Navy LX(R) Amphibious Ship Program: Background and Issues for Congress

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April 11, 2016
Summary

The LX(R) program is a program to build a new class of 11 amphibious ships for the Navy. The Navy wants to procure the first LX(R) in FY2020. LX(R)s are to replace 12 aging Whidbey Island/Harpers Ferry (LSD-41/49) class amphibious ships, the first of which will reach age 40 in 2025. The design of the LX(R) is to be derived from the design of the Navy’s San Antonio (LPD-17) class amphibious ships, the 12th of which was procured in FY2016.

The primary function of Navy amphibious ships is to lift (i.e., transport) U.S. Marines and their equipment and supplies to distant operating areas, and enable Marines to conduct expeditionary operations ashore in those areas. Although amphibious ships are designed to support Marine landings against opposing military forces, they are also used for operations in permissive or benign situations where there are no opposing forces.

The Navy’s proposed FY2017 budget requests $6.4 million in research and development funding for the LX(R) program.

An issue for Congress in FY2017 for the LX(R) program is whether to approve, reject, or modify the Navy’s funding request for the program. This includes the question of whether to provide any additional research and development funding and/or additional advance procurement (AP) funding for the program in FY2017 to help accelerate the procurement of the first LX(R) from FY2020 to an earlier year, so as to reduce the gap in time between the end of LPD-17 production and the start of LX(R) production. In FY2016, Congress provided $29 million in additional research and development funding and $250 million in additional advance procurement (AP) funding for this purpose.
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Introduction

This report provides background information and issues for Congress on the LX(R) amphibious ship program, a Navy program to build a new class of 11 amphibious ships. The Navy wants to procure the first LX(R) in FY2020. Decisions Congress makes on the LX(R) program will affect Navy capabilities and funding requirements, and the U.S. shipbuilding industrial base.

Background

Strategic and Budgetary Context

For an overview of the strategic and budgetary context in which the LX(R) program and other Navy shipbuilding programs may be considered, see CRS Report RL32665, *Navy Force Structure and Shipbuilding Plans: Background and Issues for Congress*, by Ronald O'Rourke.

Amphibious Ships in General

Roles and Missions of Amphibious Ships

The primary function of Navy amphibious ships is to lift (i.e., transport) U.S. Marines and their equipment and supplies to distant operating areas, and enable Marines to conduct expeditionary operations ashore in those areas. Although amphibious ships are designed to support Marine landings against opposing military forces, they are also used for operations in permissive or benign situations where there are no opposing forces. Due to their large storage spaces and their ability to use helicopters and landing craft to transfer people, equipment, and supplies from ship to shore without need for port facilities, amphibious ships are potentially useful for a range of combat and non-combat operations.¹

¹ Amphibious ships have berthing spaces for Marines; storage space for their wheeled vehicles, their other combat equipment, and their supplies; flight decks and hangar decks for their helicopters and vertical take-off and landing (VTOL) fixed-wing aircraft; and well decks for storing and launching their landing craft. (A well deck is a large, garage-like space in the stern of the ship. It can be flooded with water so that landing craft can leave or return to the ship. Access to the well deck is protected by a large stern gate that is somewhat like a garage door.)

² Amphibious ships and their embarked Marine forces can be used for launching and conducting humanitarian-assistance and disaster-response (HA/DR) operations; peacetime engagement and partnership-building activities, such as exercises; other nation-building operations, such as reconstruction operations; operations to train, advise, and assist foreign military forces; peace-enforcement operations; non-combatant evacuation operations (NEOs); maritime-security operations, such as anti-piracy operations; smaller-scale strike and counter-terrorism operations; and larger-scale ground combat operations. Amphibious ships and their embarked Marine forces can also be used for maintaining forward-deployed naval presence for purposes of deterrence, reassurance, and maintaining regional stability.

