

# Congress of the United States

Washington, DC 20515

April 12, 2023

The Honorable Carlos Del Toro  
Secretary of the Navy  
1000 Navy Pentagon, Room 4D652  
Washington, DC 20350

Dear Secretary Del Toro:

We are writing regarding our concerns about the Navy's underutilization of unionized commercial shipyards, and the risk underuse of these yards poses to workers and communities in Massachusetts and across the country. Shipyards are critical to maintaining a robust defense industrial base, and should not be exempt from President Biden's commitment to empower workers and prioritize unionized workforces and employers who engage cooperatively with their unionized employees in the contracting process. We urge you to rectify your approach to awarding vessel building and repair contracts and to utilize all tools at your disposal to support organized workers.

As you have noted, now is the time to invest in the defense industrial base workforce.<sup>1</sup> Commercial shipyards are critical to the United States' national security and support a robust shipbuilding industry that maintains hundreds of thousands of jobs. Concentrated largely in New England, Virginia, and the Gulf Coast,<sup>2</sup> these shipyards are a key part of the U.S. defense industrial base and an "asset" to our country's national security.<sup>3</sup> Moreover, according to a 2021 report from the U.S. Maritime Administration (MARAD), the U.S. private shipbuilding and repairing industry in 2019 directly provided "107,180 jobs ... \$9.9 billion in labor income, and \$12.2 billion in gross domestic product [GDP]."<sup>4</sup> When accounting for indirect impacts, the industry supported nearly 400,000 jobs and over \$42 billion in GDP.<sup>5</sup>

However, representatives from a unionized shipyard have reported to our offices that they are not receiving enough work for vessel repair contracts, throwing hundreds of skilled union jobs into limbo.<sup>6</sup>

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<sup>1</sup> Defense One, "Navy Secretary Warns: If Defense Industry Can't Boost Production, Arming Both Ukraine and the US May Become 'Challenging,'" Marcus Weisgerber, January 11, 2023, <https://www.defenseone.com/threats/2023/01/navy-secretary-warns-if-defense-industry-cant-boost-production-arming-both-ukraine-and-us-may-become-challenging/381722/>.

<sup>2</sup> USNI News, "Attracting Quality Workforce Biggest Issue Facing Shipyards, Experts Tell Congress," John Grady, February 8, 2023, <https://news.usni.org/2023/02/08/attracting-quality-workforce-biggest-issue-facing-shipyard-experts-tell-congress>.

<sup>3</sup> Professional Mariner, "Paxton: Navy's 'mixed messages' hinder U.S. shipyards," Rich Miller, February 10, 2023, <https://professionalmariner.com/paxton-u-s-shipyards-persevering-through-challenges/>.

<sup>4</sup> U.S. Maritime Administration, "The Economic Importance of the U.S. Private Shipbuilding and Repairing Industry," March 30, 2021, p. 1, <https://www.maritime.dot.gov/sites/marad.dot.gov/files/2021-06/Economic%20Contributions%20of%20U.S.%20Shipbuilding%20and%20Repairing%20Industry.pdf>.

<sup>5</sup> *Id.*

<sup>6</sup> Information on file with the Office of Senator Elizabeth Warren.

The ongoing issues at Boston Ship Repair (BSR), a union shipyard in Boston, Massachusetts, illustrate these concerns. BSR operates a 1,150-foot graving dock in Boston.<sup>7</sup> Over 98 percent of BSR's vessel repair, maintenance, and overhaul work is on Military Sealift Command Vessels or on the MARAD Ready Reserve Fleet.<sup>8</sup> Their skilled union welders, electricians, riggers, pipefitters, carpenters, and machinists have been repairing the Navy's critical assets for over 25 years and are essential to the U.S. defense industrial base.<sup>9</sup> BSR only has one graving dock, and due to its large size, can only accommodate large vessels. And with no adjacent pier, the three or four large vessel repair contracts that BSR receives annually are critical to the sustainability of its union workforce and facility.<sup>10</sup> However, recently BSR has seen large gaps between ship repair contracts, which leads to long layoffs for its union workforce.

