



Private shipyards seek inclusion in Biden infrastructure bill as Congress increases focus on public shipyard improvements

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Private shipyards are seeking inclusion in the Biden administration's infrastructure bill, as the administration moves forward with its second major legislative priority.

Matt Paxton, the president of the Shipbuilders Council of America, told **Inside Defense** that private shipyards and the wider maritime industry should be included in the administration's American Jobs Plan.

"If we're really serious about an infrastructure bill, one way to really get a bang for your buck is to invest in shipyards, because we just have such a multiplier effect across the supply chain, which really touches every state," Paxton said.

The Biden administration's infrastructure bill -- initially with a \$2 trillion price tag -- comes as the Navy **pursues a \$21 billion**, 20-year Shipyard Infrastructure Optimization Plan to improve its four public shipyards.

The ability of the aging shipyards to maintain a potentially growing Navy concerns members of Congress, many of whom believe the service's plan takes too long to meet the challenge.

It's unclear if funding for the SIOP will be included in the bill, and the White House did not respond to requests for comment. But analysts and members of Congress see the bill as a potential opportunity to fast track the shipyard improvements they say the nation desperately needs.

Chief of Naval Operations Adm. Michael Gilday told reporters at a Defense Writer Group event **earlier this month** the service has not had any discussions with the administration about getting SIOP funding in the bill, but said the Navy would be open to it.

"I'm not sure if that would be a possibility, I'd certainly be open to it," he said. "But that's going to be driven by the administration and Congress."

Private Shipyards

Paxton's council consists of 13 member shipyard facilities and 104 industry partner member companies. He said private shipyards are ready to meet an expected increased demand from the Navy.

"When you have certainty in budgets, when you have those programs funded predictably, the private shipyard industry didn't just sit back, they put capital investment into their shipyards to make the shipyards as efficient and ready to go as possible," he said.

The council is lobbying members of Congress to ensure the maritime industry and private shipyards are included in the infrastructure bill, Paxton said.

"We need to be a part of that overall infrastructure dynamic, because the fact of the matter is, while our bridges, roads and airports are very critical, so are our marine corridors along our coastlines and in our waterways," he said.

The council sees the infrastructure effort as an opportunity to advance a number of its longstanding goals, Paxton said.

For example, Paxton said the council wants the Maritime Administration and small shipyard grant program to be fully funded. The council also supports the Energizing U.S. Shipbuilding Act, a recently proposed piece of legislation that increases the required percentages of liquefied natural gas and crude oil exports to be transported on U.S.-built, flagged, and crewed vessels.

Paxton said the council also wants the Navy to maintain consistent, healthy shipbuilding and ship repair budgets.

"In my mind, you can't say that's not part of the infrastructure bill," Paxton said. "The shipbuilding industry is part of the maritime industry, that's all part of the infrastructure bill. It's a piece of that larger puzzle."

Paula Zorensky, the Shipbuilders Council of America's vice president, said the bill could also include funding for private shipyards and suppliers to make cybersecurity investments. This would both keep existing suppliers in the industrial base and eliminate a barrier for companies interested in joining it.

"It's about making sure that those small businesses and critical parts of the defense industrial base have the resources and opportunities to work with their customer, the Navy or the Coast Guard, to become cyber compliant in ways that don't cost them so many hundreds of thousands of dollars," she said.

Paxton said the bill could also include payments to contractors for costs incurred due to the **COVID-19 pandemic**, as companies spent money on PPE, sanitation and staggered shifts to ensure production could continue during the pandemic.

Paxton said that he is confident that members of Congress who represent shipyard districts and states will ensure that the industry is included in the bill.

"Shipyard states hold an important geopolitical footprint, and I would think those members who want to be part of the discussion on an infrastructure bill would want to make sure those shipyard facilities are part of that plan," he said.

Public Shipyards

The Navy's four public shipyards, which maintain the service's nuclear fleet, are "falling apart" due to decades of

underfunding, Maiya Clark, a research associate for the Heritage Foundation who has studied maintenance issues in Navy shipyards, said.