Although the Marines have not conducted a large-scale amphibious assault against opposing military forces since the Korean conflict, Marine Corps officials stated in 2008 that about 85 U.S. amphibious operations of other kinds were conducted between 1990 and April 2008. (Source: Marine Corps briefing to CRS on April 25, 2008.) In addition, presenting the potential for conducting an amphibious landing can generate tactical benefits, even if the landing is not carried out. During the 1991 Persian Gulf conflict, for example, the potential for conducting an amphibious landing by a force of about 17,000 Marines embarked on amphibious ships in the Persian Gulf tied down several Iraqi divisions in coastal-defense positions. Those Iraqi divisions' positions were not available for use against U.S.-coalition ground forces moving north from Saudi Arabia. (See CRS Report 91-421, *Persian Gulf War: Defense Policy Implications for Congress*, coordinated by Ronald O'Rourke, p. 41 [May 15, 1991; out of print and available directly from the report coordinator].)
On any given day, some of the Navy’s amphibious ships, like some of the Navy’s other ships, are forward-deployed to various overseas operating areas. Forward-deployed U.S. Navy amphibious ships are often organized into three-ship formations called amphibious ready groups (ARGs). On average, two or perhaps three ARGs might be forward-deployed at any given time. Amphibious ships are also sometimes forward-deployed on an individual basis to lower-threat operating areas, particularly for conducting peacetime engagement activities with foreign countries or for responding to smaller-scale contingencies.

**Types of Amphibious Ships**

Navy amphibious ships can be divided into two main groups—the so-called “big-deck” amphibious assault ships, designated LHA and LHD, which look like medium-sized aircraft carriers, and the smaller (but still sizeable) amphibious ships designated LPD or LSD, which are sometimes called “small-deck” amphibious ships.

U.S. Navy amphibious ships have designations starting with the letter L, as in amphibious landing. LHA can be translated as landing ship, helicopter-capable, assault; LHD can be translated as landing ship, helicopter-capable, well deck; LPD can be translated as landing ship, helicopter platform, well deck; and LSD can be translated as landing ship, well deck. Whether noted in the designation or not, almost all these ships have well decks. In the designation LX(R), the X means that the exact design of the ship has not yet been determined, and the R means it is intended as a replacement for existing ships.

The LHAs and LHDs have large flight decks and hangar decks for embarking and operating numerous helicopters and vertical or short takeoff and landing (V/STOL) fixed-wing aircraft, while the LSDs and LPDs have much smaller flight decks and hangar decks for embarking and operating smaller numbers of helicopters. The LHAs and LHDs, as bigger ships, in general can individually embark more Marines and equipment than the LSDs and LPDs.

**Amphibious Lift Goal**

The Navy’s 308-ship force structure goal calls for achieving and maintaining a 34-ship amphibious force that includes 11 LHA/LHA-type amphibious assault ships, 12 San Antonio (LPD-17) class amphibious ships, and 11 LSD/LX(R)-type amphibious ships (11+12+11). Navy and Marine Corps officials had previously agreed that a 33-ship (11+11+11) force would minimally meet the Marine Corps’ goal of having an amphibious ship force with enough combined capacity to lift the Marine Corps’ goal of having an amphibious ship force with enough combat echelons (AEs) of 2.0 Marine Expeditionary Brigades (MEBs). A 33-ship force would include 15 amphibious ships for each MEB, plus 3 additional ships to account for roughly 10% of the amphibious ship force being in overhaul at any given time. In February and March 2015 testimony, the Navy has explained that the 33-ship (11+11+11)

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3 An ARG notionally includes three amphibious ships—one LHA or LHD, one LSD, and one LPD. These three amphibious ships together can embark a Marine expeditionary unit (MEU) consisting of about 2,200 Marines, their aircraft, their landing craft, their combat equipment, and about 15 days’ worth of supplies. ARGs can operate in conjunction with carrier strike groups (CSGs) to form larger naval task forces; ARGs can also be broken up into individual ships that are sent to separate operating areas.

4 The exceptions are LHAs 6 and 7, which do not have well decks and instead have expanded aviation support capabilities. For an explanation of well decks, see footnote 1.

