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Updated August 4, 2023

Navy TAGOS-25 Ocean Surveillance Shipbuilding Program: Background and Issues for Congress

Introduction

The Navy in FY2022 procured the first of a planned class of seven new TAGOS-25 class ocean surveillance ships at a cost of $434.4 million. The Navy's FY2024 budget submission shows that the ship's estimated procurement cost has since grown to $789.6 million—an increase of $355.2 million, or 81.8%. The Navy's proposed FY2024 budget requests $355.2 million in additional cost-to-complete procurement funding to pay for this cost growth. The Navy wants to procure the second TAGOS-25 class ship in FY2025.

Meaning of TAGOS Designation

In the designation TAGOS (also written as T-AGOS), the *T* means the ships are operated by the Military Sealift Command (MSC); the *A* means they are auxiliary (i.e., support) ships; the *G* means they have a general or miscellaneous mission; and the *OS* means the mission is ocean surveillance. The TAGOS-25 program was previously known as the TAGOS(X) program, with the *(X)* meaning that the precise design for the ship had not yet been determined. Some Navy budget documents may continue to refer to the program that way.

TAGOS Ships in the Navy

TAGOS ships (**Figure 1** and **Figure 2**) support Navy antisubmarine warfare (ASW) operations. As stated in the Navy's FY2024 budget submission, TAGOS ships "gather underwater acoustical data to support the mission of the Integrated Undersea Surveillance System (IUSS) by providing a ship platform capable of theater anti-submarine acoustic passive and active surveillance.... The two current classes of [TAGOS] surveillance ships use Surveillance Towed-Array Sensor System (SURTASS) equipment to gather undersea acoustic data." **Figure 3** shows a simplified diagram of a TAGOS-25 ship with its SURTASS arrays.

Current TAGOS Ships

The Navy's five aging TAGOS ships include four *Victorious* (TAGOS-19) class ships (TAGOS 19 through 22) that entered service in 1991-1993, and one *Impeccable* (TAGOS-23) class ship that entered service in 2000. As of the end of FY2021, all five were homeported at Yokohama, Japan. The ships use a Small Waterplane Area Twin Hull (SWATH) design, in which the ship's upper part sits on two struts that extend down to a pair of submerged, submarine-like hulls (**Figure 2**). The struts have a narrow cross section at the waterline (i.e., they have a small waterplane area). The SWATH design has certain limitations, but it has features (including very good stability in high seas) that are useful for SURTASS operations.

Figure 1. USNS *Impeccable* (TAGOS-23)

Source: U.S. Navy photograph accompanying "Ocean Surveillance Ships," Military Sealift Command, accessed May 25, 2021.

Figure 2. USNS *Effective* (TAGOS-21) in Dry Dock

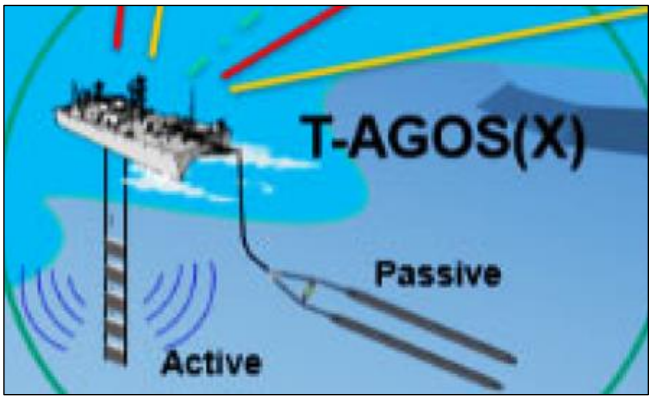
Source: U.S. Navy photograph 070913-N-2638R-004 posted at Wikimedia Commons, accessed May 25, 2021.

TAGOS-25 Program

Quantity, Schedule, and Design

The Navy wants to procure seven TAGOS-25 class ships as replacements for its five in-service TAGOS ships. The first TAGOS-25 class ship was procured in FY2022. The Navy wants to procure the second through fifth ships in the class in FY2025-FY2028 at a rate of one ship per year. The Navy's notional design for the TAGOS-25 class (**Figure 4**) employs a SWATH design that would be larger and faster than the in-service TAGOS ships (see **Table 1**).