While the SIOP aims to fix these issues, analysts and other members of Congress have shared the concerns about the SIOP's lengthy timeline and underestimated funding.

Clark said she is also concerned about the plan's scope, considering the **Navy's plans to grow** the fleet in coming years to counter China.

"In my mind, the SIOP is inadequate in its scope in that it only rebuilds the current shipyard capacity, it doesn't expand that capacity," she said. "There's very little margin for error in the current plan, and that seems kind of dangerous."

In March, a group of lawmakers who represent areas near the public shipyards sent a letter asking Biden to prioritize SIOP funding in his fiscal year 2022 budget. Rep. Elaine Luria (D-VA), Rep. Derek Kilmer (D-WA), Rep. Ed Case (D-HI), Rep. Chellie Pingree (D-ME), Rep. Bobby Scott (D-VA) and Rep. Chris Pappas (D-NH) signed the letter.

"Over the course of many years, lack of adequate funding and the Navy's focus on prioritizing operations has resulted in aging and substandard facilities, utilities, dry docks, equipment, and information technology infrastructure at all four naval shipyards," the letter states. "This impacts work efficiencies and results in greater maintenance costs, reliability issues, and cyber vulnerabilities."

Vice Adm. William Galinis, head of Naval Sea Systems command, said at a House Armed Services readiness subcommittee hearing last month that the Navy is **considering accelerating** the program.

The infrastructure bill could be a good vessel to fund the SIOP, Bryan Clark, a senior fellow at the Hudson Institute who focuses on the Navy, said. With a **flat Pentagon budget**, Clark said he did not think there could be more SIOP funding included in the budget.

"I just don't think within the flat budget they've identified, and the need to recapitalize the fleet, and the need to put money into current readiness, I think all of those things are going to constrain how much money could be reallocated to the SIOP from the other accounts," he said.

Clark said that while he is disappointed that the administration's rollout of the infrastructure bill didn't explicitly mention the SIOP, he believes lawmakers realize that shipyard infrastructure is a big problem.

"I was disappointed, but there's clearly going to be energy on the Hill to push it in," he said. "The proposal from the White House is really a blueprint, and it needs to be turned into legislation over on the Hill. I'm hoping that the members can inject this into the plan under one of the categories."

Luria, a seapower and projection forces subcommittee member and former Navy surface warfare officer, said **at an event last month** that she believes SIOP funding should be included in the infrastructure bill.

"I would love to put that in there, it is definitely part of our infrastructure," she said. "Making sure that we can maintain our ships to defend our nation is certainly part of our infrastructure."

Rep. Rob Wittman (R-VA), the ranking member on the seapower and projection forces subcommittee, told **Inside**

Defense in an interview that funding for the SIOP should “absolutely” be part of the administration's infrastructure bill.

“I think it would be great to add the SIOP, because obviously, that is infrastructure,” Wittman said. “Under any other circumstance, I think that it’s going to be tough to build the necessary infrastructure at the pace that we need to do it. A 20-year SIOP plan is by any measure absolutely unacceptable, and I think the Navy knows that.”

However, Wittman said that he “absolutely cannot” support the current outline of the bill as “there’s so much in the bill that’s not related to infrastructure.”

“Certainly adding SIOP to that is very much in the direction I can support,” Wittman said. “But just adding SIOP by itself would not be the single linchpin. There are other things in the bill that would need to be addressed.”

Even if SIOP funding is not included in the infrastructure bill, Maiya Clark said she is confident that members of Congress are serious about the SIOP and will include necessary funding in the budget.

But Clark said shipyard infrastructure improvements clearly fit under the federal government’s purview and should be included in the bill.

“In my mind, the infrastructure that the U.S. government has particularly interest in maintaining is defense infrastructure,” she said. “It’s a big problem, and if the Biden administration really is interested in all of this infrastructure spending, this chokepoint for our national security, that is owned by the government and is falling apart due to government neglect, seems like a great way to spend that money.”

Additional reporting by Jordan Wolman

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