The Biden Administration has made it clear that all federal agencies, including the Navy, should prioritize bids with unionized workforces in their federal contracting processes, including for maintenance contracts awarded to commercial shipyards like BSR. In February 2022, the White House Task Force on Worker Organizing and Empowerment released a report containing recommendations designed to, among other things, "Use longstanding authority to leverage the federal government's purchasing and spending power to support workers who are organizing and pro-worker employers."<sup>11</sup>

However, the case of BSR reveals that, at least in the private shipbuilding and repair industry, the Navy has not followed through on the Task Force's recommendation. According to representatives from BSR and the International Association of Machinists and Aerospace Workers—the union representing BSR's workers—the Navy has consistently awarded ship repair and maintenance contracts to non-union shipyards over BSR and other union shipyards. In the last nine months, BSR bid on 17 Military Sealift Command and MARAD vessel repair contracts, but has only been awarded one.<sup>12</sup> All of the other contracts went to non-union shipyards.<sup>13</sup> Concerningly, these awards may further compound Navy maintenance delay. Some of these shipyards received Navy contracts even when they were at or over capacity.<sup>14</sup> In one case the Navy modified the drydock dates of one vessel to allow Alabama Shipyard, already at capacity, to take on two contracts, while BSR received neither.<sup>15</sup>

A lack of consistency in the receipt of contracts harms shipyards, workers, and the surrounding community. If shipyards are unable to anticipate if or when they will receive work in a given year, they may be unable to retain their workers. At BSR, for example, workers have been laid

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<sup>7</sup> North Atlantic Ship Repair, "Boston Ship Repair," <https://nashiprepair.com/boston-ship-repair/>.

<sup>8</sup> Information on file with the Office of Senator Elizabeth Warren.

<sup>9</sup> North Atlantic Ship Repair, "About Us," <https://nashiprepair.com/about-us/>.

<sup>10</sup> Information on file with the Office of Senator Elizabeth Warren.

<sup>11</sup> White House Task Force on Worker Organizing and Empowerment, "Report to the President," February 2022, p. 6, <https://www.whitehouse.gov/wp-content/uploads/2022/02/White-House-Task-Force-on-Worker-Organizing-and-Empowerment-Report.pdf>.

<sup>12</sup> Information on file with the Office of Senator Elizabeth Warren.

<sup>13</sup> Alabama Shipyard was awarded 5 contracts, Bayonne Drydock was awarded 3 contracts, and Detyens Shipyard was awarded 8 contracts. Information on file with the Office of Senator Elizabeth Warren.

<sup>14</sup> Information on file with the Office of Senator Elizabeth Warren.

<sup>15</sup> *Id.*

off for over six months due to a lack of work,<sup>16</sup> and with no return in sight. More broadly, the shipbuilding and repair industry contributes significantly to the state and local economy; according to one report, the industry generates roughly \$18 million annually in gross state product.<sup>17</sup> Consequently, the loss of a multimillion-dollar ship repair contract<sup>18</sup> impacts not only the shipyard but the local community and even the state economy.

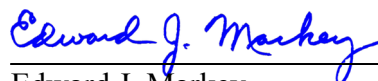
If the Navy does not implement the White House Task Force’s recommendation to prioritize bids with unionized workforces, it risks the deterioration of the industrial base and the closure of critical union shipyards, including BSR. Given the importance of these shipyards to the United States’ national security, we urge you to follow through on President Biden’s commitment to empowering workers in the contracting process and rectify your approach. Additionally, we respectfully request that you provide a briefing for our staff by May 12, 2023 on the steps the Navy will take to address the concerns we have raised.

Thank you for your attention this matter.

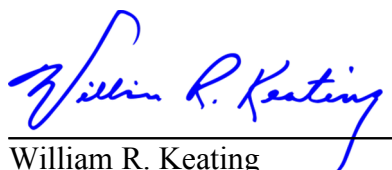
Sincerely,



Elizabeth Warren  
United States Senator



Edward J. Markey  
United States Senator



William R. Keating  
Member of Congress



Stephen F. Lynch  
Member of Congress

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<sup>16</sup> *Id.*

<sup>17</sup> UMass Dartmouth Public Policy Center, “Navigating the Global Economy: A Comprehensive Analysis of the Massachusetts Maritime Economy,” David R. Borges, Michael Goodman, Elise Korejwa, et al., January 24, 2018, p. 32, [https://www.mass.gov/files/documents/2018/01/24/Maritime\\_Economy.pdf](https://www.mass.gov/files/documents/2018/01/24/Maritime_Economy.pdf).

<sup>18</sup> See e.g., Marine Log, “Boston Ship Repair wins \$16.5 million MSC contract,” August 14, 2020, <https://www.marinelog.com/shipbuilding/shipyards/shipyard-news/boston-ship-repair-wins-16-5-million-msc-contract/>.



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James P. McGovern  
Member of Congress



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Richard E. Neal  
Member of Congress



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Seth Moulton  
Member of Congress



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Lori Trahan  
Member of Congress



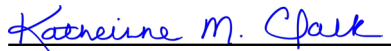
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Ayanna Pressley  
Member of Congress



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Jake Auchincloss  
Member of Congress



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Katherine M. Clark  
Member of Congress