

Testimony of Representative Reid J. Ribble (WI-8)
Before the House Armed Services Committee
April 9, 2014

Mr. Chairman, Thank you for allowing me the opportunity to testify this morning. I appreciate the amount of work that your committee has before it and I commend you and your members for successfully completing your work every year. However, I know that the timetables of Congress can be challenging, so I thank you for setting aside this time for this hearing.

As you undertake your work on the FY15 National Defense Authorization Act, I felt it important to express my strong support for continuing the production of the Littoral Combat Ship, the LCS, at a rate of four vessels for FY 2015. This level of production was originally budgeted and in place per the 2010 Department of Navy's Dual Block Buy Acquisition Strategy.

The LCS is the rare military program that has seen costs actually 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.

Maintaining the original plan of four vessels in FY15 secures these savings and the negotiated block buy pricing. It also preserves the outstanding learning and efficiency curves at both of the LCS shipyards.

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 being considered for penalization in today's fiscally constrained environment?

If the current block buy is broken in FY15, the Navy will not only pay significantly more for ships currently under contract, but will lead to significant cost growth in the FY 15 - FY 19 vessels. The cost growth would be associated with changes in overhead absorption by spreading fixed overhead over a smaller production base, lost economies of scale, 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. Spending more, to get less, is not a sound fiscal or defense strategy and this committee should not go down that path.

A large portion of the production efficiencies which have driven down ship costs are attributable to industry's investment in both yards...in Marinette, Wisconsin as well as Alabama. 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.

I believe this is an important point to convey, Mr. Chairman...our government, by way of the Navy, has made a commitment to these shipyards. And these businesses took the government at its word and have moved forward with significant investment. The government should not break its promise to these workers and contractors.

There is an additional, critical, component to why this Committee should continue to support the construction of four vessels in FY15...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. The wargame 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."

Rear Admiral Rowden also states that 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." He says, when used the correct way -- the way the ships were envisioned -- they can take a punch and deliver one. This is not a vessel to scale back. We shouldn't be using Arleigh Burke Destroyers for tasks that can be done with less costly, more appropriate vessels. Each vessel has its place and purpose and that is certainly true for the strategic hole that the LCS is exceptionally capable of filling.

Echoing Rear Admiral 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 those who use them daily. We should stand with the Navy and continue to support the Navy's requirements for Littoral Combat Ships as originally planned.

I urge you to continue supporting the LCS program at a rate of four ships per year through Fiscal Year 2015. Thank you again, Mr. Chairman, for the opportunity to testify this morning.