5 For more on the Navy’s 308-ship force-level objective, see CRS Report RL32665, *Navy Force Structure and Shipbuilding Plans: Background and Issues for Congress*, by Ronald O'Rourke.
requirement had been revised to a 34-ship (11+12+11) requirement to reflect the procurement in FY2016 of a 12th LPD-17 class ship.6

Marine Corps and Navy officials also agree that a 38-ship amphibious force would more fully meet the Marine Corps’ 2.0 MEB AE amphibious lift requirement. Such a force would include 17 amphibious ships for each MEB, plus 4 additional ships to account for ships in overhaul. Although a 38-ship force would more fully meet the Marine Corps’ lift requirement, the Navy and Marine Corps agreed to accept the operational risks associated with having a 33-ship (now 34-ship) force rather than a 38-ship force as a means of living within fiscal constraints.7

The requirement for a force of 34 or 38 amphibious ships relates primarily to meeting wartime needs for amphibious lift. Navy and Marine Corps officials have also testified that fully meeting U.S. regional combatant commander (COCOM) requests for day-to-day forward deployments of amphibious ships would require a force of 50 or more amphibious ships. For example, in testimony to the Seapower and Projection Forces subcommittee of the House Armed Services Committee on February 25, 2015, Marine Corps Lieutenant General Kenneth J. Glueck, Jr., Deputy Commandant for Combat Development and Integration and Commanding General of the Marine Corps Combat Development Command, stated that the number needed to fully meet COCOM demands for forward-deployed amphibious ships is “close to 54.”8

Existing Force of LSD-41/49 Class Ships

The Navy’s existing force of LSD-type ships includes 12 Whidbey Island/Harpers Ferry (LSD-41/49) class ships (Figure 1).9 These ships were procured between FY1981 and FY1993 and entered service between 1985 and 1998. They have an expected service life of 40 years; the first ship will reach that age in 2025. The ships are about 609 feet long and have a full load displacement of about 16,800 tons. The class includes 12 ships because they were built at a time when the Navy was planning a 36-ship (12+12+12) amphibious force.

The first three LSD-41/49 class ships were built by Lockheed Shipbuilding of Seattle, WA, a firm that subsequently exited the Navy shipbuilding business. The final nine ships were built by Avondale Shipyards of New Orleans, LA, a shipyard that eventually became part of the shipbuilding firm Huntington Ingalls Industries (HII). HII has wound down Navy shipbuilding operations at Avondale and plans to have Avondale exit the Navy shipbuilding business. (HII continues to operate two other shipyards that build Navy ships—Ingalls Shipbuilding in Pascagoula, MS, and Newport News Shipbuilding in Newport News, VA.)

6 See, for example, the spoken remarks of Vice Admiral Joseph P. Mulloy, Deputy Chief of Naval Operations for Integration of Capabilities and Resources, at a February 25, 2015, hearing on Department of the Navy acquisition programs before the Seapower and Projection Forces subcommittee of the House Armed Services Committee, and at a March 18, 2015, hearing on Navy shipbuilding issues before the Seapower subcommittee of the Senate Armed Services Committee, as reflected in the transcripts of the hearings.
7 For a more detailed review of the 33- (now 34-) and 38-ship force structure requirements, see Appendix A of CRS Report RL34476, Navy LPD-17 Amphibious Ship Procurement: Background, Issues, and Options for Congress, which is an archived report.
8 Source: Spoken testimony of Lieutenant General Glueck, as reflected in transcript of hearing.
9 The class was initially known as the Whidbey Island (LSD-41) class. The final four ships in the class, beginning with Harpers Ferry (LSD-49), were built to a modified version of the original LSD-41 design, prompting the name of the class to be changed to the Harpers Ferry/Whidbey Island (LSD-41/49) class. Some sources refer to these 12 ships as two separate classes.
Navy LX(R) Amphibious Ship Program: Background and Issues for Congress

Figure 1. LSD-41/49 Class Ship


LX(R) Program

Total of 11 Ships Envisaged

Consistent with the newly revised 34-ship amphibious force level goal, the Navy envisages building 11 new LX(R)s as replacements for the 12 LSD-41/49 class ships.

Program Schedule

The Navy wants to procure the first LX(R) in FY2020 and the remaining 10 at a rate of one per year from FY2022 through FY2031.


10 The LX(R) program was previously referred to as the LSD(X) program; the designation was changed to LX(R) in 2012 to signal that the replacement for the existing LSD-41/49 class ships would be an amphibious ship that would best meet future Navy and Marine Corps needs, regardless of whether that turns out to be a ship that one might refer to as an LSD. For an article discussing the change in the program’s designation, see Christopher P. Cavas, “Different Missions Might Await New USN Amphib,” DefenseNews.com, November 12, 2012.
Program Funding

Table 1 shows LX(R) program funding for FY2015-FY2021. The procurement funding shown in the table in years prior to FY2020 is advance procurement (AP) funding for the first ship in the class, which is scheduled for procurement in FY2020. The funding figures for FY2016 reflect $29 million in additional research and development funding and $250 million in additional advance procurement (AP) funding provided by Congress as part of its action on the Navy’s FY2016 budget to help accelerate the procurement of the first LX(R) from FY2020 to an earlier year.

