

**STATEMENT OF BATH IRON WORKS CORPORATION**  
**BEFORE THE GOVERNMENT OVERSIGHT COMMITTEE**

JUNE 26, 2024

**An Economic Anchor and Workforce Ecosystem for Maine**

Bath Iron Works (“BIW”) has constructed ships on the banks of the Kennebec River for over 130 years. The skilled shipbuilders and engineers of BIW design and construct the world’s most advanced ships for the United States Navy, integral to the national security of the United States and its allies. BIW is also integral to the economic security of thousands of Maine citizens and more than 280 Maine cities and towns in which they live. BIW employs over 6,900 Maine citizens. They and their families live in 15 of Maine’s 16 counties.

BIW builds complex surface combatant ships for the United States. Entrusted with providing the defense of our nation using an appropriation of tax-payer dollars, the Navy seeks to purchase the highest quality ships delivered at the lowest possible cost.

BIW is a significant economic engine for the State of Maine, accounting for 15% of all the manufacturing employment in the state and supporting an ecosystem of suppliers and highly skilled workers. With a payroll of over \$492 million a year and \$117 million in payments annually to 285 Maine companies for goods and services, BIW’s impact is felt throughout the state.

Shipbuilding on the scale occurring at BIW is both a people-intensive AND a capital-intensive business which requires significant ongoing investment to hire and train employees, to maintain a Land Level Transfer Facility, production facilities, cranes, piers and drydock while preparing for the challenges of competing for new work. Maine’s Legislature has twice recognized that fact and enacted legislation in 1997 and again in 2018 to provide incentives to modernize and recapitalize the shipyard in Bath.

**Promises kept**

The legislative objectives of the Shipbuilding Facility Tax Credit have been met and BIW has delivered on its promises. BIW has undertaken significant actions to ensure it has met or exceeded the standards for hiring, total employment and facility investment. As detailed in its annual reports to the Department of Economic and Community

**GENERAL DYNAMICS**  
Bath Iron Works

Development (“DECD”) and Maine Revenue Services, BIW has invested almost \$375 million since 2018, significantly more than the \$200 million required by law. There are few companies in Maine that have committed comparable levels of investment over a similar period.

BIW today employs more than 6,900 people and has consistently maintained a workforce of more than 5,000 men and women, the other qualification for receiving the tax credit. BIW has hired and trained more than 6,000 employees since 2018 as manufacturing jobs have declined in other Maine industries. Moreover, BIW plans to hire thousands more over the next few years in skilled trades, such as welding, electrical and pipefitting, as well as engineering disciplines and many others who apply their unique skills to the collective effort of shipbuilding.

BIW is working closely with the Maine Community College system, University of Maine system and Maine Maritime Academy to expand pre-employment training, earn-while-you-learn programs, and continuing education skills improvement to help build the workforce that will carry us into the future.

BIW provides a wide variety of job options and these are good jobs that pay well and also provide significant benefits including healthcare, pension, 401k with company match, compensated time off and disability insurance benefits. In addition to annual wage increases, production mechanics increase their hourly rate with specialist rates based upon demonstrated skill proficiency for their trade and ample opportunity to earn premium overtime pay.

**Continued investment is critical to winning new work**

BIW, regardless of its ownership structure, must be a competitive and competent shipbuilder, able to win new work. A review of BIW’s history of ownership and operations illustrate the merits of corporate ownership with capital. Beginning in 1967, BIW was involved in a series of corporate mergers, acquisitions and multiple leveraged buy-outs that culminated in BIW being owned by an insurance company and an investment firm until the sale to General Dynamics in 1995. That period of ownership is marked by either unwillingness or an inability to maintain the shipyard facility and invest in the future of the business and stands in stark contrast to the hundreds of millions invested at BIW by General Dynamics.

**Competitors in south receive significant state support**

BIW is competing for work against shipyards in the south and other regions where energy costs are lower and states are eager to support the pursuit of this work by their in-state companies. In 2015, the State of Mississippi agreed to invest \$200 million in state bond appropriations as part of an initiative called “Shipyard of the Future” at Huntington Ingalls, BIW’s competitor in building DDG 51 class destroyers. Ingalls and the State of Mississippi are formidable competitors for shipbuilding jobs. Ingalls’ entire shipyard was built in 1967 with state funds. Ingalls is big. It is an 800-acre shipyard, compared to BIW’s 65 acres. Our shipyard can fit in their parking lot. It has 11,500 employees versus BIW’s 6,900. It is a sole-source provider for multiple ship programs – NSC, LPD, LHA, LHD and LXR – and only competes for Navy destroyers (about 30% of its business) whereas it is BIW’s single line of business.