Figure 3. TAGOS Ship with SURTASS Arrays



Source: Detail from slide 13, entitled "TAGOS(X) Concept of Operations (CONOPS)," in Industry Day briefing for TAGOS(X) program, June 26, 2019, accessed May 26, 2021, at GovTribe.com.

Figure 4. Notional Navy Design for TAGOS-25

Source: Artist's rendering accompanying press released entitled "Halter Marine Secures Contract for Industrial Studies for T-AGOS Program," Halter Marine, July 20, 2020.

Table 1. TAGOS Ship Designs

	TAGOS-19	TAGOS-23	TAGOS-25 (notional)
Length	235 feet	282 feet	356 feet
Maximum speed	10 knots	13 knots	20 knots
Displacement	3,384 tons	5,370 tons	8,500 tons
Accommodations	~48	54	68

Sources: "Ocean Surveillance Ships - T-AGOS," U.S. Navy, and (for TAGOS-25) slide 22, entitled "T-AGOS Class Comparison," from Industry Day briefing for TAGOS(X) program, June 26, 2019, accessed May 26, 2021, at GovTribe.com.

The Navy's desire to replace the five in-service TAGOS ships with seven larger and faster TAGOS-25s can be viewed as a response by the Navy to the submarine modernization efforts of countries such as China and Russia. For more on China's submarine modernization effort, see CRS Report RL33153, *China Naval Modernization: Implications for U.S. Navy Capabilities—Background and Issues for Congress*, by Ronald O'Rourke.

Procurement Cost

The Navy estimates in its FY2024 budget submission that the first ship in the class will cost $789.6 million to procure and that subsequent ships in the class will cost about $430 million each in then-year dollars to procure. As mentioned earlier, the estimated procurement cost of the first ship has grown by $355.2 million, or 81.8%. The Navy's FY2024 budget submission states that this cost growth is "due to several factors affecting shipbuilding prices including direct material inflation, supply chain challenges, and increased non-recurring engineering costs."

Acquisition Strategy and Contract Award

The Navy wants to use a single shipbuilder to build all seven TAGOS-25s. The Navy posted the request for proposals (RFP) for a detailed design and construction (DD&C) contract for the program on November 19, 2021, and amended it on December 21, 2021. Responses to the RFP were due by April 19, 2022.

On May 18, 2023, the Navy announced that it had awarded Austal USA, a shipyard in Mobile, AL, a $113.9 million fixed-price incentive (firm target) and firm-fixed-price contract for detail design of the TAGOS 25 class. The contract includes options for the detail design and construction of up to seven TAGOS 25s plus associated work. Exercising the options would bring the cumulative value of the contract to about $3,195.4 million (i.e., about $3.2 billion). The Navy stated that it received two offers (i.e., Austal's offer one other offer).

Issues for Congress

Potential issues for Congress for the TAGOS-25 program include the reasons for the 81.8% cost growth on the first ship in the class and the risk of further cost growth on the first ship.

FY2024 Procurement Funding

The Navy's proposed FY2024 budget requests $355.2 million in the cost-to-complete procurement funding line of the Navy's shipbuilding account for the first TAGOS-25 ship. The House and Senate Armed Services Committees, in their reports on the FY2024 National Defense Authorization Act (NDAA) (H.R. 2670/S. 2226), and the House Appropriations Committee, in its report on the FY2024 DOD Appropriations Act (H.R. 4365), recommended approving this funding request.

The Senate Appropriations Committee, in its report on the FY2024 DOD Appropriations Act (S. 2587), recommended transferring the $355.2 million from the cost-to-complete line to the TAGOS-25 procurement line in the Navy's shipbuilding account. The report also recommended a rescission of $158.3 million in FY2022 TAGOS-25 procurement funding (see Section 8045 of S. 2587 and page 275 of the committee's report), and realigning the $158.3 million to the FY2024 TAGOS procurement funding line, making for a total recommended funding level of $513.5 million in the FY2024 TAGOS-25 procurement funding line. The report discusses the TAGOS-25 program on page 136.

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