<table>
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<tr>
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<th>FY16 (req.)</th>
<th>FY17 (proj.)</th>
<th>FY18 (proj.)</th>
<th>FY19 (proj.)</th>
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<td>45.8</td>
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</tr>
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Source: Table prepared by CRS based on Navy FY2017 budget submission.

Notes: Research and development funding is Project 2474 (LX(R) Design and Total Ship Integration) within PE (Program Element) 0604454N (LX(R)). Procurement funding in years prior to FY2020 is advance procurement (AP) funding for the first ship in the class, which is scheduled for procurement in FY2020.

Unit Procurement Cost Target

The Navy’s unit procurement cost targets for the LX(R) program are $1,643 million in constant FY2014 dollars for the lead ship, and an average of $1,400 million in constant FY2014 dollars for ships 2 through 11.11

Analysis of Alternatives (AoA)

From the first quarter of FY2013 through March 2014, the Navy conducted an Analysis of Alternatives (AoA) to evaluate alternative design concepts for the LX(R). Concepts evaluated included

- the existing LPD-17 design (which apparently was included primarily as a baseline or reference design for helping the Navy to evaluate other LX(R) design concepts, because the Navy considers the existing LPD-17 design to be unaffordable for the purposes of the LX(R) program);12
- a modified (reduced capability/reduced-cost) version of the LPD-17 design;
- brand new (i.e., “clean-sheet”) designs; and
- foreign designs.

11 Source: Navy briefing on the LX(R) program to CRS and Congressional Budget Office (CBO), March 23, 2015.
12 A May 29, 2014, press report quotes Vice Admiral William Hilarides, the Commander of the Naval Sea Systems Command (NAVSEA), as stating, in connection with the AoA, that “an LPD-17 variant that’s built exactly like the current LPD-17 is off the table. It is unaffordable in the context of the ship we need to replace.” (As quoted in Sam LaGrone, “NAVSEA: Affordability Prompted Second Look at LX(R),” USNI News (http://news.usni.org), May 29, 2014. The same quote (without the final two words) appears in Kris Osborn, “Navy Considers Commercial Technology for New Amphib,” DOD Buzz (www.dodbuzz.com), June 1, 2014.)
A June 1, 2014, press report stated that the Navy, as part of the AoA, considered incorporating commercial-ship components into the LX(R) design as a means of helping to minimize the ship’s procurement cost. The Navy used the results of the AoA to inform its decision on a preferred design solution for the LX(R).

HII, the builder of LPD-17 class ships, promoted a modified LPD-17 as the design solution for the LX(R) program, citing the capabilities of the LPD-17 hull design, the reduced up-front design costs of modifying an existing design compared to those of developing an entirely new design, and the potential benefits in terms of life-cycle operation and support (O&S) costs of building the LX(R) to a design that uses the same basic hull and many of the same components as the LPD-17 design. Marine Corps leaders, citing their satisfaction with the LPD-17 design, expressed support for a modified LPD-17 design as the design solution for the LX(R) program. Other observers, noting that the LPD-17, with a full load displacement of about 25,000 tons, is considerably larger than the LSD-41/49 class ships, questioned whether a modified LPD-17 could meet the Navy’s reported unit procurement cost target for the LX(R) program.

**Design Based on LPD-17 Hull**

An October 20, 2014, press report stated that Secretary of the Navy Ray Mabus had signed a decision memorandum dated October 14, 2014, designating a design based on that of the Navy’s San Antonio (LPD-17) class amphibious ship as the Navy’s preferred alternative for the design of the LX(R). According to the press report, the decision memorandum had been previously signed by Admiral Jonathan Greenert, the Chief of Naval Operations (CNO), General Joseph Dunford, Commandant of the Marine Corps, General James Amos, former Commandant of the Marine Corps, and Sean Stackley, Assistant Secretary of the Navy for Research, Development and Acquisition. According to the press report, the decision memorandum stated that preliminary design efforts for the LX(R) would begin “immediately.”

