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Dear HASC Colleague:

Ahead of FY25 budget hearings and negotiations, I am writing to provide perspective on the state of the submarine industrial base (SIB) following legitimate concerns raised on the post-COVID impacts on the enterprise and the Navy's proposed decision to cut procurement of one Virginia Class submarine in the FY25 budget as a means to address the backlog.

COVID's impact is not unique to Navy shipbuilding, as the U.S. manufacturing economy continues to experience workforce challenges and supply chain disruptions across all sectors. The disruption in Navy shipbuilding has not resulted in a static state of paralysis in the industry. Like the rest of U.S. manufacturing, it is experiencing a dynamic recovery, and I am seeing remarkable growth within the submarine industrial base that should not be overlooked. That is why a bipartisan group of members and I strongly support maintaining procurement stability in Navy shipbuilding, rather than cutting procurement which will only exacerbate challenges on our Navy and industrial base.

Here are a few critical observations:

- **Building a Stronger Workforce:** The U.S. Navy's lead shipyard for submarine construction – Electric Boat – hired a record number of employees (5,300+) in 2023, retaining 88% of its workforce, and the company is on pace to hire another 5,200 workers in 2024. This is made possible in part by a new, five-year union contract, providing stronger wages for all members, totaling 21.4% increase over the term of the contract.
- **Training pipelines are excelling:** Thousands of new shipyard workers were trained in record time just last year, fueled by strong, federally funded workforce development programs and a dramatic shift toward trade education in conventional high school curricula.
- **Shipyard capacity is increasing:** Newport News Shipbuilding has invested in four major new building projects to increase efficiency and capacity expansion in support of achieving "1+2" build rate for Virginia Class production and serial production of the Columbia Class program in FY26.
- **Production tempo is rising:** Workforce growth and increased capacity are a big part of the reason that Electric Boat and Newport News Shipbuilding will deliver three Virginia Class submarines in 2024 to the U.S. Navy.
- **Steady procurement is the sure way to keep this momentum growing:** The growth we are seeing in the submarine industrial base is because of targeted investments going back to FY18 authorized in the NDAA. These efforts take time to mature, and we need time to continue to realize their success. Inserting procurement instability now will hinder that growth by sending the wrong signal to the SIB.

Consequences of Cutting a Virginia Class Submarine from the FY25 Budget

1. Unrecoverable Loss to the Fleet

- a. According to the Navy's FY25 budget justification, the Block VI Virginia Class contract, which begins with the single Virginia-class submarine requested in FY25, will only include 9 submarines.
- b. The Navy has stated no plans to make up for the FY25 boat it cut and restore procurement to 10 Block VI submarines, yet HASC recently heard from [Admiral Aquilino](#) (INDOPACOM), [General Guillot](#) (NORTHCOM), and [General Cavoli](#) (EUCOM), that their requirements for attack submarine missions extend beyond the Navy's inventory and availability of submarines.
- c. Given the new commitment the Department of Defense and Congress [authorized](#) last year to sell three submarines to our ally Australia, which I enthusiastically support, the ramifications of the Navy's FY25 budget proposal will have a negative impact on the ability for the President to legally certify that the transfer of Virginia Class submarines to Australia will not degrade United States undersea capabilities – as required by the FY24 NDAA.
- d. Cutting procurement in FY25 will remove one more attack submarine from a fleet that is already 17 submarines below the Navy's warfighting requirement of 66.

2. Sunk Costs

- a. In the FY23 and FY24 budgets, Congress appropriated funds to purchase components for the two boats the Navy projected to purchase in FY25.
- b. The nearly \$1 billion in FY23 and FY24 funding has been used to purchase materials that take a longer time to procure and/or construct (known as Advance Procurement of long lead time materials).
- c. The Navy has been unable to demonstrate how these funds will be used now that they have reduced procurement from two submarines in FY25 down to one.
- d. Either way, by not using the already-purchased parts on the second FY25 boat, the Navy is not only sinking costs, but is creating uncertainty in the industrial base which will have dramatic effects to the number of domestic suppliers and their workforce as they consider if they have a stable, strong demand signal to make capital investments to increase capacity.