**Every dollar matters to BIW**

BIW’s ship construction contracts are competitively awarded, fixed-price contracts. To secure the work, BIW must submit bids now for delivery of ships years into the future. There is risk and no guarantee of profit. A contract award earns BIW the obligation to turn plates of steel and thousands of components into a technologically advanced integrated surface combatant that meets the exacting specifications and scheduling needs of the United States Navy.

BIW requires significant ongoing investment to maintain a facility and a workforce capable of producing the ships our Navy needs. Mississippi understands how the competitive bidding process works and the value of having a large employer and part of the nation’s shipbuilding industrial base in their state.

As one of the largest employers and most energy intensive businesses in the State of Maine, BIW works very hard to reduce the total cost of building ships across all areas of its business. For BIW to win new work in a competitive bid environment, every dollar matters. The ability to win work has a direct correlation to jobs. If the combined additional expenses faced by BIW leads the Navy to ultimately award a given ship to our lower-cost competitor, rather than to BIW, that means the loss of millions of hours of work for Maine employees and millions of dollars that would otherwise have been spent in the state.

BIW cannot do it alone and is appreciative of the support that has been provided by the State of Maine to preserve one of Maine’s heritage industries and to invest in its future.

# GENERAL DYNAMICS CURRENT WORKFORCE PIPELINE & CAREER PATHWAYS

Bath Iron Works

## HIRING

### EARLY CAREER

- Internship
- Engineering Development Program
- Professional Development Program

### VETERANS

- SkillBridge
- Boot to Roots

### REFERRALS

- Community Colleges
- Maine Maritime Academy
- Business Partners

### HIGH SCHOOL GRADS

- Career and Technical Education Schools
- Adult Ed
- Job Corps

### ACTIVE RECRUITING

- Job Fairs
- BIWcareers.com
- Community Events
- Walk-up Hiring Events
- Career Centers
- On-Campus Recruiting

Employees from **15** different counties

## TRAINING

### TRADITIONAL PIPELINES



Coordinated training at Maine high schools and CTE schools.



BIW Apprenticeship in Partnership with Maine DOL and Maine Maritime Academy.



Pre-hire basic training programs at Maine community colleges.



On-the-job Training



Tuition Reimbursement

### EMERGING PIPELINES

Partnership with JMG connecting 160 secondary education programs in all grades with on-site coaches.



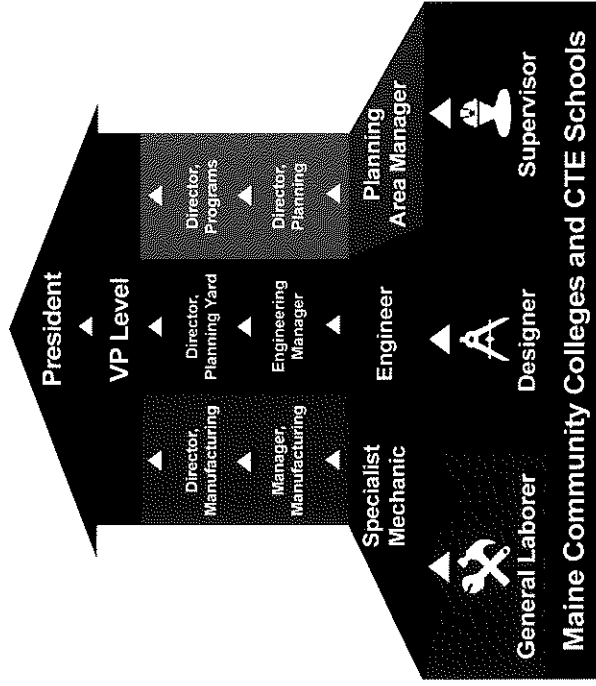
Increase BIW Apprenticeship Scholarships for Maine students.

Advanced Community College Program pre-hire and post-hire technical training.



## CAREER PATHS

BIW's entry level wage is **~50,000** for trade positions.



We offer a wide range of career opportunities, from manufacturing to careers in engineering, design and business support.

## 2023 TRAINING SUMMARY

- Skill Development**
  - 1825 Mechanics in enhanced skills training
- Leadership Training**
  - Operations Supervisor Leadership Program
  - 34 new supervisors & 40 backup supervisors
- New Hire Training**
  - OSHA 30
  - 287 Received OSHA 30 Cards
- BIW Leadership I: Foundational Skill Development**
  - 665 New shipbuilders
  - 179 graduated