

Congress of the United States

Washington, DC 20515

April 16, 2018

The Honorable Richard V. Spencer
Secretary of the Navy
1000 Navy Pentagon
Washington, D.C. 20350

The Honorable James F. Guerts
Assistant Secretary of the Navy
Research, Development, and Acquisition
1000 Navy Pentagon
Washington, D.C. 20350

Dear Secretary Spencer and Assistant Secretary Guerts:

We are writing to express our support for the Great Lakes shipbuilding industrial base and our concerns with the Navy's acquisition strategy for the procurement of the Littoral Combat Ship (LCS) in Fiscal Years (FY) 2018 and 2019.

We are honored to represent the skilled men and women of the Great Lakes shipbuilding industrial base and their significant contributions to the Navy. Today, thousands of well-paying jobs in our region are associated with the LCS program, from hard-working shipyard workers to hundreds of specialized suppliers and those diligently serving in our support industries.

Accordingly, we are concerned that the FY18/19 LCS acquisition strategy unduly disadvantages the Freedom-variant industry team and will result in irreversible harm to the shipyard and supply chain workforces, in turn reducing competition in the next generation Frigate program. Based on lowest-price rather than best-value, the acquisition strategy fails to take into account differences between the variants regarding capabilities, service-life and total lifecycle cost, among other aspects. The acquisition strategy also fails to appropriately factor in the results of the Navy's decision to award two Independence-variant ships in both FY15 and FY17—namely the production advantages—and therefore price advantage—accrued by that shipyard.

To avoid unfairly advantaging one LCS shipyard and to provide better value to the Navy, we request that the Navy's acquisition strategy more substantially consider the unique capabilities, cost structures, and workforces of each variant, as well as factor in the lack of equity characterizing prior ship awards.

The Navy also should take a realistic view of the construction schedule for the Saudi Navy's Multi Mission Surface Combatant (MMSB), which, under the most optimistic timeline, does not begin production until October 2019. As such, the Navy cannot rely on the MMSB as a cure-all bridging solution for the Freedom-variant workforce and instead must ensure that the FY18/19 LCS acquisition strategy provides not only an opportunity for the two LCS shipyards to compete on a truly equitable basis, but also the flexibility to accelerate the timing of awards if needed to mitigate negative workforce impacts.

If the acquisition strategy fails to follow a value-based and equitable approach, we understand that one quarter of the Marinette shipyard workforce would need to be let go. Making matters worse, this

devastating layoff would happen at the very moment the shipyard should be hiring more workers to successfully compete for the Frigate and prepare to execute the MMSC contract in accordance with cost, schedule, and capabilities requirements. In other words, the FY18/19 LCS acquisition strategy will have negative impacts for the Great Lakes shipbuilding industrial base, the Navy, and our allies across three essential programs.

As Navy leaders have consistently stated, the skill and resourcefulness needed to build our country's warships is not created overnight. We agree. It takes years of human and capital investment to build a stable and efficient shipbuilding industrial base, and once those employees—highly skilled senior tradesmen and apprentices alike—are gone, many are gone for good. This is especially true in the Great Lakes region, where the Marinette shipyard is the last of its kind. Furthermore, such an irreversible loss of talent would directly undermine the joint work of the Navy, President Trump, and Congress to build a 355-ship fleet and to support U.S. manufacturing and the defense industrial base.

Thank you for your consideration of our requests in a manner consistent with all applicable laws, rules and regulations and for your continued support of the Great Lakes shipbuilding industry.

Sincerely,


Tammy Baldwin
United States Senator

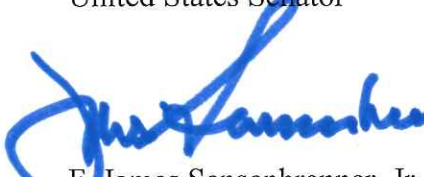

Paul D. Ryan
Speaker


Mike Gallagher
Member of Congress

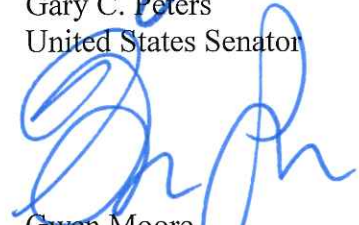

Ron Johnson
United States Senator


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