3. Creating Industrial Base Instability

- a. There is no substitute—including additional SIB investments—for procurement to stabilize the industrial base and give confidence to the supply chain to make capital investments to increase capacity.
- b. [The International Machinists said](#): This industry cannot thrive as a feast-or-famine endeavor. A clear market signal of consistent two-per-year funding is absolutely vital to maintain and grow the necessary highly- skilled workforce and promote the industry partnerships needed to ensure success in efficient submarine production.
- c. [The Metal Trades Department, AFL-CIO said](#): The U.S. must maintain its partnerships with the small domestic shipbuilding community to avoid the further erosion of this important business sector. Funding two VA-class submarines... will help sustain those partnerships. That investment is necessary to maintain and grow the workforce needed to build and promote this important industry.

Building a Stronger Workforce and Increasing SIB Capacity

1. The U.S. Navy's lead shipyard for submarine construction – General Dynamics Electric Boat – [hired over 5,300](#) workers in 2023, retained 88% of its workforce, and is on pace to [hire another 5,200](#) in 2024. These annual numbers surpass EB's record even during World War II and the Cold War, and defied all the naysayers, both here and in Washington, who said it could not be done. Over 2022 and 2023, Newport News Shipbuilding also hired 8,300 new shipyard workers.

2. This job growth was fueled, in part, by strong, federally funded [workforce development programs](#) and a [dramatic shift toward trade education](#) in conventional high school curricula.
 - a. Since 2015, almost 3,500 graduates—including nearly 1,000 in 2023 alone—of eastern Connecticut’s WIOA-funded Manufacturing Pipeline Initiative have landed rewarding manufacturing jobs, the majority at Electric Boat.
 - b. The Navy has targeted workforce development funds in areas with high concentrations of submarine suppliers, including Connecticut, Rhode Island, Virginia, Pennsylvania, and the Gulf Coast.
3. Electric Boat worked with the Metal Trades Council—the union representing Groton shipbuilders at EB—and ratified a five-year [contract](#) which provides wage increases for all members totaling 21.4% over the term of the contract—representing the largest wage increase at the shipyard in 30 years—as well as a strong health care and pension plans. This will go a long way in recruiting and retaining workers.
4. We are also seeing targeted investments at submarine suppliers to purchase new equipment to dramatically increase capacity. These investments have been targeted for critical suppliers in MA, VA, SC, AL, PA, and CA, to name a few.
5. Newport News Shipbuilding has invested in four major new building projects to increase efficiency and capacity expansion in support of achieving “1+2” build rate for Virginia Class production and serial production of the Columbia Class program in FY26.

Picking up Production Tempo

1. The growth and strength of the SIB is a big part of the reason that Electric Boat exceeded Navy projections and achieved a 1.4 build rate on the Virginia Class submarine program from December 2023 to March 2024.
2. The increasing tempo of christenings and deliveries of Virginia Class submarines from Electric Boat and Newport News Shipbuilding demonstrates that the new generation of shipbuilders and expanded shipyard infrastructure is allowing the SIB to pick up the pace and respond to the Navy’s demand signal.
3. For example, just last fall, the Navy commissioned the USS Hyman G. Rickover (SSN 795). In March of this year, the Navy christened the future USS Idaho (SSN 799) and is projected to deliver three Virginia Class submarines to the fleet in 2024—the USS New Jersey (SSN 796), USS Iowa (SSN 797), and USS Massachusetts (SSN 798)—according to the Navy’s official Fiscal Year 2025 budget documents.

Thank you, and, as always, please reach out to my office with any questions or feedback.

Sincerely,



JOE COURTNEY, Member of Congress