A November 5, 2015, press report states:

> The Navy and Marine Corps were able to design an LX(R) dock landing ship replacement with greater capability for less money by starting with the higher-end San Antonio-class LPD-17 design, stripping away unneeded features and adding back in desired ones, service officials said last week....

Capt. Bryon Johnson, head of the amphibious warfare branch in the expeditionary warfare directorate (OPNAV N953), said at the same conference that his office is still

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working through descoping the LPD design and deciding how much capability to add back in, but he praised the process the Navy had chosen.

When the Navy first started thinking about an LSD replacement, “there was a lot of effort to try to gold-plate the ship. We wanted it to do everything,” Johnson said.

“We wanted it to be able to carry six connectors, surface connectors, we wanted it to be able to carry a greater number of Marine Corps aircraft to support vertical takeoff capability. And once we started adding all of that up, we realized very rapidly that there was no way that we’d be able to afford essentially what was going to be a new start ship design to replace our LSD 41/49 class.”

By starting with an existing ship design and avoiding the extensive engineering cost of beginning with a clean sheet, the Navy saved “enough cost that we were actually able to take that money… and reinvest it into the platform” in the form of additional capabilities today’s LSDs don’t have, such as command and control to support split and disaggregated operations.

Johnson said the program had to stay within a cost cap but said he was confident the first ship would stay within the cost cap and deliver on time.

Lt. Gen. Robert Walsh, who served as director of expeditionary warfare (OPNAV N95) until July, said at a Marine Corps Association event last month that, in fact, the Navy and Marine Corps had far surpassed cost-reduction goals while descoping the LPD design.

“We drove that to a cost cap that was given to us by [the chief of naval operations], and we, with our industry partners, with [Naval Sea Systems Command], drove in the right requirements. And we got the most we could possibly get out of that ship, and it almost looks like an LPD-17, and we got it well under the cost cap,” he said.

Current N95 Maj. Gen. Chris Owens said the approach is “attractive to [the Office of the Secretary of Defense] and it’s attractive on Capitol Hill” due to its efficiency. Ultimately, he said, it will “give us a bigger ship, greater capability, not only in size and capacity but also in things like aviation capability, the medical capability and perhaps most importantly in this day and age of split and disaggregated operations the command and control capability that the LSDs lack. And we can only do that because the LPD-17 program is a proven one.”

### Combined Solicitation Limited to Two Builders

On June 25, 2015, the Navy, as part of its acquisition strategy for LX(R) program, issued a combined solicitation consisting of separate Requests for Proposals (RFPs) for the detailed design and construction (DD&C) of the first six ships in the TAO-205 class oiler program (previously known as the TAO[X] program), the detailed design and construction in FY2017 (and also procurement of long lead-time materials in FY2016) for an amphibious assault ship called LHA-8 that the Navy wants to procure in FY2017, and contract design support for the LX(R) program.

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17 Source for this section: Navy briefing for CRS and Congressional Budget Office (CBO), March 23, 2015.

18 The TAO-205 class program is a Navy program to procure a class of 17 new oilers. The first TAO-205 was procured in FY2016. For more on the TAO-205 class program, see CRS Report R43546, *Navy John Lewis (TAO-205) Class Oiler Shipbuilding Program: Background and Issues for Congress*, by Ronald O'Rourke.

19 Press reports describe it as a single RFP; see, for example, Sam LaGrone, “Navy Issues RFP for Oilers and LHA-8 to NASSCO, Ingalls,” *USNI News*, July 10, 2015; Valerie Insinna, “Navy Quietly Issues RFP for LHA-8, TAO(X),” *Defense Daily*, July 14, 2015: 2. Contract design work is intended to develop the design of a ship enough so that a contract can then be awarded for the detailed design of the ship.
The Navy limited bidding in this combined solicitation to two bidders—Huntington Ingalls Industries’ Ingalls Shipbuilding (HII/Ingalls) and General Dynamics’ National Steel and Shipbuilding Company—on the grounds that these are the only two shipbuilders that have the capability to build both TAO-205s and LHA-8. Under the Navy’s plan for the combined solicitation, one of these two yards will be awarded the DD&C contract for the first six TAO-205s, the other yard will be awarded the DD&C contract (and procurement of long lead-time materials) for LHA-8, and the shipyard with the lowest combined evaluated price will receive a higher profit on its DD&C contract and be awarded the majority of the LX(R) contract design engineering man-hours. The Navy anticipates announcing its decision on the combined solicitation—including the question of which yard will receive the majority of the LX(R) contract design engineering man-hours—during the third quarter of FY2016 (i.e., during the period April-June 2016).

