure that the funding is targeted to the workforce.

Thank you for your consideration of this request, and as I stated at the commissioning, I look forward to working with you on the critical mission of improving our nation’s sea services.

Sincerely,



JOE COURTNEY
Member of Congress