

Why GAO Did This Study

In February 2014, the Secretary of Defense cited concerns with the combat capabilities of the LCS—a small surface combatant (SSC) consisting of a ship and reconfigurable mission packages built by two shipyards as different variants, with 26 LCS delivered or under contract. The Secretary directed an assessment of alternatives for a SSC. A Navy task force analyzed new and existing designs, including modified LCS concepts.

The House report for the National Defense Authorization Act for Fiscal Year 2015 included a provision for GAO to analyze the Navy's study and the implications for future procurement. This report examines: (1) how the Navy arrived at its preferred solution, and (2) the potential risks associated with the Navy's approach to acquiring the SSC and continued procurement of LCS, among other objectives. To conduct this work, GAO analyzed the task force study and other documentation, and interviewed task force, Navy, and Office of the Secretary of Defense officials.

What GAO Recommends

Congress should consider not funding any requested LCS in fiscal year 2017 and should consider requiring the Navy to revise its acquisition strategy for the frigate. GAO also recommends that the Department of Defense (DOD) align reviews to precede key acquisition decisions and enhance oversight by requiring the frigate program to develop key program documents and to report on the frigate separately in the SAR. The department concurred with the first recommendation and partially concurred with the second.

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LITTORAL COMBAT SHIP

Need to Address Fundamental Weaknesses in LCS and Frigate Acquisition Strategies

What GAO Found

The Navy's task force studied a number of options to improve upon known shortfalls in Littoral Combat Ship (LCS) lethality and survivability. It found that neither LCS variant with minor modifications met the Navy's desired capabilities without further tradeoffs. After briefing senior Navy leadership, the task force was directed to further examine the LCS options, which required it to alter or in some cases reduce some capabilities. In late 2014, the Navy recommended (and the Secretary of Defense approved) procuring both variants of a minor modified LCS, designating it a "frigate." The Navy prioritized this option because of its relatively lower cost and quicker ability to field, as well as the ability to upgrade remaining LCS, over making more significant capability improvements. GAO's analysis found the planned frigate will not provide much greater capability in some areas than LCS and that some cost assumptions may have overstated this option's affordability.

As the Navy pivots from LCS to the frigate program, which is estimated to cost more than \$8 billion for ship construction alone, its approach would require Congress to appropriate funding with key unknowns. The table outlines GAO's observations on the Navy's acquisition strategy.

Key Upcoming Actions for Littoral Combat Ship (LCS) and Frigate

Fiscal year	Navy planned actions	GAO observations
2016	Request proposals from both shipyards for two LCS with a block buy option for 12 additional LCS.	Including 12 LCS with the current capabilities as a block buy option does not form a sound basis for a future frigate procurement; a robust frigate competition once designs are firm would be a more informed approach.
2017	Procure two LCS, with one ship awarded to each shipyard.	Congress would fund more LCS even though these ships have not demonstrated lethality and survivability capabilities.
2018	Obtain contract change proposals for frigate capabilities for the 12 LCS under the block buy option. Exercise option on one of the shipyard's contracts for detail design and construction.	Navy would exercise the contract option frigate procurement before the start of detail design or completion of weight reduction initiatives needed to determine whether seaframes can accommodate frigate upgrades.
2019	LCS lethality and survivability testing is completed.	Testing will show how LCS can function as basis for frigate.
2021	Both shipyards complete construction of LCS already under contract.	Both shipyards have experienced schedule delays of up to a year or more.

Source: GAO analysis of Navy LCS and frigate information. | GAO-16-356

Of note, the industrial base considerations that have factored into prior LCS decisions are less compelling, as both yards will be building LCS currently under contract through fiscal year 2021. Finally, there are no current plans for official DOD milestone reviews of the frigate program, which is a major acquisition program based on its anticipated costs. In addition, the Navy does not plan to develop key frigate program documents or to reflect frigate cost, schedule, and performance information in the annual Selected Acquisition Reports (SAR) submitted to Congress. Without adequate oversight, federal funds may not be effectively spent.