



Highlights of [GAO-06-587T](#), a testimony to the Subcommittee on Projection Forces, Committee on Armed Services, House of Representatives

Why GAO Did This Study

The Navy’s long-range shipbuilding plan spells out its approach to meeting the Navy’s future needs. This plan shows the Navy is embarking on an ambitious, expensive undertaking to develop, design, and construct a number of new ship classes. The Navy expects these vessels to successfully execute missions in a variety of environments through use of advanced technologies, while utilizing reduced crews and greater automation to lower costs. The Navy also expects these vessels to be constructed in quantities that sustain the industrial base and expand the overall size of the Navy. The plan calls for the number of ships to increase by about 10 percent to an average of about 309 ships through 2036. This effort will cost billions of dollars.

At the request of Projection Forces Subcommittee of the House Armed Services Committee, GAO examined the Navy’s shipbuilding plan and is providing this discussion of 1) the multiple objectives the plan proposes to meet; 2) the challenges that must be met to execute the plan; and 3) ways the Navy can reduce the tension between the demand for and supply of shipbuilding funds.

www.gao.gov/cgi-bin/getrpt?GAO-06-587T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Paul Francis at (202) 512-4841 or francisp@gao.gov.

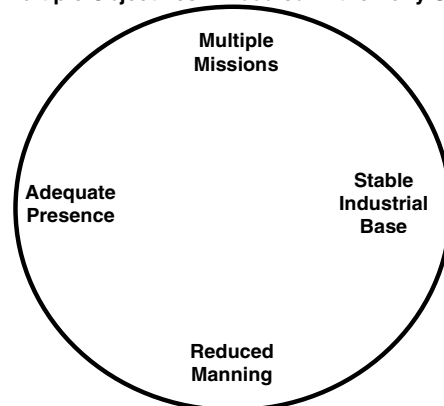
DEFENSE ACQUISITIONS

Challenges Associated with the Navy's Long-Range Shipbuilding Plan

What GAO Found

While the Navy’s shipbuilding plan is beneficial in that it lays out a strategic approach for decision making, there is tension inherent among the plan’s multiple objectives. For example, demanding mission requirements can result in more costly ships that cannot be built in the numbers desired for presence and shipyard workload. These tensions presage the potential trade-offs that will likely have to be made. The key is to anticipate and make trade-offs early in the context of the overall shipbuilding strategy. If the Navy starts more programs than it can finish within available resources, it may be forced to make trade-offs in the future that it may not find acceptable today.

Multiple Objectives Embodied in the Navy Shipbuilding Plan



GAO (presentation).

Assuming the long-range shipbuilding plan is consistent with national military priorities, the main challenge in execution is keeping the supply and demand for funds in a rational balance that does not overly sacrifice one objective to meet another. The Navy projects a supply of shipbuilding funds that will double by 2011 and stay high. At the same time, increasing demands on the federal budget—including for weapons for other services—suggest such growth in shipbuilding funds may not materialize. The Navy’s own ability to control the demand for shipbuilding funds is also a challenge. If the Navy cannot control cost growth on new ships, some other objectives of the plan will have to be sacrificed, such as mission capability or presence.

There are several ways the Navy can help reduce the tension between the demand for and supply of shipbuilding funds. To control unanticipated cost growth on individual programs, it is important that the Navy ensure programs have sufficiently high levels of knowledge before making programmatic, budgetary, or contractual commitments. To maximize the amount of funds the Navy can devote within its budget to shipbuilding, it must continue to find ways to lower total ownership costs by reducing manning requirements and to improve operational availability of ships through means such as rotational crewing.