12th LPD-17 Class Ship

Although the Navy, consistent with the previous 33-ship (11+11+11) amphibious ship force-level goal, had wanted the 11th LPD-17 class ship to be the final ship in the LPD-17 program, Congress supported the procurement of a 12th LPD-17 class ship, which would be designated LPD-28. Congress provided $263.3 million in unrequested advance procurement (AP) funding for a 12th LPD-17 class ship in FY2013 (this funding figure was later reduced to $243.0 million by the sequester of March 1, 2013), an additional $1.0 billion in unrequested procurement funding for a 12th LPD-17 class ship in FY2015, and the final $550 million in procurement funding needed to complete the procurement cost of the ship in FY2016. (In response to Congress’s FY2013 and FY2015 funding actions, the Navy, as a part of its FY2016 budget submission, inserted a 12th LPD-17 class ship into its shipbuilding program and requested the $550 million needed to complete the ship’s estimated procurement cost.)

The 12th LPD-17’s estimated procurement cost of $1,793.0 million is $286.2 million less than that of the 11th LPD-17 class ship, which was procured in FY2012 and has an estimated procurement cost of $2,079.2 million. The Navy states that it plans to achieve the lower estimated cost of the 12th LPD-17 class ship by incorporating design innovations and cost-reduction strategies intended for the LX(R). This will make LPD-28, to some degree, a transitional ship between the baseline LPD-17 design and the LX(R) design.

Issues for Congress

FY2017 Funding, Including Potential Program Acceleration

An issue for Congress in FY2017 for the LX(R) program is whether to approve, reject, or modify the Navy’s FY2017 funding request for the program. This includes the question of whether to provide any additional research and development funding and/or additional advance procurement funding. The Navy is planning to employ a Profit Related to Offer (PRO) contracting approach within this combined solicitation strategy to encourage competitive pricing by the shipyards. Under PRO bidding, both bidders are granted work, but the bidder with the lower price is given a high profit margin. PRO bidding has been used in other Navy shipbuilding programs, particularly the DDG-51 destroyer program, where it has been used since the 1990s.

Supporters of providing additional research and development funding and/or additional advance procurement (AP) funding in FY2017 to help accelerate the procurement of the first LX(R) from FY2020 to an earlier year could argue that doing so would be consistent with Congress’s decision to provide additional funding for this purpose in FY2016 budget, and would help accelerate the construction schedule for the first LX(R) more than what can be accomplished by the additional FY2016 funding alone. They could also argue that accelerating the procurement of the first LX(R) to an earlier year would bring the construction schedule for the first LX(R) closer to what would have occurred under earlier Navy budget submissions that showed the first LX(R) being procured in FY2017 or FY2018 or FY2019 (see “Program Schedule”), and that it would reduce the gap in time between the end of LPD-17 procurement and the start of LX(R) procurement. They could argue that if HII/Ingalls is selected as the builder of the first several LX(R)s, reducing this gap would reduce LX(R) procurement costs by reducing the loss of shipyard assembly line learning that would occur between the end of LPD-17 production and the start of LX(R) production. They could also argue that providing additional advance procurement (AP) funding in FY2017 for the first LX(R) could increase business stability for amphibious ship component manufacturers during a period of reduced amphibious ship construction.

