

# GAO Highlights

Highlights of [GAO-17-323](#), a report to congressional committees

## Why GAO Did This Study

The Navy envisioned a revolutionary approach for the LCS program: dual ship designs with interchangeable mission packages intended to provide mission flexibility. This approach has fallen short, with significant cost increases, schedule delays, and reduced capabilities—some of which have yet to be demonstrated. The LCS acquisition approach has changed several times. The latest change led to the frigate—a ship that involves minor modifications to an LCS design.

The House report 114-537 for the National Defense Authorization Act for Fiscal Year 2017 included a provision for GAO to examine the Navy's plans for the frigate. This report examines the Navy's plans for the frigate acquisition as well as remaining opportunities for oversight. To conduct this work, GAO reviewed documentation and interviewed Department of Defense (DOD) officials, and leveraged prior GAO reports on shipbuilding and acquisition best practices.

## What GAO Recommends

Congress should consider not enacting authority pursuant to the Navy's request for a block buy of 12 frigates in fiscal year 2018 and delaying funding of the lead frigate until at least fiscal year 2019, when more information is available on the ship's cost, design, and capabilities. GAO also recommends that DOD delay its procurement plans until sufficient knowledge is attained. DOD partially concurred with the recommendation but is not planning to delay frigate procurement. GAO continues to believe the recommendation is valid.

View [GAO-17-323](#). For more information, contact Michele Mackin at (202) 512-4841 or [mackinm@gao.gov](mailto:mackinm@gao.gov).

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## LITTORAL COMBAT SHIP AND FRIGATE

### Delaying Planned Frigate Acquisition Would Enable Better-Informed Decisions

## What GAO Found

The Navy's current acquisition approach for its new frigate—a ship based on a Littoral Combat Ship (LCS) design with minor modifications—requires Congress to make significant program decisions and commitments in 2017 without key cost, design, and capability knowledge. In particular, the Navy plans to request authority from Congress in 2017 to pursue what the Navy calls a block buy of 12 planned frigates and funding for the lead ship, which the Navy intends to award in 2018. Approval of these plans would effectively represent the final decision for the entire planned buy of 40 LCS and frigates. According to the Navy's approved acquisition strategy, the frigates would still require annual appropriations, so Congress would maintain its oversight through its annual appropriation decisions; however, any decision to reduce or delay the program, should that become warranted, could nevertheless be more difficult as the Navy may point to losses in favorable block buy prices, as has been done previously with LCS.

The Navy's impending request presents a key opportunity for Congress to affect the way forward for the frigate program by ensuring the Navy possesses sufficient knowledge on cost, design, and capability before authorizing an investment of a potential \$9 billion for a program that

- has no current formal cost estimate—*independent or otherwise*,
- will not begin key detail design activities until late fiscal year 2018,
- has significant unknowns in regards to operational performance of the ship upon which its design will be based, and
- based on the existing and planned shipyard workloads, has no industrial base imperative to begin construction in the Navy's planned time frame.

The Navy's previous frigate acquisition plans included achieving a higher degree of ship design knowledge before awarding the lead ship in fiscal year 2019, as the plans included significant detail design activities prior to contract award. As GAO has previously found, such an approach—which has been supported by shipbuilders—offers greater confidence in the understanding of design changes and how they will affect ship construction costs. Further, as GAO's work on best practices for program cost estimates suggests, the Navy's prior plans for frigate design efforts and an award in fiscal year 2019 would have provided more information on which to base a decision, including a better understanding of risks and costs. The previous plans also better aligned with LCS test plans to improve the department's understanding of the operational capability and limitations for each ship variant. This knowledge could then be used to inform the Navy's decision on which LCS-based design for the frigate it will pursue. In addition to the valuable knowledge to be gained by not pursuing the frigate in the planned 2018 time frame, the existing and planned LCS construction workload for both shipyards is another important factor to consider. Specifically, each shipyard has LCS construction demands that extend into 2021, suggesting no imperative for the Navy to award the frigate in 2018. Delaying the frigate award until at least fiscal year 2019—when more is known about cost, design, and capabilities—would enable better-informed decisions and oversight for this potential \$9 billion taxpayer investment.