



# SUBMARINE INDUSTRIAL BASE COUNCIL

## SUBMARINE SUPPLIER DEVELOPMENT

Rebuilding and Revitalizing the Nation's Submarine Manufacturing Capacity

As the demand for submarines continues to increase, the health of the submarine industrial base has been identified as the key enabler of this growth. The successful construction and sustainment of our submarine fleet is undeniably dependent upon the strength of our industrial base. More than two decades of low-rate submarine production has resulted in a fragile industrial base with many single or sole source suppliers. However, over the next 5 years, supplier-provided material is expected to grow by more than 200% to support the concurrent demands of the Virginia Class SSN and Columbia Class SSBN programs. Through Congressional support, significant funding has already been allocated to develop the capability and capacity of over 170 suppliers in 28 states. However, the submarine industrial base is still fragile and in a period of recovery after losing thousands of suppliers since the end of the Cold War. Recognizing this challenge, in December 2021, the Administration designated ensuring a robust Virginia Class submarine industrial base as essential to national security under the Defense Production Act (DPA). This is a time of significant growth for the United States' submarine industrial base.

*"Shipbuilding industrial base expansion for resilience and robustness, and maritime workforce training pipelines in support of Virginia Class attack submarine production are... essential to the national defense."* —President Joe Biden, 21 DEC 2021. Memorandum on Section 303 of the Defense Production Act of 1950

### Congressional Support Fuels Significant Industrial Base Accomplishments

Congress authorized and appropriated \$615M of funding in FY19 through FY22 which provided flexible authorities to support industrial base expansion and stability initiatives. This investment to date is less than 1% of the Virginia Block V/VI and Columbia construction spend. The success of this funding has been realized through risk reduction by expanding the number of suppliers and capabilities of the submarine industrial base. The funding authorized and appropriated by Congress for the industrial base has supported over 170 suppliers in 28 states (including FY18 advance procurement funding to stabilize existing suppliers).

FY	Funding	Results to Date
2019	\$225M	50 suppliers in 24 states received funding, including 27 supplier projects focused on improving performance, reducing risk, and developing additional sources.
2020	\$130M	26 suppliers in 15 states received funding, including 28 supplier projects focused on improving the readiness of critical suppliers and fragile market spaces.
2021	\$130M	92 suppliers in 27 states received funding to date, including 16 supplier projects geared towards critical suppliers challenged to meet current or future submarine construction demand.
2022	\$130M	Project plans are in development for 28 new projects and continuation of existing efforts geared towards critical suppliers challenged to meet current or future submarine construction demand.

REQUEST  
FOR ACTION

Support Additional Supplier Development Funding of \$130 Million in FY23



### Examples of Improvements in the Industrial Base Include:

- 55 projects to expand capability and capacity in critical areas such as large structural fabrication, valves, fittings, castings, forgings, and mechanical items.
- Investments in large-scale fabrication have added approximately 1 million hours of annual capacity to support shipbuilder outsourcing goals and added key capabilities that did not previously exist within the industrial base.
- Forging investments have doubled the capacity for critical processes and significantly reduced lead times.
- 13 projects focus on developing alternative sources for critical components that are currently either single or sole-sourced.
- These investments have demonstrated both cost and schedule savings while also increasing first-time quality for these key components.
- Annual critical supplier assessments include performance, capability, capacity, and risk assessments, and are used to identify opportunities for investment and other improvement actions.
- Efforts are underway to develop a supply base wide program to address challenges in the areas of welding and non-destructive test and improve understanding and proficiency.
- Initiatives are being funded in key regions to develop, strengthen and expand workforce pipelines and training programs to establish necessary skilled labor to support the submarine industrial base.

### Request for FY23

After four years of focus on the submarine industrial base, the supply base is improving but continues to need help. Additional funding is still required to continue the ramp-up of capability and capacity of fragile market spaces to reduce risk to both the Columbia and Virginia Class programs. The requested FY23 funding will:

- Continue to increase the supplier capacity, capability, and agility to meet increased production demand.
- Allow investment in unique equipment, facilities, training, and tooling for all levels in the supply chain.
- Qualify multiple suppliers for critical components to add resiliency, competition, and capacity.
- Provide workforce training, qualification opportunities, and educational tools to suppliers.