

Congress of the United States
Washington, DC 20515

April 2, 2014

The Honorable Rodney Frelinghuysen
Chairman
House Committee on Appropriations
Subcommittee on Defense
U.S. House of Representatives
Washington, DC 20515

The Honorable Peter Visclosky
Ranking Member
House Committee on Appropriations
Subcommittee on Defense
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Frelinghuysen and Ranking Member Visclosky:

As you begin to craft the fiscal year 2015 Defense Appropriations bill, we write to express our strong support for funding the Littoral Combat Ship (LCS) at a production rate of four vessels for FY 2015, as originally budgeted and per the 2010 Department of Navy's Dual Block Buy Acquisition Strategy.

Maintaining the original plan of four vessels in FY15 secures negotiated block buy pricing, which yielded significant cost savings to the program, and preserves the outstanding learning and efficiency curves at both the LCS shipyards. The LCS is the rare military program that has seen costs decrease instead of increase over time. The LCS has adhered to stringent contractual and budgetary constraints and is locked into fixed price contracts and a congressionally mandated cost cap. Littoral Combat Ships are being built today at an average cost of \$350 million per hull, well under the Cost Cap and at half the cost of the first ships of class. According to the Navy, the LCS is the most affordable ship in its fleet. Why then while other shipbuilding programs continue to spiral out of control in cost and schedule, is the LCS program penalized in today's fiscally constrained environment?

A large portion of the production efficiencies which have driven down ship costs are attributable to industry's investment in both yards. This is private investment, unlike the public taxpayer investment in other Navy Ship Yards. These private investments were made on a commitment of two ships per year, per shipyard. Backing away from this commitment acts as a disincentive to private investment, and comes at an additional cost to the U.S. taxpayer.

In addition to walking away from our commitments, if the current block buy is broken, the Navy will not only pay significantly more for ships currently under contract, but will lead to significant cost growth in the FY 15-19 littoral combat ships. The cost growth is associated with changes in overhead absorption (fixed overhead over smaller labor/material base), economies of scale (vendor cost growth tied to lower quantities), lost labor synergy, severance costs associated with reduction in labor force, and the potential exposure tied to the ability to recover the remaining book value of capital assets.

Both variants of the LCS continue to fill a strategic role the Navy repeatedly states it needs, both in brown and blue water scenarios. A recently concluded Navy War Game underscores the

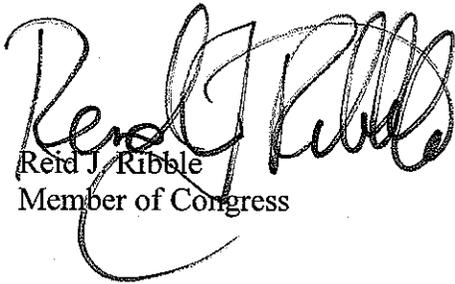
relevance of the LCS today and in the future. It highlighted the effectiveness, lethality and survivability of the LCS and its ability to fill a role not presently served by any other vessels in the fleet. Rear Admiral Thomas Rowden, the Navy's Director of Surface Warfare was quoted as saying, "They (LCS) can give the enemy a helluva hard time."

As Rear Admiral Rowden states, the LCS fits well with the current fleet: "The whole is significantly greater than its parts, the LCS could be tasked to do some destroyer-type missions to free up the DDGs for other jobs." Essentially, he says, when used the correct way -- the way the ships were envisioned -- they can take a punch and deliver one."

Echoing RADM Rowden's sentiments, Admiral Jonathan Greenert, Chief of Naval Operations, stated in a recent Senate hearing that, "The LCS is an important small surface combatant the Navy needs now and in the future." We in Congress should listen to those who are tasked with managing these programs, those who know them best and use them daily. We should stand with the Navy and continue to support the Navy's requirements for Littoral Combat Ships as originally planned.

For all of the reasons stated herein, we urge you to consider funding the LCS program at a rate of four ships per year through Fiscal Year 2015.

Sincerely,



Reid J. Ribble
Member of Congress



Bradley Byrne
Member of Congress

M.C.



Dan Benishek
Member of Congress