

GAO Highlights

Highlights of [GAO-25-106749](#), a report to congressional committees

Why GAO Did This Study

In 2012 and 2013, the Navy proposed retiring several cruisers due to budget constraints. Congress rejected the Navy's proposal and provided funding to modernize these ships. In response, the Navy planned to use a phased approach to modernization that would extend 11 cruisers' service life by 5 years and upgrade the vessels' combat capability. The Navy originally planned to complete all 11 cruisers by fiscal year 2026. The Navy has other upcoming significant surface ship modernization efforts, such as for 23 destroyers. The success of these efforts is critical to the Navy having a combat-ready fleet.

A Senate report included a provision for GAO to assess the Navy's cruiser modernization. This report assesses, among other things, the extent to which (1) the Navy met its modernization objectives; (2) the Navy's planning affected outcomes; and (3) the Navy exercised effective quality control and oversight of the effort. To do this work, GAO toured five cruisers undergoing modernization, interviewed over 100 Navy officials, compared actual versus planned cost and schedule data, and reviewed Navy documentation and prior GAO reports related to Navy shipbuilding and repair.

What GAO Recommends

GAO is making six recommendations, including that the Navy assess root causes of unplanned work, develop mitigation strategies, and codify these strategies in policy; and re-assess its overall approach to quality assurance to prevent similar issues in future surface ship modernization efforts. The Navy concurred with all six recommendations.

View [GAO-25-106749](#). For more information, contact Shelby S. Oakley at (202) 512-4841 or OakleyS@gao.gov.

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NAVY SHIP MODERNIZATION

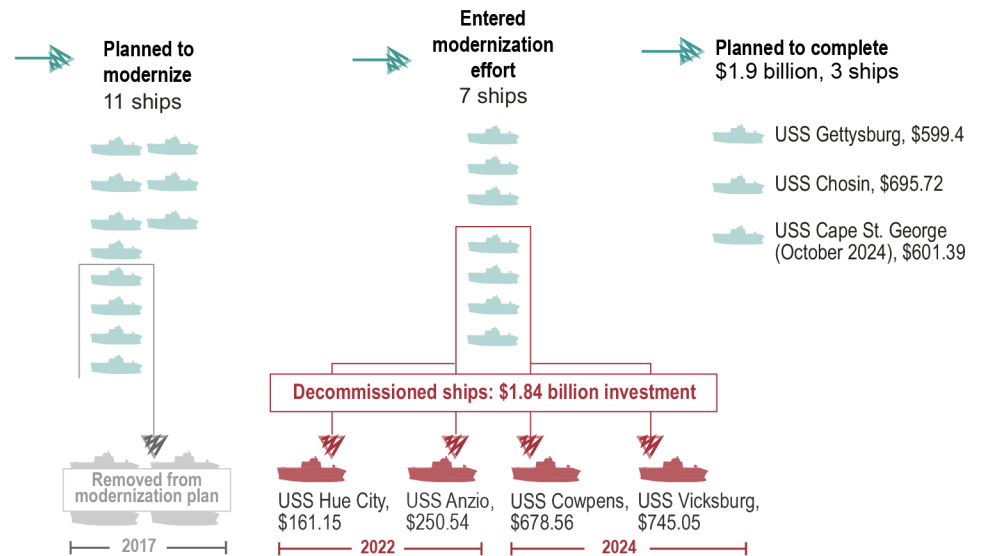
Poor Cruiser Outcomes Demonstrate Need for Better Planning and Quality Oversight in Future Efforts

What GAO Found

Since 2015, the Navy has spent about \$3.7 billion modernizing seven of the *Ticonderoga* class guided-missile cruisers—large surface combatants that provide key air defense capabilities. However, only three of the seven ships will complete modernization, and none will gain 5 years of service life, as intended. The Navy wasted \$1.84 billion modernizing four cruisers that have now been divested prior to deploying. The Navy also experienced contractor performance and quality issues across the cruiser effort. For example, the contractor performed poor quality work on USS Vicksburg's sonar dome—a critical element of the Anti-Submarine Warfare mission area—resulting in additional cost and schedule delays due to necessary rework.

Status of Navy Cruiser Modernization as of August 2024

Dollars (in millions as of September 2023)



Source: GAO analysis of Navy data. | GAO-25-106749

The Navy did not effectively plan the cruiser effort. This led to a high volume of unplanned work—9,000 contract changes—resulting in cost growth and schedule delays. The Navy has yet to identify the root causes of unplanned work or develop and codify root cause mitigation strategies to prevent poor planning from similarly affecting future surface ship modernization efforts.

Further, weakened quality assurance tools restricted the Navy's ability to hold contractors accountable for poor quality work. In 2018, leadership restricted maintenance officials from assessing monetary penalties to contractors without senior leadership approval. In 2020, leadership changed procedures to reduce inspections, which are a vital tool for overseeing ship repair contracts, by almost 50 percent. These actions were implemented to maintain strong working relationships with the contractors because of the Navy's dependence on them to modernize its fleet, according to Navy officials. Without reassessment, the Navy risks experiencing similar negative outcomes in future modernization efforts.