Opponents of providing additional research and development funding and/or additional advance procurement (AP) funding in FY2017 to help accelerate the procurement of the first LX(R) from FY2020 to an earlier year could argue that the additional funding that Congress provided for this purpose in FY2016 has already accelerated the construction schedule of the first LX(R) by about a year, and that providing additional funding for this purpose in FY2017 might not be able to accomplish much more in terms of additional schedule acceleration, particularly if the goal is to bring the LX(R) design to a high stage of completion before beginning construction, so as to avoid design-construction concurrency, which is a known cause of increased risk of cost growth and schedule delays in shipbuilding programs. They could also argue that the builder of the first LX(R) has not yet been selected, making the production learning curve benefits of bringing the start of LX(R) production closer to the end of LPD-17 production uncertain, and that providing additional FY2017 funding to accelerate the first LX(R) could require making offsetting FY2017

22 In February 2016, Navy officials testified that

The Consolidated Appropriations Act, 2016 added funding for the acceleration of LX(R) and the program focus during FY 2016 will be on validating the requirements in the Capability Development Document and executing contract design efforts. The Navy will initiate key long lead time material procurements critical to maintaining a stable supplier base, and commence design efforts necessary to accelerate design activities to FY2019. This earlier start will enable design completion and start of construction up to a year earlier, and delivery in FY 2025, one year earlier than originally planned.

(Statement of the Honorable Sean J. Stackley, Assistant Secretary of the Navy (Research, Development and Acquisition) and Vice Admiral Joseph P. Mulloy, Deputy Chief of Naval Operations for Integration of Capabilities and Resources and Lieutenant General Robert S. Walsh, Deputy Commandant, Combat Development and Integration & Commanding General, Marine Corps Combat Development Command, Before the Subcommittee on Seapower and Projection Forces of the House Armed Services Committee on department of the Navy Seapower and Projection Forces Capabilities, February 25, 2016, p. 19.)
funding reductions in other Navy programs, which could have adverse effects on those programs, and on resulting Navy capabilities.

At an April 6, 2016, hearing on Navy shipbuilding programs before the Seapower subcommittee of the Senate Armed Services Committee, the following exchange occurred:

SENATOR ROGER WICKER, CHAIRMAN:

All right. And Secretary Stackley, both of you and General Walsh mentioned that we work together, we're able to get an extra $279 billion [sic: million] above the President's request [for the LX(R) program]. To what extent did that help us accelerate [the program] based on last year's Congressional actions?

SEAN J. STACKLEY, ASSISTANT SECRETARY OF THE NAVY RESEARCH, DEVELOPMENT, AND ACQUISITION:

Yes, sir. It helped in a couple of ways. First, of the dollars that were provided in the 2016 bill and the authorizations that came with that allowed us to first go after the planning activities which is the first thing you have to do with a new ship program. Get the planning activities going.

We're working in parallel with what we refer to as preliminary design for the ship and then, perhaps most importantly is to start ordering long lead-time material that will support, one, the vendor base, and then, two, it'll start—an earlier start of construction for the ship.

WICKER:

From when to when?

STACKLEY:

Right now, it's a [FY]2020 procurement. The advance procurement material that you allowed us to go ahead and go forward with in 2016, we believe that we can pull construction to the left by a year and this budget—this year's budget reflects.

WICKER:

So, 2019.

STACKLEY:

Effectively, if we are on the same schedule for construction as though we were going to procure the ship in [FY]2019. In other words, when you award the ship, typically, you don't start construction right away. But with the advanced procurement, we will have enough material ready and the planning ready and the design ready that the shipbuilder can in fact accelerate construction by a year. So, it has the effect of accelerating the program by a year.

WICKER:

What, if anything, could we do in the NDAA [National Defense Authorization Act] this year to further accelerate?

STACKLEY:

The additional advance procurement dollars—buying the additional material will not further accelerate the LX(R). As I look at the issue...

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23 This is a reference to one of the other witnesses at the hearing, Lieutenant General Robert S. Walsh, Deputy Commandant, Combat Development and Integration, and Commanding General, Marine Corps Combat Development Command.
WICKER:  
Is there any way to further accelerate?  

STACKLEY:  
So, the critical path today is the design leading to a competitive award. The design will support an award in 2019. We believe that we could support a 2019 contract award and with the advance procurement, would allow us to then double down on the acceleration.  

So, the AP [advance procurement funding] in [FY]’16 would provide one year’s acceleration. Design would support a second year’s worth of acceleration. The challenge becomes the budget. So, as we’ve already discussed in our opening statements, the challenges that we have in the budget today stand as a hurdle between us and pulling that ship to the left another year.  

So, what I would propose is that we take a hard look at what the funding stream would be required to support that additional year’s worth of acceleration and without pulling the whole ship to the left. What additional funding with incremental funding authority would allow the acceleration without breaking our budget?  

