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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 showed that the ship's estimated procurement cost had subsequently grown to \$789.6 million—an increase of \$355.2 million, or 81.8%. The Navy's proposed FY2024 budget requested \$355.2 million in additional cost-to-complete procurement funding to pay for this cost growth. Under the Navy's FY2024 budget submission, the Navy wanted to procure the second TAGOS-25 class ship in FY2025.

Under the Navy's FY2025 budget submission, the Navy is proposing to defer procurement of the second TAGOS-25 class ship from FY2025 to FY2026. The Navy's proposed FY2025 shipbuilding budget requests no procurement funding for the TAGOS-25 program.

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.

TAGOS Ships in the Navy

TAGOS ships (**Figure 1** and **Figure 2**) support Navy antisubmarine warfare (ASW) operations. As stated in the Navy's FY2025 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 FY2023, 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.

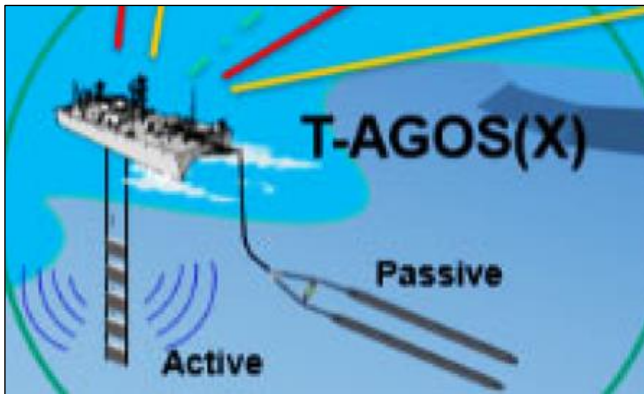
TAGOS-25 Program

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. Under the Navy's FY2025 budget submission, the Navy wants to procure the second through fifth ships in the class in FY2026-FY2029 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 and FY2025 budget submissions that the first ship in the class will cost \$789.6 million 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 stated 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.”

Contract Award

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 and one other offer).

Issues for Congress

Potential issues for Congress include the reasons for the 81.8% cost growth on the first ship in the class, the risk of further cost growth on the first ship, why the Navy wants to defer the procurement of the second ship from FY2025 to FY2026, and why the Navy in its FY2025 budget submission appears to have increased the estimated procurement costs of the sixth and seventh ships in the class (which are to be procured after the FY2026-FY2029 Future Years Defense Plan [FYDP])—but not those of the second through fifth ships in the class (which are to be during the FYDP)—to figures that appear consistent with the cost growth and resulting estimated \$789.6 million procurement cost of the first ship in the class.

Procurement Funding

The Navy’s proposed FY2024 budget requested \$355.2 million in the cost-to-complete funding for the first TAGOS-25 ship. The Navy’s proposed FY2025 shipbuilding budget requests no procurement funding for the TAGOS-25 program. 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. Section 8094 of H.R. 4365 and Section 8096 of S. 2587 continue U.S. content requirements for TAGOS-25 auxiliary equipment, including pumps and propulsion shafts.

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