

GAO Highlights

Highlights of [GAO-17-262T](#), a testimony before the Committee on Armed Services, U.S. Senate

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 at a lower cost. This approach has fallen short, with significant cost increases and reduced expectations about mission flexibility and performance. The Navy has changed acquisition approaches several times. The latest change involves minor upgrades to an LCS design—referred to now as a frigate. Yet, questions persist about both the LCS and the frigate.

GAO has reported on the acquisition struggles facing LCS and now the frigate, particularly in GAO-13-530 and GAO-16-356. This statement discusses: (1) the evolution of the LCS acquisition strategy and business case; (2) key risks in the Navy's plans for the frigate based on the LCS program; and (3) remaining oversight opportunities for the LCS and small surface combatant programs. This statement is largely based on GAO's prior reports and larger work on shipbuilding and acquisition best practices. It incorporates limited updated audit work where appropriate.

What GAO Recommends

GAO is not making any new recommendations in this statement but has made numerous recommendations to the Department of Defense (DOD) in the past on LCS and frigate acquisition, including strengthening the program's business case before proceeding with acquisition decisions. While DOD has, at times, agreed with GAO's recommendations, it has taken limited action to implement them.

View [GAO-17-262T](#). For more information, contact Paul Francis at (202) 512-4841 or francisp@gao.gov.

December 1, 2016

LITTORAL COMBAT SHIP AND FRIGATE

Congress Faced with Critical Acquisition Decisions

What GAO Found

The Navy's vision for Littoral Combat Ship (LCS) program has evolved significantly over the last 15 years, reflecting degradations of the underlying business case. Initial plans to experiment with two different prototype ships adapted from commercial designs were abandoned early in favor of an acquisition approach that committed to numerous ships before proving their capabilities. Ships were not delivered quickly to the fleet at low cost. Rather cost, schedule, and capability expectations degraded over time. In contrast, a sound business case would have balanced needed resources—time, money, and technical knowledge—to transform a concept into the desired product.

Evolution of Expectations for the Littoral Combat Ship (LCS) Program

	Early program	Updated program
Quantity and cost	55 seaframes @ \$220 million each	40 seaframes @ \$478 million each
Schedule	Ship initial operational capability (IOC) in 2007	Ship IOC with partial capability in 2013
Design	Leverage existing designs for reduced cost, rapid fielding	Considerable design changes, under revision throughout early construction
Seaframe	Sprint speed: 40-50 knots; range: 1,000 nautical miles @ 40 knots	Neither seaframe meets combined original speed and range expectations
Mission Packages	IOC for three mission packages by 2010	Revised IOC – one package in 2015; two more planned by 2020

Source: GAO analysis of prior GAO reports and Navy documentation. | GAO-17-262T

Concerned about the LCS's survivability and lethality, in 2014 the Secretary of Defense directed the Navy to evaluate alternatives. After rejecting more capable ships based partly on cost, schedule, and industrial base considerations, the Navy chose the existing LCS designs with minor modifications and re-designated the ship as a frigate. Much of the LCS's capabilities are yet to be demonstrated and the frigate's design, cost, and capabilities are not well-defined. The Navy proposes to commit quickly to the frigate in what it calls a block buy of 12 ships.

Congress has key decisions for fiscal years 2017 and 2018 that have significant funding and oversight implications. First, the Navy has already requested funding to buy two more baseline LCS ships in fiscal year 2017. Second, early next year, the Navy plans to request authorization for a block buy of all 12 frigates and funding in the fiscal year 2018 budget request for the lead frigate. Making these commitments now could make it more difficult to make decisions in the future to reduce or delay the program should that be warranted. A more basic oversight question today is whether a ship that costs twice as much yet delivers less capability than planned warrants an additional investment of nearly \$14 billion. GAO has advised Congress to consider not funding the two LCS requested in 2017 given its now obsolete design and existing construction backlogs. Authorizing the block buy strategy for the frigate appears premature. The decisions Congress makes could have implications for what aspiring programs view as acceptable strategies.