WICKER:  
So, there’s additional acceleration that could be had if we work together and are smart.  

STACKLEY:  
Yes, sir. [The] Critical path is designed—the design right now, we’re on the path to support an award as early as 2019. We have budget challenges associated with doing that. Any way to mitigate the budget impact would be looking specifically at the funding requirements on a year-by-year basis and look to see if it would make sense to incrementally fund that ship to allow it to come to the left a year.  

WICKER:  
OK. Well, I’m way past my time. But let me ask one other aspect of this program since we’re on it and that is -- are we going to have a production gap between the LPD and the LX(R) as we did when we paused (ph) the DDG Destroyer program?24  

And upon restarting productions there, cost increased by perhaps 25 percent. Are we looking at the same thing possibly happening because of a gap between the LPD and the LX(R)? And, what efficiency and cost losses could we avoid in that regard looking forward?  

STACKLEY:  
Yes, sir. The first place where a gap would occur is the vendor base. And so, again, we’re taking the advance procurement dollars that you’ve provided and we’re going—we’re serving the vendor base to identify any potential breakage that would occur to make sure that we’re first addressing those issues between now and when LX(R) starts.  

Now recognize that the LX(R)—the acquisition strategy for LX(R) is to compete the program. And so, today, Engel (ph) [sic: Ingalls] is building the LPD-17 Class. If Engel’s (ph) [sic: Ingalls] were to win the competition and we were not able to further accelerate the LX(R), then, there would not be the overlap that you want on a ship loading program to retain efficiencies and retain the skilled workforce.  

24 This is a reference to how procurement of DDG-51 destroyers was ended in FY2005 and then restarted in FY2010. For more information on this, see CRS Report RL32109, Navy DDG-51 and DDG-1000 Destroyer Programs: Background and Issues for Congress, by Ronald O'Rourke.
I don't think, the impact would not be the same that we saw on DDG-51, but there would be an impact.

WICKER:
Thank you.

Senator Hirono?

SENATOR MAZIE K. HIRONO, RANKING MEMBER:

Thank you very much. As long as we're on the subject of the LX(R), I know that the Navy announced an intention to compete a package of ship contracts, including the TAO(X) Oiler, the LHA(R), and the LX(R) ships. So, there is a desire to accelerate the LX(R).

So, you know, could Congress accelerate the LX(R) program in a responsible way and avoid undermining your acquisition strategy. And so, you've spoken we could accelerate by one year, by two years. Can we do this in a responsible way and maintain your strategy—competition?

STACKLEY:

Yes, ma'am. You touched on two topics. One is the pending contract or award for the combined solicitation for the LHA8 and the TAO(X).

In the Chairman's opening remarks, he wanted us to address what we're doing to help provide stability for the industrial base. That acquisition strategy goes exactly at stability for the industrial base, while also preserving competition on the two programs.

So, we have two shipbuilders that are competing for two separate shipbuilding programs and in the end, we'll receive the competitor pricing that we desire, but we're going to be providing stability to both those builders because they both recognize that they will get—that work will be split between them.

Now, after we complete that award in about the June timeframe, we'll have a clear picture of what the workload looks like at the same two shipbuilders that will be competing for the LX(R) contract. So, we'll understand what the workload picture looks like. Your question regarding the ability to accelerate and preserve competition, we can accelerate a year without impacting the competition.

So, from 2020 to 2019, that work that needs to be done for design, we could accelerate a year and we would not harm either competition or the maturity of the design that we want for the LX(R). And then, the second year, we effectively gain by simply getting the material—having the material available, so constructing can start to an earlier schedule.

That's the potential in terms of two years of acceleration to construction, while also preserving competition.

HIRONO:

OK. I think that is a worthy goal to follow.25

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25 Transcript of hearing.
Legislative Activity for FY2017

Summary of Congressional Action on FY2017 Funding Request

Table 2 summarizes congressional action on the Navy’s FY2017 funding request for the LX(R) program.

Table 2. Summary of Congressional Action on FY2017 Funding Request

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Source: Table prepared by CRS based on Navy’s FY2017 budget submission and committee and conference reports.

Notes: HASC is House Armed Services Committee; SASC is Senate Armed Services Committee; HAC is House Appropriations Committee; SAC is Senate Appropriations Committee; Conf. is conference agreement.

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